

BLACKROCK DEBT STRATEGIES FUND, INC.
Form N-CSR
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

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

Investment Company Act file number 811-08603

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 02/28/2009

Date of reporting period: 02/28/2009

Item 1 – Report to Stockholders

Annual Report

FEBRUARY 28, 2009

BlackRock Corporate High Yield Fund, Inc. (COY)

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

BlackRock Debt Strategies Fund, Inc. (DSU)

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

BlackRock Senior High Income Fund, Inc. (ARK)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

Table of Contents

| | Page |
|--|------|
| <u>A Letter to Shareholders</u> | 3 |
| Annual Report: | |
| <u>Fund Summaries</u> | 4 |
| <u>The Benefits and Risks of Leveraging</u> | 9 |
| <u>Derivative Instruments</u> | 9 |
| Financial Statements: | |
| <u>Schedules of Investments</u> | 10 |
| <u>Statements of Assets and Liabilities</u> | 40 |
| <u>Statements of Operations</u> | 41 |
| <u>Statements of Changes in Net Assets</u> | 42 |
| <u>Statements of Cash Flows</u> | 45 |
| <u>Financial Highlights</u> | 46 |
| <u>Notes to Financial Statements</u> | 50 |
| <u>Report of Independent Registered Public Accounting Firm</u> | 57 |
| <u>Important Tax Information (Unaudited)</u> | 57 |
| <u>Automatic Dividend Reinvestment Plans</u> | 58 |
| <u>Officers and Directors</u> | 59 |
| <u>Additional Information</u> | 62 |

A Letter to Shareholders

Dear Shareholder

The present time may well be remembered as one of the most tumultuous periods in financial market history. Over the past year, the housing market collapse and the ensuing credit crisis swelled into an all-out global financial market meltdown, featuring the collapse of storied financial firms, volatile swings in the world's financial markets and monumental government actions, including the recent passage of the nearly \$800 billion American Recovery and Reinvestment Act of 2009.

The US economy appeared somewhat resilient through the first few months of 2008 before becoming mired in the worst recession in decades. The economic data was dire across the board, but worse was the intensifying pace of deterioration in consumer spending, employment, manufacturing and other key indicators. US gross domestic product (GDP) contracted at an annual rate of 6.3% in the 2008 fourth quarter substantially below forecast and the worst reading since 1982. The Federal Reserve Board (the Fed) took forceful action to revive the global economy and financial system. In addition to slashing the federal funds target rate from 3% to a record low range of 0% to 0.25%, the central bank provided enormous cash injections and significantly expanded its balance sheet via various lending and acquisition programs.

Against this backdrop, US equities contended with relentless market volatility, and the sentiment turned decisively negative toward period end. Declines were significant and broad based, with little divergence among the returns for large and small cap stocks. Non-US stocks were not spared either, as the credit crisis revealed itself to be global in nature and economic activity slowed dramatically.

Risk aversion remained the dominant theme in fixed income markets, leading the Treasury sector to top all other asset classes. The high yield market was particularly hard hit in this environment, as economic turmoil, combined with frozen credit markets and substantial technical pressures, took a heavy toll. Meanwhile, tax-exempt issues posted positive returns for the period, but the sector was not without significant challenges, including a shortage of market participants, lack of liquidity, difficult funding environment and backlog of new-issue supply.

In all, investors continued to gravitate toward relative safety, as evidenced in the six- and 12-month returns of the major benchmark indexes:

| Total Returns as of February 28, 2009 | 6-month | 12-month |
|---|----------|----------|
| US equities (S&P 500 Index) | (41.82)% | (43.32)% |
| Small cap US equities (Russell 2000 Index) | (46.91) | (42.38) |
| International equities (MSCI Europe, Australasia, Far East Index) | (44.58) | (50.22) |
| US Treasury securities (Merrill Lynch 10-Year US Treasury Index) | 8.52 | 8.09 |
| Taxable fixed income (Barclays Capital US Aggregate Bond Index*) | 1.88 | 2.06 |
| Tax-exempt fixed income (Barclays Capital Municipal Bond Index*) | 0.05 | 5.18 |
| High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index*) | (21.50) | (20.92) |

* Formerly a Lehman Brothers index.

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

Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current views on the economy and financial markets, we invite you to visit www.blackrock.com/funds. We thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

3

Fund Summary as of February 28, 2009

BlackRock Corporate High Yield Fund, Inc.

Investment Objective

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

The Fund's fiscal year-end was changed to February 28.

Performance

For the nine months ended February 28, 2009, the Fund returned (39.46)% based on market price and (38.98)% 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 (43.59)% on a market price basis and (40.44)% on a NAV basis. 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. This period was one of the worst in high yield market history. In this environment, the Fund was positioned conservatively, with an emphasis on defensive sectors, an allocation to bank loans and higher-than-normal cash balances. For most of the period, the Fund also had lower leverage than the majority of its Lipper peers. All of this aided relative performance in a difficult market.

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

Fund Information

| | |
|---|---------------|
| Symbol on New York Stock Exchange | COY |
| Initial Offering Date | June 25, 1993 |
| Yield on Closing Market Price as of February 28, 2009 (\$3.91) ¹ | 18.72% |
| Current Monthly Distribution per Common Share ² | \$0.061 |
| Current Annualized Distribution per Common Share ² | \$0.732 |
| Leverage as of February 28, 2009 ³ | 21% |

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

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

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9. The table below summarizes the changes in the Fund's market price and NAV per share:

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| | 2/28/09 | 5/31/08 | Change | High | Low |
|-----------------|---------|---------|----------|---------|---------|
| Market Price | \$ 3.91 | \$ 7.28 | (46.29)% | \$ 7.37 | \$ 2.71 |
| Net Asset Value | \$ 4.19 | \$ 7.74 | (45.87)% | \$ 7.75 | \$ 3.93 |

The following unaudited 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

| | 2/28/09 | 5/31/08 |
|---|---------|---------|
| Corporate Bonds | 82% | 87% |
| Floating Rate Loan Interests | 16 | 10 |
| Non-U.S. Government Agency Mortgage-Backed Securities | 1 | |
| Common Stocks | 1 | 1 |
| Preferred Stocks | | 1 |
| Capital Trusts | | 1 |

Credit Quality Allocations⁴

| | 2/28/09 | 5/31/08 |
|-----------|---------|---------|
| BBB/Baa | 4% | 3% |
| BB/Ba | 31 | 27 |
| B/B | 47 | 54 |
| CCC/Caa | 12 | 14 |
| CC/Ca | 1 | |
| Not Rated | 5 | 2 |

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

Fund Summary as of February 28, 2009

BlackRock Corporate High Yield Fund III, Inc.

Investment Objective

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

The Fund's fiscal year-end was changed to February 28.

Performance

For the nine months ended February 28, 2009, the Fund returned (42.38)% based on market price and (39.69)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (43.59)% on a market price basis and (40.44)% on a NAV basis. 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. This period was one of the worst in high yield market history. In this environment, the Fund was positioned conservatively, with an emphasis on defensive sectors, an allocation to bank loans and higher-than-normal cash balances. For most of the period, the Fund also had lower leverage than the majority of its Lipper peers. All of this aided relative performance in a difficult market.

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Fund Information

| | |
|---|------------------|
| Symbol on New York Stock Exchange | CYE |
| Initial Offering Date | January 30, 1998 |
| Yield on Closing Market Price as of February 28, 2009 (\$3.57) ¹ | 20.17% |
| Current Monthly Distribution per Common Share ² | \$0.06 |
| Current Annualized Distribution per Common Share ² | \$0.72 |
| Leverage as of February 28, 2009 ³ | 23% |

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

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

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

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

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| | 2/28/09 | 5/31/08 | Change | High | Low |
|-----------------|---------|---------|----------|---------|---------|
| Market Price | \$ 3.57 | \$ 7.03 | (49.22)% | \$ 7.07 | \$ 2.65 |
| Net Asset Value | \$ 4.05 | \$ 7.62 | (46.85)% | \$ 7.63 | \$ 3.81 |

The following unaudited 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

| | 2/28/09 | 5/31/08 |
|---|---------|---------|
| Corporate Bonds | 82% | 87% |
| Floating Rate Loan Interests | 16 | 9 |
| Non-U.S. Government Agency Mortgage-Backed Securities | 1 | |
| Common Stocks | 1 | 2 |
| Preferred Stocks | | 1 |
| Capital Trusts | | 1 |

Credit Quality Allocations⁴

| | 2/28/09 | 5/31/08 |
|-----------|---------|---------|
| AAA/Aaa | 1% | |
| BBB/Baa | 5 | 3% |
| BB/Ba | 30 | 27 |
| B/B | 46 | 54 |
| CCC/Caa | 14 | 14 |
| CC/Ca | 1 | |
| Not Rated | 3 | 2 |

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

Fund Summary as of February 28, 2009

BlackRock Debt Strategies Fund, Inc.

Investment Objective

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

Performance

For the 12 months ended February 28, 2009, the Fund returned (54.99)% based on market price and (50.19)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (40.21)% on a market price basis and (39.49)% on a NAV basis. 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. During the 12 months, high yield loans, which made up 43% of the Fund's portfolio as of February 28, 2009, outperformed high yield bonds. This aided the Fund's relative performance, as most of the funds within the Lipper category comprise high yield bonds. Conversely, the Fund was 26% leveraged as of February 28, 2009, amplifying its negative return during one of the most difficult periods in market history. The Fund's allocation to lower credit quality issues also detracted from performance.

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Fund Information

| | |
|---|----------------|
| Symbol on New York Stock Exchange | DSU |
| Initial Offering Date | March 27, 1998 |
| Yield on Closing Market Price as of February 28, 2009 (\$2.07) ¹ | 27.83% |
| Current Monthly Distribution per Common Share ² | \$0.048 |
| Current Annualized Distribution per Common Share ² | \$0.576 |
| Leverage as of February 28, 2009 ³ | 26% |

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

² A change in the distribution rate was declared on March 2, 2009. The Monthly Distribution per Share was decreased to \$0.0355. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9. The table below summarizes the changes in the Fund's market price and NAV per share:

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| | 2/28/09 | 2/29/08 | Change | High | Low |
|-----------------|---------|---------|----------|---------|---------|
| Market Price | \$ 2.07 | \$ 5.43 | (61.88)% | \$ 5.88 | \$ 1.81 |
| Net Asset Value | \$ 2.35 | \$ 5.57 | (57.81)% | \$ 5.69 | \$ 2.35 |

The following unaudited 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

| | 2/28/09 | 2/29/08 |
|---|---------|---------|
| Corporate Bonds | 53% | 57% |
| Floating Rate Loan Interests | 43 | 39 |
| Common Stocks | 3 | 3 |
| Preferred Stocks | | 1 |
| Non-U.S. Government Agency Mortgage-Backed Securities | 1 | |

Credit Quality Allocations⁴

| | 2/28/09 | 2/29/08 |
|-----------|---------|---------|
| BBB/Baa | 9% | 1% |
| BB/Ba | | 14 |
| B/B | 59 | 51 |
| CCC/Caa | 21 | 20 |
| CC/Ca | 4 | 3 |
| D | 1 | 1 |
| Not Rated | 6 | 10 |

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

Fund Summary as of February 28, 2009

BlackRock Floating Rate Income Strategies Fund II, Inc.

Investment Objective

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

Performance

For the 12 months ended February 28, 2009, the Fund returned (35.78)% based on market price and (36.46)% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (41.71)% on a market price basis and (34.50)% on a NAV basis. The performance of the Lipper category does not necessarily correlate to that of the Fund, as the Lipper group comprises both closed-end funds and unleveraged continuously offered closed-end funds. The other closed-end funds in the category posted an average return of (39.32)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. This annual period was one of the most difficult in market history. Accordingly, the Fund was invested fairly conservatively with an emphasis on more liquid credits and defensive market sectors, which aided relative performance. Additionally, the Fund ran low levels of leverage compared with its Lipper peers, which helped relative performance in a difficult market. Any leverage hurt absolute performance, however, as the market was down. The Fund ran relatively modest cash balances during the period, which did not significantly impact performance.

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Fund Information

| | |
|---|---------------|
| Symbol on New York Stock Exchange | FRB |
| Initial Offering Date | July 30, 2004 |
| Yield on Closing Market Price as of February 28, 2009 (\$8.28) ¹ | 16.43% |
| Current Monthly Distribution per Common Share ² | \$0.11335 |
| Current Annualized Distribution per Common Share ² | \$1.36020 |
| Leverage as of February 28, 2009 ³ | 22% |

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

² A change in the distribution rate was declared on March 2, 2009. The Monthly Distribution per Share was decreased to \$0.10335. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9. The table below summarizes the changes in the Fund's market price and NAV per share:

| | 2/28/09 | 2/29/08 | Change | High | Low |
|-----------------|---------|----------|----------|----------|---------|
| Market Price | \$ 8.28 | \$ 14.75 | (43.86)% | \$ 15.85 | \$ 6.56 |
| Net Asset Value | \$ 8.92 | \$ 16.06 | (44.46)% | \$ 16.83 | \$ 8.55 |

The following unaudited 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

| | 2/28/09 | 2/29/08 |
|---|---------|---------|
| Floating Rate Loan Interests | 71% | 70% |
| Corporate Bonds | 28 | 29 |
| Common Stocks | | 1 |
| Non-U.S. Government Agency Mortgage-Backed Securities | 1 | |

Credit Quality Allocations⁴

| | 2/28/09 | 2/29/08 |
|-----------|---------|---------|
| BBB/Baa | 15% | 12% |
| BB/Ba | 8 | 13 |
| B/B | 57 | 38 |
| CCC/Caa | 15 | 26 |
| CC/Ca | 2 | |
| D | 1 | |
| Not Rated | 2 | 11 |

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

Fund Summary as of February 28, 2009

BlackRock Senior High Income Fund, Inc.

Investment Objective

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

Performance

For the 12 months ended February 28, 2009, the Fund returned (48.33)% based on market price and (42.15)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (40.21)% on a market price basis and (39.49)% on a NAV basis. 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. During the period, high yield loans, which made up 44% of the Fund's portfolio as of February 28, 2009, outperformed high yield bonds. This aided the Fund's relative performance, as most of the funds within the Lipper category comprise high yield bonds. Conversely, the Fund was 25% leveraged as of February 28, 2009, amplifying its negative return during one of the most difficult periods in market history. The Fund's allocation to lower credit quality issues also detracted from performance.

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Fund Information

| | |
|---|----------------|
| Symbol on New York Stock Exchange | ARK |
| Initial Offering Date | April 30, 1993 |
| Yield on Closing Market Price as of February 28, 2009 (\$2.21) ¹ | 19.00% |
| Current Monthly Distribution per Common Share ² | \$0.035 |
| Current Annualized Distribution per Common Share ² | \$0.420 |
| Leverage as of February 28, 2009 ³ | 25% |

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

² A change in the distribution rate was declared on March 2, 2009. The Monthly Distribution per Share was decreased to \$0.0250. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9. The table below summarizes the changes in the Fund's market price and NAV per share:

| | 2/28/09 | 2/29/08 | Change | High | Low |
|-----------------|---------|---------|----------|---------|---------|
| Market Price | \$ 2.21 | \$ 4.91 | (54.99)% | \$ 5.20 | \$ 1.88 |
| Net Asset Value | \$ 2.54 | \$ 5.04 | (49.60)% | \$ 5.19 | \$ 2.50 |

The following unaudited 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

| | 2/28/09 | 2/29/08 |
|---|---------|---------|
| Corporate Bonds | 55% | 52% |
| Floating Rate Loan Interests | 44 | 48 |
| Non-U.S. Government Agency Mortgage-Backed Securities | 1 | |

Credit Quality Allocations⁴

| | 2/28/09 | 2/29/08 |
|-----------|---------|---------|
| BBB/Baa | 2% | 5% |
| BB/Ba | 22 | 21 |
| B/B | 59 | 62 |
| CCC/Caa | 8 | 6 |
| CC/Ca | 3 | 3 |
| D | 1 | |
| Not Rated | 5 | 3 |

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

The Benefits and Risks of Leveraging

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

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

The interest earned on securities purchased with the proceeds from leverage is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV of each Fund's Common Shares. However, in order to benefit Common 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, returns to Common Shareholders will be lower than if the Funds had not used leverage.

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

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

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

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

Under the Investment Company Act of 1940, the Funds are permitted to borrow through a credit facility and the issuance of short-term debt securities up to 33¹/₃% of total managed assets. As of February 28, 2009, the Funds had outstanding leverage from credit facility borrowings as a percentage of total managed assets as follows:

| | Percent of Leverage |
|---|--------------------------------|
| BlackRock Corporate High Yield Fund, Inc. | 21% |
| BlackRock Corporate High Yield Fund III, Inc. | 23% |
| BlackRock Debt Strategies Fund, Inc. | 26% |

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| | |
|---|-----|
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 22% |
| BlackRock Senior High Income Fund, Inc. | 25% |

Derivative Instruments

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

Schedule of Investments February 28, 2009

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

| Corporate Bonds | Par (000) | Value |
|---|--------------|-----------|
| Aerospace & Defense 0.0% | | |
| Hawker Beechcraft Acquisition Co. LLC, 8.875%, 4/01/15 (a) | USD 275 | \$ 22,000 |
| Airlines 0.6% | | |
| Continental Airlines, Inc.: | | |
| Series 1997-4-B, 6.90%, 7/02/18 | 674 | 488,997 |
| Series 2001-1-C, 7.033%, 12/15/12 | 300 | 216,186 |
| UAL Corp., 4.50%, 6/30/21 (b) | 340 | 155,142 |
| | | 860,325 |
| Auto Components 1.4% | | |
| Allison Transmission, Inc. (c): | | |
| 11%, 11/01/15 | 730 | 354,050 |
| 11.25%, 11/01/15 (a) | 1,085 | 417,725 |
| The Goodyear Tire & Rubber Co.: | | |
| 7.857%, 8/15/11 | 1,355 | 1,084,000 |
| 8.625%, 12/01/11 | 172 | 137,600 |
| Lear Corp., 8.75%, 12/01/16 | 405 | 68,850 |
| | | 2,062,225 |
| Automobiles 0.2% | | |
| Ford Capital BV, 9.50%, 6/01/10 | 710 | 227,200 |
| Ford Motor Co., 8.90%, 1/15/32 | 600 | 102,000 |
| | | 329,200 |
| Building Products 0.8% | | |
| Momentive Performance Materials, Inc., | | |
| 11.50%, 12/01/16 | 1,535 | 322,350 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 1,830 | 841,800 |
| | | 1,164,150 |
| Capital Markets 1.0% | | |
| E*Trade Financial Corp., 12.50%, 11/30/17 (c) | 1,508 | 693,680 |
| Marsico Parent Co., LLC, 10.625%, 1/15/16 (c) | 1,004 | 411,640 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(c) | 393 | 161,178 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (a)(c) | 267 | 109,566 |
| | | 1,376,064 |
| Chemicals 2.1% | | |

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| | | |
|---|-------|---------|
| American Pacific Corp., 9%, 2/01/15 | 800 | 672,000 |
| Innophos, Inc., 8.875%, 8/15/14 | 740 | 588,300 |
| MacDermid, Inc., 9.50%, 4/15/17 (c) | 1,595 | 630,025 |
| Terra Capital, Inc. Series B, 7%, 2/01/17 | 205 | 186,550 |
| Wellman Holdings, Inc. (b)(c): | | |
| Second Lien Subordinate Note, 10%, 1/29/19 | 790 | 790,000 |
| Third Lien Subordinate Note, 5%, 1/29/19 | 240 | 168,000 |

3,034,875

Commercial Services & Supplies 3.6%

| | | |
|--|-------|-----------|
| Sally Holdings LLC, 9.25%, 11/15/14 | 200 | 190,500 |
| US Investigations Services, Inc., 10.50%, 11/01/15 (c) | 700 | 556,500 |
| Waste Services, Inc., 9.50%, 4/15/14 | 2,800 | 2,212,000 |
| West Corp.: | | |
| 9.50%, 10/15/14 | 700 | 490,000 |
| 11%, 10/15/16 | 2,720 | 1,740,800 |

5,189,800

Construction & Engineering 0.8%

| | | |
|--|-------|-----------|
| Dycom Industries, Inc., 8.125%, 10/15/15 | 1,650 | 1,179,750 |
|--|-------|-----------|

Corporate Bonds

Par
(000)

Value

Construction Materials 1.0%

| | | | | |
|--|-----|-------|----|---------|
| Nortek, Inc., 10%, 12/01/13 | USD | 2,170 | \$ | 868,000 |
| Texas Industries, Inc., 7.25%, 7/15/13 | | 720 | | 511,200 |

1,379,200

Containers & Packaging 6.0%

| | | | | |
|--|-----|-------|--|-----------|
| Berry Plastics Holding Corp., 5.871%, 9/15/14 (d) | | 1,655 | | 769,575 |
| Crown European Holdings SA, 6.25%, 9/01/11 | EUR | 1,200 | | 1,475,659 |
| Graphic Packaging International Corp.: | | | | |
| 8.50%, 8/15/11 | USD | 1,175 | | 1,034,000 |
| 9.50%, 8/15/13 | | 960 | | 715,200 |
| Impress Holdings BV, 4.219%, 9/15/13 (c)(d) | | 390 | | 288,600 |
| Owens-Brockway Glass Container, Inc.: | | | | |
| 8.25%, 5/15/13 | | 925 | | 934,250 |
| 6.75%, 12/01/14 | EUR | 420 | | 473,884 |
| Packaging Dynamics Finance Corp., 10%, 5/01/16 (c) | USD | 1,255 | | 539,650 |
| Pregis Corp., 12.375%, 10/15/13 | | 1,130 | | 502,850 |
| Rock-Tenn Co., 8.20%, 8/15/11 | | 1,875 | | 1,875,000 |
| Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17 (e)(g) | | 1,310 | | 114,625 |

8,723,293

Diversified Consumer Services 1.8%

| | | | | |
|--|--|-------|--|-----------|
| Service Corp. International, 7%, 6/15/17 | | 2,800 | | 2,548,000 |
|--|--|-------|--|-----------|

Diversified Financial Services 3.2%

| | | | | |
|--|--|-----|--|---------|
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 490 | | 447,125 |
|--|--|-----|--|---------|

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| | | | |
|--|-----|-------|-----------|
| FCE Bank Plc: | | | |
| 7.125%, 1/16/12 | | 2,650 | 2,049,315 |
| Series JD, 3.991%, 9/30/09 (d) | EUR | 250 | 266,227 |
| Ford Motor Credit Co. LLC: | | | |
| 7.569%, 1/13/12 (d) | USD | 195 | 95,550 |
| 7.80%, 6/01/12 | | 200 | 108,404 |
| GMAC LLC (c): | | | |
| 7.25%, 3/02/11 | | 348 | 240,374 |
| 3.461%, 12/01/14 (d) | | 841 | 370,040 |
| Leucadia National Corp., 8.125%, 9/15/15 | | 1,250 | 1,037,500 |
| | | | 4,614,535 |

Diversified Telecommunication Services 5.7%

| | | | |
|---|--|-------|-----------|
| Broadview Networks Holdings, Inc., | | | |
| 11.375%, 9/01/12 | | 1,000 | 520,000 |
| Cincinnati Bell, Inc., 7.25%, 7/15/13 | | 245 | 233,975 |
| Qwest Communications International, Inc.: | | | |
| 7.50%, 2/15/14 | | 3,535 | 2,995,913 |
| 3.50%, 11/15/25 (b) | | 300 | 268,125 |
| Qwest Corp.: | | | |
| 6.069%, 6/15/13 (d) | | 1,350 | 1,144,125 |
| 7.625%, 6/15/15 | | 500 | 446,250 |
| Windstream Corp., 8.125%, 8/01/13 | | 2,800 | 2,716,000 |
| | | | 8,324,388 |

Electric Utilities 2.6%

| | | | |
|--|--|-------|-----------|
| Edison Mission Energy, 7.50%, 6/15/13 | | | |
| | | 1,775 | 1,628,562 |
| NSG Holdings LLC, 7.75%, 12/15/25 (c) | | | |
| | | 965 | 772,000 |
| Tenaska Alabama Partners LP, 7%, 6/30/21 (c) | | | |
| | | 1,776 | 1,342,026 |
| | | | 3,742,588 |

Electrical Equipment 0.0%

| | | | |
|-------------------------------------|--|----|--------|
| UCAR Finance, Inc., 10.25%, 2/15/12 | | | |
| | | 49 | 44,100 |

Electronic Equipment & Instruments 0.2%

| | | | |
|------------------------------------|--|-----|---------|
| Sanmina-SCI Corp., 8.125%, 3/01/16 | | | |
| | | 600 | 210,000 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Energy Equipment & Services 0.6% | | |
| Compagnie Générale de Géophysique-Veritas: | | |
| 7.50%, 5/15/15 | USD 195 | \$ 152,587 |
| 7.75%, 5/15/17 | 300 | 232,500 |
| North American Energy Partners, Inc., 8.75%, 12/01/11 | 355 | 279,563 |
| Transocean, Inc. Series A, 1.625%, 12/15/37 (b) | 310 | 276,288 |
| | | 940,938 |
| Food & Staples Retailing 0.7% | | |
| AmeriQual Group LLC, 9.50%, 4/01/12 (c) | 750 | 450,000 |
| Rite Aid Corp., 7.50%, 3/01/17 | 940 | 507,600 |
| | | 957,600 |
| Food Products 0.5% | | |
| Tyson Foods, Inc., 10.50%, 3/01/14 (c) | 750 | 706,875 |
| Health Care Equipment & Supplies 3.2% | | |
| Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 | 900 | 306,000 |
| DJO Finance LLC, 10.875%, 11/15/14 | 4,900 | 3,724,000 |
| Hologic, Inc., 2%, 12/15/37 (b)(f) | 815 | 529,750 |
| Reable Therapeutics, 11.75%, 11/15/14 | 80 | 52,400 |
| | | 4,612,150 |
| Health Care Providers & Services 2.4% | | |
| Community Health Systems, Inc. Series WI, 8.875%, 7/15/15 | 250 | 236,562 |
| Tenet Healthcare Corp.: 6.375%, 12/01/11 | 330 | 293,700 |
| 6.50%, 6/01/12 | 3,355 | 2,985,950 |
| | | 3,516,212 |
| Hotels, Restaurants & Leisure 5.7% | | |
| American Real Estate Partners LP, 7.125%, 2/15/13 | 2,815 | 2,315,337 |
| Galaxy Entertainment Finance Co. Ltd. (c): 8.133%, 12/15/10 (d) | 225 | 168,750 |
| 9.875%, 12/15/12 | 500 | 270,000 |
| Gaylord Entertainment Co., 8%, 11/15/13 | 595 | 394,188 |
| Great Canadian Gaming Corp., 7.25%, 2/15/15 (c) | 1,860 | 1,302,000 |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (c)(e)(g) | 522 | 46,980 |
| Harrah's Operating Co., Inc.: 10.75%, 2/01/18 (a) | 2,254 | 138,266 |
| 10%, 12/15/18 (c) | 526 | 147,280 |

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| | | |
|--|-------|-----------|
| Inn of the Mountain Gods Resort & Casino, 12%, 11/15/10 | 1,425 | 171,000 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (c) | 1,175 | 540,500 |
| Penn National Gaming, Inc., 6.875%, 12/01/11 | 1,875 | 1,800,000 |
| San Pasqual Casino, 8%, 9/15/13 (c) | 925 | 689,125 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (c) | 300 | 175,500 |
| Travelport LLC, 5.886%, 9/01/14 (d) | 145 | 46,400 |
| Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (e)(g) | 315 | 3,150 |
| Virgin River Casino Corp., 9%, 1/15/12 (e)(g) | 805 | 80,500 |

8,288,976

Household Durables 0.7%

| | | |
|---|-----|---------|
| American Greetings Corp., 7.375%, 6/01/16 | 975 | 502,125 |
| Jarden Corp., 7.50%, 5/01/17 | 710 | 553,800 |

1,055,925

| Corporate Bonds | Par (000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

IT Services 1.2%

| | | | | |
|---|-----|-------|----|---------|
| Alliance Data Systems Corp., 1.75%, 8/01/13 (b)(c) | USD | 1,130 | \$ | 754,275 |
| First Data Corp., 9.875%, 9/24/15 | | 895 | | 492,250 |
| SunGard Data Systems, Inc., 10.625%, 5/15/15 (c) | | 530 | | 447,850 |

1,694,375

Independent Power Producers & Energy Traders 3.7%

| | | | | |
|--|--|-------|--|-----------|
| The AES Corp., 8.75%, 5/15/13 (c) | | 994 | | 964,180 |
| Energy Future Holdings Corp., 11.25%, 11/01/17 (a) | | 3,300 | | 1,452,000 |
| NRG Energy, Inc.: | | | | |
| 7.25%, 2/01/14 | | 1,525 | | 1,437,313 |
| 7.375%, 2/01/16 | | 1,165 | | 1,074,713 |
| Texas Competitive Electric Holdings Co. LLC, 10.50%, 11/01/16 (a) | | 900 | | 432,000 |

5,360,206

Industrial Conglomerates 0.5%

| | | | | |
|----------------------|--|-------|--|---------|
| Sequa Corp. (c): | | | | |
| 11.75%, 12/01/15 | | 2,380 | | 380,800 |
| 13.50%, 12/01/15 (a) | | 3,402 | | 404,623 |

785,423

Insurance 0.9%

| | | | | |
|---|--|-------|--|-----------|
| Alliant Holdings I, Inc., 11%, 5/01/15 (c) | | 1,600 | | 1,032,000 |
| USI Holdings Corp., 5.113%, 11/15/14 (c)(d) | | 630 | | 299,250 |

1,331,250

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| | | |
|-----------------------------------|-------|-----------|
| Machinery 0.8% | | |
| AGY Holding Corp., 11%, 11/15/14 | 1,200 | 720,000 |
| Accuride Corp., 8.50%, 2/01/15 | 515 | 154,500 |
| RBS Global, Inc., 8.875%, 9/01/16 | 420 | 316,050 |
| | | 1,190,550 |

| | | |
|---|-----|-----------|
| Marine 0.8% | | |
| Horizon Lines, Inc., 4.25%, 8/15/12 (b) | 570 | 275,025 |
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 | 442 | 265,200 |
| Teekay Shipping Corp., 8.875%, 7/15/11 | 640 | 608,000 |
| | | 1,148,225 |

| | | |
|--|-------|-----------|
| Media 11.9% | | |
| Affinion Group, Inc., 10.125%, 10/15/13 | 1,255 | 972,625 |
| Allbritton Communications Co., 7.75%, 12/15/12 | 735 | 330,750 |
| CCO Holdings LLC, 8.75%, 11/15/13 | 200 | 156,000 |
| CMP Susquehanna Corp., 9.875%, 5/15/14 | 1,875 | 56,250 |
| CSC Holdings, Inc.: | | |
| 8.50%, 4/15/14 (c) | 370 | 355,200 |
| Series B, 7.625%, 4/01/11 | 325 | 321,750 |
| Cablevision Systems Corp. Series B: | | |
| 8.334%, 4/01/09 (d) | 490 | 490,000 |
| 8%, 4/15/12 | 425 | 411,187 |
| Catalina Marketing Corp., 10.50%, 10/01/15 (a)(c)(f) | 2,500 | 1,675,000 |
| Charter Communications Holdings II, LLC, | | |
| 10.25%, 9/15/10 (e) | 685 | 551,425 |
| DIRECTV Holdings LLC, 8.375%, 3/15/13 | 260 | 262,600 |
| EchoStar DBS Corp.: | | |
| 6.375%, 10/01/11 | 250 | 238,750 |
| 7%, 10/01/13 | 90 | 83,925 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Media (concluded) | | |
| Harland Clarke Holdings Corp.: | | |
| 6.899%, 5/15/15 (d) | USD 330 | \$ 114,675 |
| 9.50%, 5/15/15 | 390 | 175,500 |
| Intelsat Corp., 9.25%, 6/15/16 (c) | 840 | 766,500 |
| Intelsat Subsidiary Holding Co. Ltd., 8.875%, 1/15/15 (c) | 250 | 236,250 |
| Liberty Media Corp., 3.125%, 3/30/23 (b) | 1,023 | 722,494 |
| Local Insight Regatta Holdings, Inc., 11%, 12/01/17 | 673 | 161,520 |
| Mediacom LLC, 9.50%, 1/15/13 | 2,250 | 1,957,500 |
| Network Communications, Inc., 10.75%, 12/01/13 | 20 | 3,100 |
| Nielsen Finance LLC: | | |
| 10%, 8/01/14 | 1,740 | 1,435,500 |
| 11.625%, 2/01/14 (c) | 70 | 60,550 |
| ProtoStar I Ltd., 18%, 10/15/12 (b)(c) | 812 | 446,473 |
| Rainbow National Services LLC, 10.375%, 9/01/14 (c) | 1,496 | 1,531,530 |
| Salem Communications Corp., 7.75%, 12/15/10 | 2,425 | 1,200,375 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (c) | 4,095 | 1,924,650 |
| Virgin Media, Inc., 6.50%, 11/15/16 (b)(c) | 1,125 | 587,813 |
| | | 17,229,892 |
| Metals & Mining 4.3% | | |
| Aleris International, Inc. (e)(g): | | |
| 9%, 12/15/14 | 950 | 95 |
| 10%, 12/15/16 | 800 | 1,000 |
| FMG Finance Property Ltd. (c): | | |
| 10%, 9/01/13 | 500 | 425,000 |
| 10.625%, 9/01/16 | 1,210 | 1,028,500 |
| Foundation PA Coal Co., 7.25%, 8/01/14 | 1,850 | 1,669,625 |
| Freeport-McMoRan Copper & Gold, Inc., 7.084%, 4/01/15 (d) | 1,180 | 882,050 |
| Newmont Mining Corp., 1.625%, 7/15/17 (b) | 555 | 598,706 |
| Novelis, Inc., 7.25%, 2/15/15 | 1,875 | 585,938 |
| Ryerson, Inc. (c): | | |
| 10.568%, 11/01/14 (d) | 380 | 193,800 |
| 12%, 11/01/15 | 245 | 144,550 |
| Steel Dynamics, Inc., 7.375%, 11/01/12 | 440 | 380,600 |
| Vedanta Resources Plc, 9.50%, 7/18/18 (c) | 600 | 342,000 |
| | | 6,251,864 |
| Oil, Gas & Consumable Fuels 10.7% | | |
| Atlas Energy Resources LLC, 10.75%, 2/01/18 (c) | 1,190 | 963,900 |
| Berry Petroleum Co., 8.25%, 11/01/16 | 470 | 239,700 |
| Chesapeake Energy Corp.: | | |
| 9.50%, 2/15/15 | 1,565 | 1,455,450 |
| 7.25%, 12/15/18 | 1,540 | 1,251,250 |

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| | | |
|--|-------|------------|
| 2.25%, 12/15/38 (b) | 775 | 411,719 |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13 | 1,505 | 504,175 |
| Connacher Oil and Gas Ltd., 10.25%, 12/15/15 (c) | 1,245 | 473,100 |
| Corral Finans AB, 2.594%, 4/15/10 (a)(c) | 2,039 | 1,133,017 |
| EXCO Resources, Inc., 7.25%, 1/15/11 | 2,600 | 2,076,750 |
| Encore Acquisition Co., 6.25%, 4/15/14 | 1,850 | 1,461,500 |
| Forest Oil Corp., 7.25%, 6/15/19 (c) | 2,135 | 1,708,000 |
| Massey Energy Co., 3.25%, 8/01/15 (b) | 1,210 | 768,350 |
| OPTI Canada, Inc., 8.25%, 12/15/14 | 1,600 | 544,000 |
| PetroHawk Energy Corp. (c): 10.50%, 8/01/14 | 530 | 522,050 |
| 7.875%, 6/01/15 | 450 | 387,000 |
| Sabine Pass LNG LP, 7.50%, 11/30/16 | 350 | 235,375 |
| SandRidge Energy, Inc.: 8.625%, 4/01/15 (a) | 1,000 | 690,000 |
| 8%, 6/01/18 (c) | 935 | 729,300 |
| | | 15,554,636 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|-----------|
| Paper & Forest Products 1.9% | | |
| Abitibi-Consolidated, Inc., 6.319%, 6/15/11 (d) USD | 760 | \$ 68,400 |
| Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (c) | 313 | 141,087 |
| Bowater, Inc., 4.996%, 3/15/10 (d) | 2,625 | 472,500 |
| Georgia-Pacific Corp., 8.125%, 5/15/11 | 145 | 140,650 |
| NewPage Corp., 10%, 5/01/12 | 2,550 | 771,375 |
| Norske Skog Canada Ltd. Series D, 8.625%, 6/15/11 | 825 | 379,500 |
| Verso Paper Holdings LLC Series B: 6.943%, 8/01/14 (d) | 260 | 67,600 |
| 9.125%, 8/01/14 | 1,695 | 635,625 |
| | | 2,676,737 |
| Personal Products 0.6% | | |
| Chattem, Inc., 7%, 3/01/14 | 885 | 814,200 |
| Pharmaceuticals 0.6% | | |
| Angiotech Pharmaceuticals, Inc., 5.011%, 12/01/13 (d) | 1,310 | 802,375 |
| Elan Finance Plc, 8.875%, 12/01/13 | 90 | 72,000 |
| | | 874,375 |
| Real Estate Investment Trusts (REITs) 0.1% | | |
| FelCor Lodging LP, 8.50%, 6/01/11 | 245 | 132,300 |
| Real Estate Management & Development 1.3% | | |
| Forest City Enterprises, Inc., 7.625%, 6/01/15 | 2,825 | 1,243,000 |
| Realty Corp.: 10.50%, 4/15/14 | 1,830 | 384,300 |
| 12.375%, 4/15/15 | 2,045 | 245,400 |
| | | 1,872,700 |

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Semiconductors & Semiconductor Equipment 0.2%

| | | |
|---|-------|---------|
| Spanion, Inc., 4.386%, 6/01/13 (c)(d)(e)(g) | 1,135 | 265,306 |
|---|-------|---------|

Software 0.1%

| | | |
|---|-----|--------|
| BMS Holdings, Inc., 9.224%, 2/15/12 (a)(c)(d) | 389 | 93,778 |
|---|-----|--------|

Specialty Retail 2.2%

| | | |
|--|-----|---------|
| Asbury Automotive Group, Inc., 7.625%, 3/15/17 | 330 | 148,500 |
|--|-----|---------|

General Nutrition Centers, Inc.:

| | | |
|------------------------|-------|---------|
| 7.584%, 3/15/14 (a)(d) | 1,640 | 967,600 |
|------------------------|-------|---------|

| | | |
|-----------------|-------|---------|
| 10.75%, 3/15/15 | 1,200 | 840,000 |
|-----------------|-------|---------|

| | | |
|---|-----|---------|
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (b)(f) | 985 | 440,788 |
|---|-----|---------|

Michaels Stores, Inc.:

| | | |
|---------------|-----|---------|
| 10%, 11/01/14 | 485 | 165,506 |
|---------------|-----|---------|

| | | |
|-------------------|-----|---------|
| 11.375%, 11/01/16 | 780 | 184,275 |
|-------------------|-----|---------|

| | | |
|--|-------|---------|
| United Auto Group, Inc., 7.75%, 12/15/16 | 1,030 | 494,400 |
|--|-------|---------|

3,241,069

Textiles, Apparel & Luxury Goods 1.5%

| | | |
|-------------------------------------|-------|-----------|
| Levi Strauss & Co., 8.875%, 4/01/16 | 1,875 | 1,434,375 |
|-------------------------------------|-------|-----------|

| | | |
|-----------------------------------|-------|---------|
| Quiksilver, Inc., 6.875%, 4/15/15 | 1,600 | 800,000 |
|-----------------------------------|-------|---------|

2,234,375

Thrifts & Mortgage Finance 0.4%

| | | |
|---|-----|---------|
| Residential Capital LLC, 8.50%, 5/15/10 (c) | 755 | 520,950 |
|---|-----|---------|

Wireless Telecommunication Services 8.9%

| | | |
|---|-------|-----------|
| Centennial Communications Corp., 7.185%, 1/01/13 (d) | 1,280 | 1,273,600 |
|---|-------|-----------|

Cricket Communications, Inc.:

| | | |
|------------------|-------|-----------|
| 9.375%, 11/01/14 | 1,285 | 1,172,563 |
|------------------|-------|-----------|

| | | |
|------------------|-----|---------|
| 10%, 7/15/15 (c) | 835 | 770,287 |
|------------------|-----|---------|

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|---|--------------|-------------|
| Wireless Telecommunication Services (concluded) | | |
| Crown Castle International Corp., 9%, 1/15/15 | USD 440 | \$ 429,000 |
| Digicel Group Ltd. (c): | | |
| 8.875%, 1/15/15 | 1,285 | 957,325 |
| 9.125%, 1/15/15 (a) | 1,911 | 1,337,442 |
| FiberTower Corp., 9%, 11/15/12 (b) | 600 | 171,000 |
| iPCS, Inc., 3.295%, 5/01/13 (d) | 760 | 547,200 |
| Leap Wireless International, Inc., 4.50%, 7/15/14 (b)(c) | 220 | 148,500 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | 2,745 | 2,594,025 |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (c) | 1,340 | 1,219,400 |
| Orascom Telecom Finance SCA, 7.875%, 2/08/14 (c) | 265 | 159,000 |
| Sprint Capital Corp., 7.625%, 1/30/11 | 2,450 | 2,125,375 |
| | | 12,904,717 |
| Total Corporate Bonds 97.4% | | 141,060,097 |
| Floating Rate Loan Interests | | |
| Auto Components 1.1% | | |
| Allison Transmission, Inc. Term Loan, 3.20%, 8/07/14 | 1,393 | 922,728 |
| Dana Holding Corp. Term Advance, 7.25%, 1/31/15 | 1,901 | 578,586 |
| Delphi Automotive Systems: | | |
| Initial Tranche Term Loan C, 10.50%, 6/30/09 | 30 | 4,693 |
| Subsequent Tranche Term Loan C, 10.50%, 6/30/09 | 280 | 43,800 |
| | | 1,549,807 |
| Automobiles 0.4% | | |
| Ford Motor Co. Term Loan, 5%, 12/15/13 | 920 | 293,892 |
| General Motors Corp. Secured Term Loan, 4.148%, 11/29/13 | 769 | 275,507 |
| | | 569,399 |
| Building Products 2.2% | | |
| Building Material Corp. of America Term Loan Advance, 3.625% 3.875%, 2/22/14 | 496 | 338,284 |
| CPG International, I Inc. Term Loan, 6.26%, 2/28/11 | 2,985 | 2,089,447 |

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Masonite International:

| | | |
|------------------------------------|-----|-----------|
| Canadian Term Loan, 6.75%, 4/06/13 | 959 | 391,656 |
| US Term Loan, 6.25%, 4/06/13 | 970 | 396,376 |
| | | 3,215,763 |

Capital Markets 0.2%

| | | |
|--|-----|---------|
| Marsico Parent Co., LLC Term Loan, 4.50% 7.25%, 12/15/14 | 475 | 225,393 |
|--|-----|---------|

Chemicals 1.3%

| | | |
|--|-------|-----------|
| PQ Corp.: | | |
| First Lien Term Loan, 4.43% 4.71%, 7/31/14 | 746 | 445,884 |
| Second Lien Term Loan, 7.68%, 7/30/15 | 3,250 | 1,137,500 |
| Solutia Inc. Loan, 8.50%, 2/28/14 | 413 | 265,031 |
| | | 1,848,415 |

Containers & Packaging 0.1%

| | | |
|--|-----|---------|
| Berry Plastics Group, Inc. Loan, 8.421%, 6/05/14 (a) | 928 | 185,631 |
|--|-----|---------|

Diversified Telecommunication Services 2.5%

| | | | |
|---|-----|-------|-----------|
| Wind Finance SL S.A. Euro Facility (Second Lien), 11.473%, 11/26/14 | EUR | 3,350 | 3,678,043 |
|---|-----|-------|-----------|

Floating Rate Loan Interests

| | Par (000) | Value | |
|---|--------------|-------|--------------|
| Health Care Providers & Services 1.8% | | | |
| CHS/Community Health Systems, Inc. Funded Term Loan, 2.729% 3.506%, 7/25/14 | USD | 1,522 | \$ 1,288,814 |
| HCA, Inc. Tranche Term Loan A-1, 3.459%, 11/17/12 | | 512 | 445,697 |
| Rotech Healthcare, Inc. Term Loan, 6.479%, 9/26/11 | | 1,627 | 895,075 |
| | | | 2,629,586 |

Hotels, Restaurants & Leisure 0.4%

| | | | |
|--|--|-------|---------|
| Travelport LLC (fka Travelport Inc.) Loan, 7.979%, 3/27/12 | | 2,766 | 567,052 |
|--|--|-------|---------|

Independent Power Producers & Energy Traders 2.5%

| | | | |
|---|--|-------|-----------|
| Calpine Generating Co., LLC First Priority Term Loan, 4.335%, 3/29/14 | | 746 | 541,284 |
| Texas Competitive Electric Holdings Co. LLC: | | | |
| Term Loan B-1, 3.948% 4.451%, 10/10/14 | | 208 | 129,922 |
| Term Loan B-2, 3.948% 4.451%, 10/10/14 | | 1,210 | 754,952 |
| Term Loan B-3, 3.948% 4.451%, 10/10/14 | | 3,456 | 2,155,836 |
| | | | 3,581,994 |

Machinery 1.0%

| | | | |
|--|--|-------|---------|
| Navistar International Transportation Corp.: | | | |
| Advance Term Loan, 3.729%, 1/19/12 | | 1,385 | 991,429 |
| Revolving Credit, 3.677% 3.729%, 1/19/12 | | 505 | 361,496 |
| Rexnord Holdings, Inc. Loan, 9.181%, 3/01/13 | | 402 | 100,549 |

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| | | |
|--|-------|------------|
| | | 1,453,474 |
| Media 3.2% | | |
| Affinion Group Holdings, Inc. Loan, 0%, 3/01/12 | 400 | 180,000 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning) Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 1,493 | 1,044,750 |
| HMH Publishing Co., Ltd. (fka Education Media): Mezzanine, 10.756%, 11/14/14 | 5,863 | 1,758,777 |
| Tranche A, 8.256%, 6/12/14 | 2,411 | 1,355,977 |
| NV Broadcasting, LLC Second Lien, 8.72%, 11/03/14 | 1,000 | 200,000 |
| Newsday, LLC Fixed Rate Term Loan, 9.75%, 8/01/13 | 175 | 157,938 |
| | | 4,697,442 |
| Multiline Retail 0.4% | | |
| Dollar General Corp. Tranche B-1 Term Loan, 3.198% 3.924%, 7/07/14 | 600 | 518,045 |
| Oil, Gas & Consumable Fuels 1.2% | | |
| Turbo Beta Ltd. Dollar Facility, 14.50%, 3/15/18 | 2,121 | 1,696,492 |
| Paper & Forest Products 0.5% | | |
| Georgia-Pacific LLC Term Loan B, 2.956% 4.189%, 12/20/12 | 292 | 252,333 |
| NewPage Corp. Term Loan, 5.313%, 12/22/14 | 495 | 301,500 |
| Verso Paper Finance Holdings LLC Term Loan, 7.685% 8.435%, 2/01/13 | 1,110 | 222,041 |
| | | 775,874 |
| Real Estate Management & Development 0.2% | | |
| Realogy Corp.: Letter of Credit, 0.347%, 10/10/13 | 120 | 67,695 |
| Term Loan B, 3.438%, 10/10/13 | 379 | 214,367 |
| | | 282,062 |
| Total Floating Rate Loan Interests 19.0% | | 27,474,472 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Non-U.S. Government Agency Mortgage-Backed Securities | Par (000) | Value |
|---|--------------|------------------|
| Commercial Mortgage-Backed Securities 1.4% | | |
| Crown Castle Towers LLC Series 2005-1A (c): | | |
| Class AFL, 0.841%, 6/15/35 (d) | USD 1,550 | \$ 1,410,500 |
| Class AFX, 4.643%, 6/15/35 | 430 | 410,650 |
| Global Signal Trust Series 2006-1 Class A2, 5.45%, 2/15/36 (c) | 245 | 229,075 |
| Total Non-U.S. Government Agency Mortgage-Backed Securities 1.4% | | 2,050,225 |

| Common Stocks | Shares | |
|---|---------|------------------|
| Capital Markets 0.1% | | |
| E*Trade Financial Corp. (g) | 68,734 | 54,987 |
| Chemicals 0.0% | | |
| Wellman Holdings, Inc. (c)(g) | 1,425 | 356 |
| Communications Equipment 0.7% | | |
| Loral Space & Communications Ltd. (g) | 77,483 | 922,823 |
| Containers & Packaging 0.0% | | |
| Smurfit Kappa Plc (g) | 3,634 | 6,268 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (g) | 67,974 | 38,745 |
| SunPower Corp. Class B (g) | 352 | 8,716 |
| | | 47,461 |
| Oil, Gas & Consumable Fuels 0.2% | | |
| EXCO Resources, Inc. (g) | 31,639 | 288,231 |
| Paper & Forest Products 0.0% | | |
| Ainsworth Lumber Co. Ltd. (g) | 37,144 | 21,022 |
| Ainsworth Lumber Co. Ltd. (c)(g) | 41,686 | 23,654 |
| Western Forest Products, Inc. (c)(g) | 41,528 | 4,896 |
| Western Forest Products, Inc. (g) | 147,968 | 17,446 |
| | | 67,018 |
| Total Common Stocks 1.0% | | 1,387,144 |

Preferred Securities

| Capital Trusts | Par (000) | |
|--|--------------|---------|
| Diversified Financial Services 0.4% | | |
| Citigroup, Inc. Series E, 8.40% (d)(h) | USD 1,680 | 588,168 |
| Total Capital Trusts 0.4% | | 588,168 |

| Preferred Stocks | Shares | |
|---|--------|---------|
| Capital Markets 0.0% | | |
| Marsico Parent Superholdco, LLC, 16.75% (c) | 67 | 29,145 |
| Total Preferred Stocks 0.0% | | 29,145 |
| Total Preferred Securities 0.4% | | 617,313 |

| Warrants (i) | Shares | Value |
|--|--------|-------|
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (expires 1/16/14) | 29,930 | |
| Total Warrants 0.0% | | |

| Other Interests (j) | Beneficial Interest (000) | |
|--|---------------------------------|-------------|
| Media 0.0% | | |
| Adelphia Escrow | USD 700 | \$ 70 |
| Adelphia Recovery Trust | 878 | 3,512 |
| Total Other Interests 0.0% | | 3,582 |
| Total Long-Term Investments (Cost \$281,093,540) 119.2% | | 172,592,833 |

Short-Term Securities

| | | |
|--------------------------------|-------|-----------|
| Money Market Funds 4.9% | 7,111 | 7,111,263 |
|--------------------------------|-------|-----------|

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BlackRock Liquidity Series, LLC Cash Sweep Series,
0.73% (k)(l)

| | |
|------------------------------------|-----------|
| Total Short-Term Securities | |
| (Cost \$7,111,263) 4.9% | 7,111,263 |

| Options Purchased | Contracts |
|---|--------------------------------|
| Over-The-Counter Call Options | |
| Marsico Parent Superholdco LLC, expiring December 2019 at USD 942.86, Broker, The Goldman Sachs Group, Inc. | 17 27,455 |
| Total Options Purchased | |
| (Cost \$16,622) 0.0% | 27,455 |

| | |
|--|----------------|
| Total Investments | 179,731,551 |
| (Cost \$288,221,425*) 124.1% | |
| Liabilities in Excess of Other Assets (24.1)% | (34,931,519) |
| Net Assets 100.0% | \$ 144,800,032 |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2009, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|------------------|
| Aggregate cost | \$ 289,328,824 |
| Gross unrealized appreciation | \$ 687,713 |
| Gross unrealized depreciation | (110,284,986) |
| Net unrealized depreciation | \$ (109,597,273) |

- (a) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (b) Convertible security.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) Variable rate security. Rate shown is as of report date.
- (e) Issuer filed for bankruptcy and/or is in default of interest payments.
- (f) 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 reflects the current yield as of report date.

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- (g) Non-income producing security.
- (h) Security is perpetual in nature and has no stated maturity date.
- (i) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.

See Notes to Financial Statements.

14

ANNUAL REPORT

FEBRUARY 28, 2009

Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund, Inc. (COY)

- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | | Net Activity | | Income |
|---|-----|-----------------|----|--------|
| BlackRock Liquidity Series, LLC Cash Sweep Series | USD | 7,111,263 | \$ | 29,589 |

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

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

Foreign currency exchange contracts as of February 28, 2009 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|-----------------------|------------------|------------------|--------------------|----------------------------|
| USD 154,560 | CAD 190,000 | UBS AG | 3/18/09 | \$ 5,221 |
| USD 8,216,818 | EUR 6,267,500 | Deutsche Bank AG | 3/18/09 | 272,478 |
| USD 579,623 | EUR 450,000 | UBS AG | 3/18/09 | 9,227 |
| Total | | | | \$ 286,926 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|-------------------------|----------------------|-----------------------------------|------------|-----------------------------|----------------------------|
| Masco Corp. | 5.85% | Goldman Sachs International | March 2014 | USD 750 | \$ 6,159 |
| Mohawk Industries, Inc. | 4.70% | Goldman Sachs International | March 2014 | USD 750 | 885 |

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| | |
|--------------|----------|
| Total | \$ 7,044 |
|--------------|----------|

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2009 were as follows:

| Issuer ¹ | Receive Fixed Rate | Counterparty | Expiration | Notional Amount (000) ² | Unrealized Depreciation |
|---------------------|--------------------|-----------------------------|------------|------------------------------------|-------------------------|
| Ford Motor Co. | 3.80% | UBS AG | March 2010 | USD 930 | \$ (651,722) |
| Ford Motor Co. | 5.00% | Goldman Sachs International | June 2010 | USD 3,750 | (2,654,861) |
| Total | | | | | \$ (3,306,583) |

¹ Credit rating is CCC using Standard & Poor's ratings.

² The maximum potential amount the Fund may be required to pay should a negative credit event take place as defined under the terms of the agreement. See Note 1 of the Notes to Financial Statements.

Currency Abbreviations:

CAD Canadian Dollar
 EUR Euro
 USD US Dollar

Effective June 1, 2008, the Fund has adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of February 28, 2009 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | | Other Financial Instruments* | |
|------------------|---------------------------|-------------------|------------------------------|--|
| | Assets | Assets | Liabilities | |
| Level 1 | \$ 1,356,866 | | | |
| Level 2 | 161,976,059 | \$ 321,425 | \$ (3,306,583) | |
| Level 3 | 16,371,171 | | | |
| Total | \$ 179,704,096 | \$ 321,425 | \$ (3,306,583) | |

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

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

| | Investments in Securities |
|---|---------------------------|
| | Assets |
| Balance as of May 31, 2008 | \$ 3,582 |
| Accrued discounts/premiums | 111,311 |
| Realized gain | 188 |
| Change in unrealized appreciation/depreciation ¹ | (19,674,329) |
| Net purchases | 92,784 |
| Net transfers in of Level 3 | 35,837,635 |
| Balance as of February 28, 2009 | \$ 16,371,171 |

¹Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

Schedule of Investments February 28, 2009

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

| Corporate Bonds | Par (000) | Value |
|---|--------------|-----------|
| Aerospace & Defense 0.0% | | |
| Hawker Beechcraft Acquisition Co. LLC, 8.875%, 4/01/15 (a) | USD 295 | \$ 23,600 |
| Airlines 0.6% | | |
| Continental Airlines, Inc.: | | |
| Series 1997-4-B, 6.90%, 7/02/18 (b) | 699 | 507,108 |
| Series 2001-1-C, 7.033%, 12/15/12 | 336 | 242,277 |
| UAL Corp., 4.50%, 6/30/21 (c) | 355 | 161,987 |
| | | 911,372 |
| Auto Components 1.4% | | |
| Allison Transmission, Inc. (d): | | |
| 11%, 11/01/15 | 800 | 388,000 |
| 11.25%, 11/01/15 (a) | 1,160 | 446,600 |
| The Goodyear Tire & Rubber Co.: | | |
| 7.857%, 8/15/11 | 1,450 | 1,160,000 |
| 8.625%, 12/01/11 | 82 | 65,600 |
| Lear Corp., 8.75%, 12/01/16 | 425 | 72,250 |
| | | 2,132,450 |
| Automobiles 0.2% | | |
| Ford Capital BV, 9.50%, 6/01/10 | 785 | 251,200 |
| Ford Motor Co., 8.90%, 1/15/32 | 700 | 119,000 |
| | | 370,200 |
| Building Products 0.8% | | |
| Momentive Performance Materials, Inc., | | |
| 11.50%, 12/01/16 | 1,650 | 346,500 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 1,975 | 908,500 |
| | | 1,255,000 |
| Capital Markets 1.0% | | |
| E*Trade Financial Corp.: | | |
| 12.50%, 11/30/17 (d) | 1,615 | 742,900 |
| 12.50%, 11/30/17 | 150 | 69,000 |
| Marsico Parent Co., LLC, 10.625%, 1/15/16 (d) | 1,073 | 439,930 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(d) | 421 | 172,423 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (a)(d) | 286 | 117,221 |
| | | 1,541,474 |

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Chemicals 2.2%

| | | |
|---|-------|-----------|
| American Pacific Corp., 9%, 2/01/15 | 880 | 739,200 |
| Innophos, Inc., 8.875%, 8/15/14 | 825 | 655,875 |
| MacDermid, Inc., 9.50%, 4/15/17 (d) | 1,700 | 671,500 |
| Terra Capital, Inc. Series B, 7%, 2/01/17 | 215 | 195,650 |
| Wellman Holdings, Inc. (c)(d): | | |
| Second Lien Subordinate Note, 10%, 1/29/19 | 844 | 844,000 |
| Third Lien Subordinate Note, 5%, 1/29/19 | 256 | 179,200 |
| | | 3,285,425 |

Commercial Services & Supplies 3.6%

| | | |
|--|-------|-----------|
| Sally Holdings LLC, 9.25%, 11/15/14 | 210 | 200,025 |
| US Investigations Services, Inc., 10.50%, 11/01/15 (d) | 700 | 556,500 |
| Waste Services, Inc., 9.50%, 4/15/14 | 3,000 | 2,370,000 |
| West Corp.: | | |
| 9.50%, 10/15/14 | 750 | 525,000 |
| 11%, 10/15/16 | 2,850 | 1,824,000 |
| | | 5,475,525 |

| Corporate Bonds | Par (000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

Construction & Engineering 0.8%

| | | | | |
|--|-----|-------|----|-----------|
| Dycom Industries, Inc., 8.125%, 10/15/15 | USD | 1,750 | \$ | 1,251,250 |
|--|-----|-------|----|-----------|

Construction Materials 1.0%

| | | | | |
|--|--|-------|--|-----------|
| Nortek, Inc., 10%, 12/01/13 | | 2,305 | | 922,000 |
| Texas Industries, Inc., 7.25%, 7/15/13 | | 785 | | 557,350 |
| | | | | 1,479,350 |

Containers & Packaging 6.1%

| | | | | |
|--|-----|-------|--|-----------|
| Berry Plastics Holding Corp., 5.871%, 9/15/14 (e) | | 1,765 | | 820,725 |
| Crown European Holdings SA, 6.25%, 9/01/11 | EUR | 1,265 | | 1,555,591 |
| Graphic Packaging International Corp.: | | | | |
| 8.50%, 8/15/11 | USD | 1,240 | | 1,091,200 |
| 9.50%, 8/15/13 | | 1,025 | | 763,625 |
| Impress Holdings BV, 4.219%, 9/15/13 (d)(e) | | 420 | | 310,800 |
| Owens Brockway Glass Container, Inc.: | | | | |
| 8.25%, 5/15/13 | | 1,000 | | 1,010,000 |
| 6.75%, 12/01/14 | EUR | 430 | | 485,167 |
| Packaging Dynamics Finance Corp., 10%, 5/01/16 (d) | USD | 1,355 | | 582,650 |
| Pregis Corp., 12.375%, 10/15/13 | | 1,200 | | 534,000 |
| Rock-Tenn Co., 8.20%, 8/15/11 | | 2,000 | | 2,000,000 |
| Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17 (f)(h) | | 1,405 | | 122,938 |
| | | | | 9,276,696 |

Diversified Consumer Services 1.8%

| | | | | |
|--|--|-------|--|-----------|
| Service Corp. International, 7%, 6/15/17 | | 3,000 | | 2,730,000 |
|--|--|-------|--|-----------|

Diversified Financial Services 3.2%

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| | | |
|---|---------|-----------|
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | 520 | 474,500 |
| FCE Bank Plc: 7.125%, 1/16/12 | 2,650 | 2,049,315 |
| Series JD, 3.991%, 9/30/09 (e) | EUR 270 | 287,525 |
| Ford Motor Credit Co. LLC: 4.01%, 1/13/12 (e) | USD 215 | 105,350 |
| 7.80%, 6/01/12 | 200 | 108,404 |
| GMAC LLC (d): 7.25%, 3/02/11 | 379 | 261,787 |
| 3.461%, 12/01/14 (e) | 884 | 388,960 |
| Leucadia National Corp., 8.125%, 9/15/15 | 1,325 | 1,099,750 |
| | | 4,775,591 |

Diversified Telecommunication Services 5.9%

| | | |
|---|-------|-----------|
| Broadview Networks Holdings, Inc., 11.375%, 9/01/12 | 1,035 | 538,200 |
| Cincinnati Bell, Inc., 7.25%, 7/15/13 | 260 | 248,300 |
| Qwest Communications International, Inc.: 7.50%, 2/15/14 (b) | 2,020 | 1,711,950 |
| 3.50%, 11/15/25 (c) | 320 | 286,000 |
| Series B, 7.50%, 2/15/14 | 1,730 | 1,466,175 |
| Qwest Corp.: 5.246%, 6/15/13 (e) | 1,550 | 1,313,625 |
| 7.625%, 6/15/15 | 525 | 468,563 |
| Windstream Corp., 8.125%, 8/01/13 | 3,000 | 2,910,000 |
| | | 8,942,813 |

Electric Utilities 2.6%

| | | |
|--|-------|-----------|
| Edison Mission Energy, 7.50%, 6/15/13 | 1,875 | 1,720,313 |
| NSG Holdings LLC, 7.75%, 12/15/25 (d) | 1,030 | 824,000 |
| Tenaska Alabama Partners LP, 7%, 6/30/21 (d) | 1,909 | 1,442,678 |
| | | 3,986,991 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|-----------|
| Electrical Equipment 0.0% | | |
| UCAR Finance, Inc., 10.25%, 2/15/12 | USD 55 | \$ 49,500 |
| Electronic Equipment & Instruments 0.2% | | |
| Sanmina-SCI Corp., 8.125%, 3/01/16 | 660 | 231,000 |
| Energy Equipment & Services 0.7% | | |
| Compagnie Générale de Géophysique-Veritas: 7.50%, 5/15/15 | 215 | 168,237 |
| 7.75%, 5/15/17 | 320 | 248,000 |
| North American Energy Partners, Inc., 8.75%, 12/01/11 | 375 | 295,313 |
| Transocean, Inc. Series A, 1.625%, 12/15/37 (c) | 325 | 289,656 |
| | | 1,001,206 |
| Food & Staples Retailing 0.7% | | |
| AmeriQual Group LLC, 9.50%, 4/01/12 (d) | 800 | 480,000 |
| Rite Aid Corp., 7.50%, 3/01/17 | 1,020 | 550,800 |
| | | 1,030,800 |
| Food Products 0.5% | | |
| Tyson Foods, Inc., 10.50%, 3/01/14 (d) | 750 | 706,875 |
| Health Care Equipment & Supplies 3.3% | | |
| Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 | 930 | 316,200 |
| DJO Finance LLC, 10.875%, 11/15/14 | 5,300 | 4,028,000 |
| Hologic, Inc., 2%, 12/15/37 (c)(g) | 870 | 565,500 |
| Reable Therapeutics, 11.75%, 11/15/14 | 85 | 55,675 |
| | | 4,965,375 |
| Health Care Providers & Services 2.4% | | |
| Community Health Systems, Inc. Series WI, 8.875%, 7/15/15 | 290 | 274,412 |
| Tenet Healthcare Corp.: 6.375%, 12/01/11 | 345 | 307,050 |
| 6.50%, 6/01/12 | 3,485 | 3,101,650 |
| | | 3,683,112 |
| Hotels, Restaurants & Leisure 6.0% | | |
| American Real Estate Partners LP, 7.125%, 2/15/13 | 3,045 | 2,504,512 |
| Galaxy Entertainment Finance Co. Ltd. (d): 7.323%, 12/15/10 (e) | 300 | 225,000 |
| 9.875%, 12/15/12 | 550 | 297,000 |

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| | | |
|--|-------|-----------|
| Gaylord Entertainment Co., 8%, 11/15/13 | 635 | 420,688 |
| Great Canadian Gaming Corp., 7.25%, 2/15/15 (d) | 2,000 | 1,400,000 |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (d)(f)(h) | 559 | 50,310 |
| Harrah's Operating Co., Inc.: | | |
| 10.75%, 2/01/18 (a) | 2,401 | 145,922 |
| 10%, 12/15/18 (d) | 561 | 157,080 |
| Inn of the Mountain Gods Resort & Casino, 12%, 11/15/10 | 1,550 | 186,000 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (d) | 1,290 | 593,400 |
| Penn National Gaming, Inc., 6.875%, 12/01/11 | 2,025 | 1,944,000 |
| San Pasqual Casino, 8%, 9/15/13 (d) | 975 | 726,375 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (d) | 360 | 210,600 |
| Travelport LLC, 5.886%, 9/01/14 (e) | 160 | 51,200 |
| Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (f)(h) | 305 | 3,050 |
| Virgin River Casino Corp., 9%, 1/15/12 (f)(h) | 940 | 94,000 |
| | | 9,009,137 |

Household Durables 0.8%

| | | |
|---|-------|-----------|
| American Greetings Corp., 7.375%, 6/01/16 | 1,020 | 525,300 |
| Jarden Corp., 7.50%, 5/01/17 | 805 | 627,900 |
| | | 1,153,200 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|------------|
| IT Services 1.2% | | |
| Alliance Data Systems Corp., 1.75%, 8/01/13 (c)(d) | USD 1,170 | \$ 780,975 |
| First Data Corp., 9.875%, 9/24/15 | 925 | 508,750 |
| SunGard Data Systems, Inc., 10.625%, 5/15/15 (d) | 580 | 490,100 |
| | | 1,779,825 |

Independent Power Producers & Energy Traders 3.8%

| | | |
|--|-------|-----------|
| The AES Corp., 8.75%, 5/15/13 (d) | 1,070 | 1,037,900 |
| Energy Future Holdings Corp., 11.25%, 11/01/17 (a) | 3,550 | 1,562,000 |
| NRG Energy, Inc.: | | |
| 7.25%, 2/01/14 | 1,625 | 1,531,563 |
| 7.375%, 2/01/16 | 1,250 | 1,153,125 |
| Texas Competitive Electric Holdings Co. LLC, 10.50%, 11/01/16 (a) | 960 | 460,800 |
| | | 5,745,388 |

Industrial Conglomerates 0.6%

| | | |
|--|-------|---------|
| Icahn Enterprises LP, 4%, 8/15/13 (b)(c)(d)(e) | 255 | 117,275 |
| Sequa Corp. (d): | | |
| 11.75%, 12/01/15 | 2,540 | 406,400 |
| 13.50%, 12/01/15 (a) | 3,579 | 428,239 |
| | | 951,914 |

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Insurance 0.9%

| | | |
|---|-------|-----------|
| Alliant Holdings I, Inc., 11%, 5/01/15 (d) | 1,700 | 1,096,500 |
| USI Holdings Corp., 5.113%, 11/15/14 (d)(e) | 680 | 323,000 |
| | | 1,419,500 |

Life Sciences Tools & Services 0.4%

| | | |
|-----------------------------------|-----|---------|
| Invitrogen Corp., 2%, 8/01/23 (c) | 580 | 605,375 |
|-----------------------------------|-----|---------|

Machinery 0.8%

| | | |
|-----------------------------------|-------|-----------|
| AGY Holding Corp., 11%, 11/15/14 | 1,280 | 768,000 |
| Accuride Corp., 8.50%, 2/01/15 | 555 | 166,500 |
| RBS Global, Inc., 8.875%, 9/01/16 | 450 | 338,625 |
| | | 1,273,125 |

Marine 0.8%

| | | |
|---|-----|-----------|
| Horizon Lines, Inc., 4.25%, 8/15/12 (c) | 610 | 294,325 |
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 | 477 | 286,200 |
| Teekay Shipping Corp., 8.875%, 7/15/11 | 575 | 546,250 |
| | | 1,126,775 |

Media 12.1%

| | | |
|--|-------|-----------|
| Affinion Group, Inc., 10.125%, 10/15/13 | 1,340 | 1,038,500 |
| Allbritton Communications Co., 7.75%, 12/15/12 | 815 | 366,750 |
| CCO Holdings LLC, 8.75%, 11/15/13 | 200 | 156,000 |
| CMP Susquehanna Corp., 9.875%, 5/15/14 | 2,000 | 60,000 |
| CSC Holdings, Inc.: | | |
| 8.50%, 4/15/14 (d) | 390 | 374,400 |
| Series B, 7.625%, 4/01/11 | 225 | 222,750 |
| Cablevision Systems Corp. Series B: | | |
| 8.334%, 4/01/09 (e) | 520 | 520,000 |
| 8%, 4/15/12 | 475 | 459,562 |
| Catalina Marketing Corp., 10.50%, 10/01/15 (a)(d)(g) | 2,700 | 1,809,000 |
| Charter Communications Holdings II, LLC, 10.25%, 9/15/10 (f)(h) | 740 | 595,700 |
| DIRECTV Holdings LLC, 8.375%, 3/15/13 | 260 | 262,600 |
| EchoStar DBS Corp.: | | |
| 6.375%, 10/01/11 | 250 | 238,750 |
| 7%, 10/01/13 | 90 | 83,925 |
| Harland Clarke Holdings Corp.: | | |
| 5.984%, 5/15/15 (e) | 350 | 121,625 |
| 9.50%, 5/15/15 | 420 | 189,000 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Media (concluded) | | |
| Intelsat Corp., 9.25%, 6/15/16 (d) | USD 890 | \$ 812,125 |
| Intelsat Subsidiary Holding Co. Ltd., 8.875%, 1/15/15 (d) | 260 | 245,700 |
| Liberty Media Corp., 3.125%, 3/30/23 (c) | 1,113 | 786,056 |
| Local Insight Regatta Holdings, Inc., 11%, 12/01/17 | 748 | 179,520 |
| Mediacom LLC, 9.50%, 1/15/13 | 2,425 | 2,109,750 |
| Network Communications, Inc., 10.75%, 12/01/13 | 30 | 4,650 |
| Nielsen Finance LLC: | | |
| 10%, 8/01/14 | 1,890 | 1,559,250 |
| 11.625%, 2/01/14 (d) | 180 | 155,700 |
| ProtoStar I Ltd., 18%, 10/15/12 (c)(d) | 850 | 467,448 |
| Rainbow National Services LLC, 10.375%, 9/01/14 (d) | 1,582 | 1,619,573 |
| Salem Communications Corp., 7.75%, 12/15/10 | 2,475 | 1,225,125 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (d) | 4,330 | 2,035,100 |
| Virgin Media, Inc., 6.50%, 11/15/16 (c)(d) | 1,210 | 632,225 |
| | | 18,330,784 |
| Metals & Mining 4.4% | | |
| Aleris International, Inc. (f)(h): | | |
| 9%, 12/15/14 | 1,035 | 103 |
| 10%, 12/15/16 | 800 | 1,000 |
| FMG Finance Property Ltd. (d): | | |
| 10%, 9/01/13 | 535 | 454,750 |
| 10.625%, 9/01/16 | 1,295 | 1,100,750 |
| Foundation PA Coal Co., 7.25%, 8/01/14 | 1,975 | 1,782,438 |
| Freeport-McMoRan Copper & Gold, Inc., 7.084%, 4/01/15 (e) | 1,220 | 911,950 |
| Newmont Mining Corp., 1.625%, 7/15/17 (c) | 585 | 631,069 |
| Novelis, Inc., 7.25%, 2/15/15 | 1,975 | 617,188 |
| Ryerson, Inc. (d): | | |
| 8.545%, 11/01/14 (e) | 400 | 204,000 |
| 12%, 11/01/15 | 265 | 156,350 |
| Steel Dynamics, Inc., 7.375%, 11/01/12 | 460 | 397,900 |
| Vedanta Resources Plc, 9.50%, 7/18/18 (d) | 640 | 364,800 |
| | | 6,622,298 |
| Oil, Gas & Consumable Fuels 10.9% | | |
| Atlas Energy Resources LLC, 10.75%, 2/01/18 (d) | 1,275 | 1,032,750 |
| Berry Petroleum Co., 8.25%, 11/01/16 | 510 | 260,100 |
| Chesapeake Energy Corp.: | | |
| 9.50%, 2/15/15 | 1,635 | 1,520,550 |
| 7.25%, 12/15/18 | 1,605 | 1,304,062 |
| 2.25%, 12/15/38 (c) | 800 | 425,000 |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13 | 1,610 | 539,350 |

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| | | |
|--|-------|------------|
| Connacher Oil and Gas Ltd., 10.25%, 12/15/15 (d) | 1,325 | 503,500 |
| Corral Finans AB, 2.594%, 4/15/10 (a)(d) | 2,120 | 1,177,891 |
| EXCO Resources, Inc., 7.25%, 1/15/11 | 2,800 | 2,236,500 |
| Encore Acquisition Co., 6.25%, 4/15/14 | 2,000 | 1,580,000 |
| Forest Oil Corp., 7.25%, 6/15/19 (d) | 2,275 | 1,820,000 |
| Massey Energy Co., 3.25%, 8/01/15 (c) | 1,250 | 793,750 |
| OPTI Canada, Inc., 8.25%, 12/15/14 | 1,725 | 586,500 |
| PetroHawk Energy Corp. (d): | | |
| 10.50%, 8/01/14 | 555 | 546,675 |
| 7.875%, 6/01/15 | 460 | 395,600 |
| Sabine Pass LNG LP, 7.50%, 11/30/16 | 390 | 262,275 |
| SandRidge Energy, Inc.: | | |
| 8.625%, 4/01/15 (a) | 1,000 | 690,000 |
| 8%, 6/01/18 (c) | 990 | 772,200 |
| | | 16,446,703 |

| Corporate Bonds | Par (000) | Value |
|--|--------------|-----------|
| Paper & Forest Products 2.1% | | |
| Abitibi-Consolidated, Inc., 5.496%, 6/15/11 (e) | USD 815 | \$ 73,350 |
| Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (d) | 1,053 | 475,246 |
| Bowater, Inc., 4.996%, 3/15/10 (e) | 2,825 | 508,500 |
| Georgia-Pacific Corp., 8.125%, 5/15/11 | 150 | 145,500 |
| NewPage Corp., 10%, 5/01/12 | 2,710 | 819,775 |
| Norske Skog Canada Ltd. Series D, 8.625%, 6/15/11 | 885 | 407,100 |
| Verso Paper Holdings LLC Series B: | | |
| 4.92%, 8/01/14 (e) | 280 | 72,800 |
| 9.125%, 8/01/14 | 1,820 | 682,500 |
| | | 3,184,771 |
| Personal Products 0.6% | | |
| Chattem, Inc., 7%, 3/01/14 | 930 | 855,600 |
| Pharmaceuticals 0.6% | | |
| Angiotech Pharmaceuticals, Inc., 5.011%, 12/01/13 (e) | 1,390 | 851,375 |
| Elan Finance Plc, 8.875%, 12/01/13 | 105 | 84,000 |
| | | 935,375 |
| Real Estate Investment Trusts (REITs) 0.1% | | |
| FelCor Lodging LP, 8.50%, 6/01/11 | 295 | 159,300 |
| Real Estate Management & Development 1.3% | | |
| Forest City Enterprises, Inc., 7.625%, 6/01/15 | 3,025 | 1,331,000 |
| Realogy Corp.: | | |
| 10.50%, 4/15/14 | 1,915 | 402,150 |
| 12.375%, 4/15/15 | 2,193 | 263,160 |
| | | 1,996,310 |
| Semiconductors & Semiconductor Equipment 0.2% | | |
| Spansion, Inc., 4.386%, 6/01/13 (d)(e)(f)(h) | 1,215 | 284,006 |
| Software 0.1% | | |

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| | | |
|--|-------|-----------|
| BMS Holdings, Inc., 9.224%, 2/15/12 (a)(d)(e) | 417 | 100,477 |
| Specialty Retail 2.3% | | |
| Asbury Automotive Group, Inc., 7.625%, 3/15/17 | 350 | 157,500 |
| Buffets, Inc., 12.50%, 11/01/14 (f)(h) | 575 | 57 |
| General Nutrition Centers, Inc.: | | |
| 7.584%, 3/15/14 (a)(e) | 1,760 | 1,038,400 |
| 10.75%, 3/15/15 | 1,285 | 899,500 |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (c)(g) | 1,055 | 472,113 |
| Michaels Stores, Inc.: | | |
| 10%, 11/01/14 | 520 | 177,450 |
| 11.375%, 11/01/16 | 855 | 201,994 |
| United Auto Group, Inc., 7.75%, 12/15/16 | 1,110 | 532,800 |
| | | 3,479,814 |
| Textiles, Apparel & Luxury Goods 1.6% | | |
| Levi Strauss & Co., 8.875%, 4/01/16 (b) | 2,000 | 1,530,000 |
| Quiksilver, Inc., 6.875%, 4/15/15 | 1,750 | 875,000 |
| | | 2,405,000 |
| Thrifts & Mortgage Finance 0.8% | | |
| Residential Capital Corp., 8.375%, 6/30/10 | 1,600 | 640,000 |
| Residential Capital LLC, 8.50%, 5/15/10 (d) | 805 | 555,450 |
| | | 1,195,450 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|---|--------------|--------------------|
| Wireless Telecommunication Services 8.9% | | |
| Centennial Communications Corp., 7.185%, 1/01/13 (e) | USD 1,370 | \$ 1,363,150 |
| Cricket Communications, Inc.: | | |
| 9.375%, 11/01/14 | 1,285 | 1,172,563 |
| 10%, 7/15/15 (d) | 890 | 821,025 |
| Crown Castle International Corp., 9%, 1/15/15 | 465 | 453,375 |
| Digicel Group Ltd. (d): | | |
| 8.875%, 1/15/15 | 1,370 | 1,020,650 |
| 9.125%, 1/15/15 (a) | 1,983 | 1,388,100 |
| FiberTower Corp., 9%, 11/15/12 (c) | 600 | 171,000 |
| iPCS, Inc., 3.295%, 5/01/13 (d) | 815 | 586,800 |
| Leap Wireless International, Inc., 4.50%, 7/15/14 (c)(d) | 230 | 155,250 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | 2,785 | 2,631,825 |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (d) | 1,445 | 1,314,950 |
| Orascom Telecom Finance SCA, 7.875%, 2/08/14 (d) | 275 | 165,000 |
| Sprint Capital Corp., 7.625%, 1/30/11 | 2,605 | 2,259,838 |
| | | <u>13,503,526</u> |
| Total Corporate Bonds 100.3% | | <u>151,669,258</u> |

Floating Rate Loan Interests

| | | |
|---|-------|------------------|
| Auto Components 1.2% | | |
| Allison Transmission, Inc. Term Loan, 3.20%, 8/07/14 | 1,393 | 922,728 |
| Dana Holding Corp. Term Advance, 7.25%, 1/31/15 | 1,977 | 601,505 |
| Delphi Corp.: | | |
| Initial Tranche Term Loan C, 10.50%, 6/30/09 | 1,218 | 190,594 |
| Subsequent Tranche Term Loan C, 10.50%, 6/30/09 | 131 | 20,585 |
| | | <u>1,735,412</u> |
| Automobiles 0.4% | | |
| Ford Motor Co. Term Loan, 5%, 12/15/13 | 994 | 317,719 |
| General Motors Corp. Secured Term Loan, 4.148%, 11/29/13 | 819 | 293,282 |
| | | <u>611,001</u> |

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Building Products 2.3%

| | | |
|---|-------|-----------|
| Building Material Corp. of America Term Loan Advance, 3.625% 3.875%, 2/22/14 | 496 | 338,284 |
| CPG International, I Inc. Term Loan, 6.26%, 2/28/11 | 3,283 | 2,298,392 |
| Masonite International: Canadian Term Loan, 6.75%, 4/06/13 | 933 | 381,103 |
| US Term Loan, 6.25%, 4/06/13 | 945 | 386,022 |
| | | 3,403,801 |

Capital Markets 0.2%

| | | |
|---|-----|---------|
| Marsico Parent Co., LLC Term Loan, 4.50% 7.25%, 12/15/14 | 474 | 225,393 |
|---|-----|---------|

Chemicals 1.3%

| | | |
|---|-------|-----------|
| PQ Corp.: First Lien Term Loan, 4.43% 4.71%, 7/31/14 | 746 | 445,884 |
| Second Lien Term Loan, 7.68%, 7/30/15 | 3,500 | 1,225,000 |
| Solutia Inc. Loan, 8.50%, 2/28/14 | 488 | 313,219 |
| | | 1,984,103 |

Containers & Packaging 0.1%

| | | |
|--|-----|---------|
| Berry Plastics Group, Inc. Loan, 8.421%, 6/05/14 (a) | 998 | 199,553 |
|--|-----|---------|

Diversified Telecommunication Services 2.5%

| | | |
|--|-----------|-----------|
| Wind Finance SL S.A. Euro Finance Facility (Second Lien), 11.473%, 11/26/14 | EUR 3,460 | 3,798,815 |
|--|-----------|-----------|

Floating Rate Loan Interests

**Par
(000) Value**

Health Care Providers & Services 1.9%

| | | |
|--|---------|------------|
| CHS/Community Health Systems, Inc.: Delay Draw Term Loan, 2.729%, 7/25/14 | USD 158 | \$ 133,888 |
| Funded Term Loan, 2.729% 3.506% 7/25/14 | 1,570 | 1,329,089 |
| HCA, Inc. Tranch Term Loan A-1, 3.459%, 11/17/12 | 562 | 489,516 |
| Rotech Healthcare, Inc. Term Loan, 6.479%, 9/26/11 | 1,749 | 961,871 |
| | | 2,914,364 |

Hotels, Restaurants & Leisure 0.4%

| | | |
|---|-------|---------|
| Travelport LLC (fka Travelport Inc.) Loan, 7.979%, 3/27/12 | 2,955 | 605,698 |
|---|-------|---------|

Independent Power Producers & Energy Traders 2.4%

| | | |
|--|-------|-----------|
| Calpine Generating Co., LLC First Priority Term Loan, 4.335%, 3/29/14 | 746 | 541,284 |
| Texas Competitive Electric Holdings Co., LLC: Initial Tranche Term Loan B-1, 3.948% 4.451%, 10/10/14 | 218 | 136,109 |
| Initial Tranche Term Loan B-2, 3.948% 4.451%, 10/10/14 | 1,320 | 823,231 |
| Initial Tranche Term Loan B-3, 3.948% 4.451%, 10/10/14 | 3,456 | 2,155,836 |

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3,656,460

Machinery 1.0%

| | | |
|--|-------|-----------|
| Navistar International Transportation Corp.: | | |
| Advance Term Loan, 3.729%, 1/19/12 | 1,470 | 1,052,275 |
| Revolving Credit, 3.677% 3.729%, 1/19/12 | 535 | 382,971 |
| Rexnord Holdings, Inc. Loan, 9.181%, 3/01/13 | 427 | 106,643 |
| | | 1,541,889 |

Media 3.5%

| | | |
|---|-------|-----------|
| Affinion Group Holdings, Inc. Loan, 0%, 3/01/12 | | |
| | 400 | 180,000 |
| Cengage Learning Acquisition, Inc. (Thomson Learning) Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | |
| | 1,741 | 1,218,875 |
| HMH Publishing Co., Ltd. (fka Education Media): Mezzanine Assignment, 10.756%, 11/14/14 | | |
| | 6,395 | 1,918,665 |
| Tranche A, 8.256%, 6/12/14 | | |
| | 2,630 | 1,479,247 |
| NV Broadcasting, LLC Second Lien, 8.72%, 11/03/14 | | |
| | 1,500 | 300,000 |
| Newsday, LLC Fixed Rate Term Loan, 9.75%, 8/01/13 | | |
| | 250 | 225,625 |
| | | 5,322,412 |

Multiline Retail 0.4%

| | | |
|---|-----|---------|
| Dollar General Corp. Tranche B-1 Term Loan, 3.198% 3.924%, 7/07/14 | 640 | 552,582 |
|---|-----|---------|

Oil, Gas & Consumable Fuels 1.2%

| | | |
|--|-------|-----------|
| Turbo Beta Ltd. Dollar Facility, 14.50%, 3/15/18 | 2,222 | 1,777,277 |
|--|-------|-----------|

Paper & Forest Products 0.5%

| | | |
|---|-------|---------|
| Georgia-Pacific LLC Term Loan B, 2.956% 4.189%, 12/20/12 | | |
| | 311 | 268,354 |
| NewPage Corp. Term Loan, 5.313%, 12/22/14 | | |
| | 495 | 301,500 |
| Verso Paper Finance Holdings LLC Term Loan, 7.685% 8.435%, 2/01/13 | | |
| | 1,200 | 239,969 |
| | | 809,823 |

Real Estate Management & Development 0.2%

| | | |
|--|-----|---------|
| Realogy Corp.: | | |
| Initial Term Loan B, 3.438%, 10/10/13 | 404 | 228,470 |
| Synthetic Credit Assignment, 0.347%, 10/10/13 | | |
| | 130 | 73,336 |
| | | 301,806 |

Total Floating Rate Loan Interests 19.5%

29,440,389

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Non-U.S. Government Agency Mortgage-Backed Securities | Par (000) | Value |
|---|--------------|--------------|
| Commercial Mortgage-Backed Securities 1.4% | | |
| Crown Castle Towers LLC Series 2005-1A (d): | | |
| Class AFL, 0.841%, 6/15/35 (e) | USD 1,620 | \$ 1,474,200 |
| Class AFX, 4.643%, 6/15/35 | 450 | 429,750 |
| Global Signal Trust Series 2006-1 Class A2, 5.45%, 2/15/36 (d) | 260 | 243,100 |
| Total Non-U.S. Government Agency Mortgage-Backed Securities 1.4% | | 2,147,050 |

| Common Stocks | Shares | |
|---|---------|-----------|
| Capital Markets 0.0% | | |
| E*Trade Financial Corp. (h) | 73,574 | 58,859 |
| Chemicals 0.0% | | |
| Wellman Holdings, Inc. (d)(h) | 1,522 | 381 |
| Communications Equipment 0.7% | | |
| Loral Space & Communications Ltd. (h) | 82,907 | 987,422 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (h) | 70,784 | 40,347 |
| SunPower Corp. Class B (h) | 778 | 19,263 |
| | | 59,610 |
| Oil, Gas & Consumable Fuels 0.2% | | |
| EXCO Resources, Inc. (h) | 35,575 | 324,088 |
| Paper & Forest Products 0.1% | | |
| Ainsworth Lumber Co. Ltd. (h) | 125,117 | 70,810 |
| Ainsworth Lumber Co. Ltd. (d)(h) | 140,415 | 79,678 |
| Western Forest Products, Inc. (d)(h) | 45,762 | 5,396 |
| Western Forest Products, Inc. (h) | 158,023 | 18,632 |
| | | 174,516 |
| Total Common Stocks 1.1% | | 1,604,876 |

Preferred Securities

| Capital Trusts | Par (000) | |
|--|--------------|---------|
| Diversified Financial Services 0.4% | | |
| Citigroup, Inc. Series E, 8.40% (e)(i) | USD 1,685 | 589,919 |
| Total Capital Trusts 0.4% | | 589,919 |

| Preferred Stocks | Shares | |
|---|--------|--------|
| Capital Markets 0.0% | | |
| Marsico Parent Superholdco, LLC, 16.75% (d) | 72 | 31,320 |
| Total Preferred Stocks 0.0% | | 31,320 |

| | | |
|--|--|---------|
| Total Preferred Securities 0.4% | | 621,239 |
|--|--|---------|

| Warrants (j) | Shares | Value |
|--|--------|-------|
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (expires 1/16/14) | 32,042 | \$ 0 |
| Paper & Forest Products 0.0% | | |
| MDP Acquisitions Plc (expires 10/01/13) (d) | 700 | 6,229 |
| Total Warrants 0.0% | | 6,229 |

| Other Interests (k) | Beneficial Interest (000) | |
|-----------------------------------|---------------------------------|-------|
| Media 0.0% | | |
| Adelphia Escrow | USD 750 | 75 |
| Adelphia Recovery Trust | 941 | 3,762 |
| Total Other Interests 0.0% | | 3,837 |

| | | |
|--|--|-------------|
| Total Long-Term Investments (Cost \$303,646,606) 122.7% | | 185,492,878 |
|--|--|-------------|

Short-Term Securities

| |
|--------------------------------|
| Money Market Funds 5.5% |
|--------------------------------|

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BlackRock Liquidity Series, LLC Cash Sweep Series,
0.73% (1)(m)

8,371 8,370,522

Total Short-Term Securities

(Cost \$8,370,522) 5.5%

8,370,522

Options Purchased

Contracts

Over-The-Counter Call Options

Marsico Parent Superholdco LLC, expiring
December 2019 at USD 942.86, Broker,
The Goldman Sachs Group, Inc.

19 30,685

Total Options Purchased

(Cost \$18,578) 0.0%

30,685

Total Investments

(Cost \$312,035,706*) 128.2%

193,894,085

Liabilities in Excess of Other Assets (28.2)%

(42,632,972)

Net Assets 100.0%

\$ 151,261,113

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2009, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|------------------|
| Aggregate cost | \$ 313,706,426 |
| Gross unrealized appreciation | \$ 857,363 |
| Gross unrealized depreciation | (120,669,704) |
| Net unrealized depreciation | \$ (119,812,341) |

- (a) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (b) All or a portion of security has been pledged as collateral in connection with open swap contracts.
- (c) Convertible security.
- (d) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (e) Variable rate security. Rate shown is as of report date.
- (f) Issuer filed for bankruptcy and/or is in default of interest payments.
- (g) 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 reflects the current yield as of report date.

See Notes to Financial Statements.

20

ANNUAL REPORT

FEBRUARY 28, 2009

Schedule of Investments (concluded)

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

- (h) Non-income producing security.
- (i) Security is perpetual in nature and has no stated maturity date.
- (j) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (l) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Income |
|---|-----------------|-----------|
| BlackRock Liquidity Series, LLC Cash Sweep Series | USD 8,370,522 | \$ 34,084 |

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

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

Foreign currency exchange contracts as of February 28, 2009 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|-----------------------|------------------|------------------|--------------------|----------------------------|
| USD 276,580 | CAD 340,000 | UBS AG | 3/18/09 | \$ 9,342 |
| USD 8,737,948 | EUR 6,665,000 | Deutsche Bank AG | 3/18/09 | 289,760 |
| USD 257,610 | EUR 200,000 | UBS AG | 3/18/09 | 4,101 |
| USD 32,381 | EUR 25,000 | Citibank NA | 3/18/09 | 693 |
| Total | | | | \$ 303,896 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|--------|----------------------|--------------|------------|-----------------------------|----------------------------|
|--------|----------------------|--------------|------------|-----------------------------|----------------------------|

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| | | | | | | | |
|-------------------------|-------|-----------------------------|------------|-----|-----|----|--------------|
| Masco Corp. | 5.85% | Goldman Sachs International | March 2014 | USD | 750 | \$ | 6,159 |
| Mohawk Industries, Inc. | 4.70% | Goldman Sachs International | March 2014 | USD | 750 | | 885 |
| Total | | | | | | \$ | 7,044 |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2009 were as follows:

| Issuer ¹ | Receive Fixed Rate | Counterparty | Expiration | Notional Amount (000) ² | Unrealized Depreciation |
|---------------------|--------------------|-----------------------------|------------|------------------------------------|-------------------------|
| Ford Motor Co. | 3.80% | UBS AG | March 2010 | USD 1,000 | \$ (700,776) |
| Ford Motor Co. | 5.00% | Goldman Sachs International | June 2010 | USD 4,000 | (2,831,852) |
| Total | | | | | \$ (3,532,628) |

¹ Credit rating is CCC using Standard & Poor's ratings.

² The maximum potential amount the Fund may be required to pay should a negative credit event take place as defined under the terms of the agreement. See Note 1 of the Notes to Financial Statements.

Currency Abbreviations:

CAD Canadian Dollar
 EUR Euro
 USD US Dollar

Effective June 1, 2008, the Fund has adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the

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Notes to Financial Statements.

The following table summarizes the inputs used as of February 28, 2009 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* | |
|------------------|---------------------------|------------------------------|-----------------------|
| | Assets | Assets | Liabilities |
| Level 1 | \$ 1,524,817 | | |
| Level 2 | 174,392,048 | \$ 341,625 | \$ (3,532,628) |
| Level 3 | 17,946,535 | | |
| Total | \$ 193,863,400 | \$ 341,625 | \$ (3,532,628) |

* Other financial instruments are swaps, foreign currency exchange and option contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at market value. The following is a reconciliation of investments for unobservable inputs (Level 3) used in determining fair value:

| | Investments in Securities |
|---|---------------------------|
| | Assets |
| Balance as of May 31, 2008 | \$ 3,837 |
| Accrued discounts/premiums | 182,794 |
| Realized gain | 1,685 |
| Change in unrealized appreciation/depreciation ¹ | (22,189,172) |
| Net purchases | 93,914 |
| Net transfers in of Level 3 | 39,853,477 |
| Balance as of February 28, 2009 | \$ 17,946,535 |

¹ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

Schedule of Investments February 28, 2009

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

| Corporate Bonds | | Par (000) | Value |
|---|-----|--------------|--------------|
| Aerospace & Defense 2.4% | | | |
| Alliant Techsystems, Inc., 3%, 8/15/24 (a)(b) | USD | 5,000 | \$ 5,175,000 |
| Hawker Beechcraft Acquisition Co. LLC, 8.50%, 4/01/15 | | 4,000 | 760,000 |
| | | | 5,935,000 |
| Auto Components 0.6% | | | |
| Allison Transmission, Inc. (b): | | | |
| 11%, 11/01/15 | | 320 | 155,200 |
| 11.25%, 11/01/15 (c) | | 1,020 | 392,700 |
| The Goodyear Tire & Rubber Co., 8.625%, 12/01/11 | | 1,000 | 800,000 |
| Lear Corp., 8.75%, 12/01/16 | | 700 | 119,000 |
| Venture Holdings Co. LLC (d)(e): | | | |
| 12%, 6/01/09 | | 4,450 | |
| Series B, 9.50%, 7/01/05 (g) | | 1,800 | 180 |
| | | | 1,467,080 |
| Building Products 4.0% | | | |
| Building Materials Corp. of America, 7.75%, 8/01/14 | | 4,000 | 2,740,000 |
| CPG International I, Inc.: | | | |
| 8.561%, 7/01/12 (h) | | 7,500 | 3,975,000 |
| 10.50%, 7/01/13 | | 1,300 | 689,000 |
| Momentive Performance Materials, Inc. Series WI, 9.75%, 12/01/14 | | 1,600 | 608,000 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | | 4,500 | 2,070,000 |
| | | | 10,082,000 |
| Capital Markets 1.9% | | | |
| E*Trade Financial Corp., 12.50%, 11/30/17 (b) | | 10,625 | 4,887,500 |
| Chemicals 5.0% | | | |
| American Pacific Corp., 9%, 2/01/15 | | 1,490 | 1,251,600 |
| GEO Specialty Chemicals Corp., 7.50%, 3/31/15 (a)(b)(c) | | 3,992 | 2,989,270 |
| GEO Specialty Chemicals, Inc., 9.935%, 12/31/09 (a)(b)(h) | | 6,415 | 4,803,231 |
| Wellman Holdings, Inc. (a)(b): | | | |
| Second Lien Subordinate Note, 10%, 1/29/19 | | 2,978 | 2,978,000 |
| Third Lien Subordinate Note, 5%, 1/29/19 | | 906 | 634,200 |
| | | | 12,656,301 |
| Commercial Services & Supplies 0.8% | | | |

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| | | | | |
|--|-----|----------------------|----|--------------|
| West Corp., 11%, 10/15/16 | | 3,270 | | 2,092,800 |
| Construction Materials 1.5% | | | | |
| Nortek, Inc.: | | | | |
| 10%, 12/01/13 | | 6,830 | | 2,732,000 |
| 8.50%, 9/01/14 | | 5,850 | | 936,000 |
| | | | | 3,668,000 |
| Containers & Packaging 5.6% | | | | |
| Berry Plastics Holding Corp., 5.195%, 9/15/14 (h) | | 375 | | 174,375 |
| Packaging Dynamics Finance Corp., 10%, 5/01/16 (b) | | 6,215 | | 2,672,450 |
| Smurfit Kappa Funding Plc, 7.75%, 4/01/15 | | 13,625 | | 7,936,563 |
| Smurfit-Stone Container Enterprises, Inc. (d)(e): | | | | |
| 8.375%, 7/01/12 | | 1,600 | | 128,000 |
| 8%, 3/15/17 | | 2,600 | | 227,500 |
| Wise Metals Group LLC, 10.25%, 5/15/12 | | 6,325 | | 3,099,250 |
| | | | | 14,238,138 |
| Diversified Consumer Services 0.8% | | | | |
| NBC Acquisition Corp., 12.343%, 3/15/13 (i) | | 3,875 | | 1,898,750 |
| Diversified Financial Services 3.5% | | | | |
| Archimedes Funding III Ltd., 5.50%, 11/29/11 (b) | | 5,744 | | 1,378,486 |
| FCE Bank Plc, 7.125%, 1/16/12 | EUR | 7,800 | | 6,031,947 |
| Ford Motor Credit Co. LLC, 4.01%, 1/13/12 (h) | USD | 2,680 | | 1,313,200 |
| | | | | 8,723,633 |
| Corporate Bonds | | | | |
| | | Par (000) | | Value |
| Electric Utilities 0.5% | | | | |
| NSG Holdings LLC, 7.75%, 12/15/25 (b) | USD | 1,505 | \$ | 1,204,000 |
| Electronic Equipment & Instruments 0.1% | | | | |
| Muzak Holdings, LLC, 13%, 3/15/10 (d)(e)(i) | | 2,675 | | 133,750 |
| Food Products 1.1% | | | | |
| Tyson Foods, Inc., 10.50%, 3/01/14 (b) | | 3,000 | | 2,827,500 |
| Health Care Equipment & Supplies 1.3% | | | | |
| DJO Finance LLC, 10.875%, 11/15/14 | | 4,250 | | 3,230,000 |
| Health Care Providers & Services 1.5% | | | | |
| Community Health Systems, Inc. Series WI, 8.875%, 7/15/15 | | 4,000 | | 3,785,000 |
| Hotels, Restaurants & Leisure 3.3% | | | | |
| HRP Myrtle Beach Holdings LLC, 14.50%, 4/01/14 (b)(c)(d)(e) | | 6,892 | | 8,927 |
| HRP Myrtle Beach Operations LLC (b)(d)(e): | | | | |
| 7.383%, 4/01/12 (h) | | 5,000 | | 50,000 |
| 12.50%, 4/01/13 | | 5,000 | | 6,250 |
| Harrah s Operating Co., Inc.: | | | | |

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| | | |
|--|-------|-----------|
| 10%, 12/15/15 (b) | 480 | 134,400 |
| 10.75%, 2/01/16 | 4,367 | 611,380 |
| 10.75%, 2/01/18 | 3,147 | 193,093 |
| 10%, 12/15/18 (b) | 2,312 | 647,360 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (b) | 2,560 | 1,177,600 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (b) | 1,370 | 801,450 |
| Snoqualmie Entertainment Authority, 5.384%, 2/01/14 (b)(h) | 1,015 | 548,100 |
| Travelport LLC, 5.886%, 9/01/14 (h) | 2,160 | 691,200 |
| Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (d)(e) | 530 | 5,300 |
| Tunica-Biloxi Gaming Authority, 9%, 11/15/15 (b) | 3,000 | 2,400,000 |
| Universal City Florida Holding Co. I, 5.92%, 5/01/10 (h) | 2,000 | 960,000 |
| | | 8,235,060 |
| Household Durables 0.2% | | |
| Stanley-Martin Communities LLC, 9.75%, 8/15/15 | 2,250 | 630,000 |
| IT Services 0.6% | | |
| First Data Corp., 9.875%, 9/24/15 | 2,500 | 1,375,000 |
| Independent Power Producers & Energy Traders 1.4% | | |
| Energy Future Holdings Corp., 11.25%, 11/01/17 (c) | 3,200 | 1,408,000 |
| Texas Competitive Electric Holdings Co. LLC: 10.25%, 11/01/15 | 2,000 | 1,010,000 |
| 10.50%, 11/01/16 (c) | 2,400 | 1,152,000 |
| | | 3,570,000 |
| Industrial Conglomerates 0.7% | | |
| Sequa Corp. (b): 11.75%, 12/01/15 | 5,100 | 816,000 |
| 13.50%, 12/01/15 (c) | 7,291 | 872,252 |
| | | 1,688,252 |
| Insurance 0.9% | | |
| Alliant Holdings I, Inc., 11%, 5/01/15 (b) | 2,500 | 1,612,500 |
| USI Holdings Corp., 5.113%, 11/15/14 (b)(h) | 1,630 | 774,250 |
| | | 2,386,750 |
| Machinery 1.7% | | |
| ESCO Corp., 5.195%, 12/15/13 (b)(h) | 3,070 | 1,903,400 |
| RBS Global, Inc., 8.875%, 9/01/16 | 1,685 | 1,267,963 |
| Titan International, Inc., 8%, 1/15/12 | 1,530 | 1,227,825 |
| | | 4,399,188 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

| Corporate Bonds | | Par (000) | Value |
|---|-----|--------------|------------|
| Marine 0.2% | | | |
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 | USD | 465 | \$ 279,000 |
| Titan Petrochemicals Group Ltd., 8.50%, 3/18/12 (b) | | 1,760 | 316,800 |
| | | | 595,800 |
| Media 5.2% | | | |
| Affinion Group, Inc., 10.125%, 10/15/13 | | 1,080 | 837,000 |
| CSC Holdings, Inc., 8.50%, 4/15/14 (b) | | 680 | 652,800 |
| Canadian Satellite Radio Holdings, Inc., 12.75%, 2/15/14 | | 5,000 | 1,012,500 |
| Charter Communications Holdings LLC (d)(e): | | | |
| 10%, 4/01/09 | | 2,402 | 24,020 |
| 10%, 5/15/11 | | 1,978 | 19,780 |
| 11.125%, 1/15/11 | | 1,319 | 65,950 |
| Local Insight Regatta Holdings, Inc., 11%, 12/01/17 | | 2,665 | 639,600 |
| Network Communications, Inc., 10.75%, 12/01/13 | | 20 | 3,100 |
| Nielsen Finance LLC, 11.625%, 2/01/14 (b) | | 5,000 | 4,325,000 |
| Sinclair Broadcast Group, Inc. Class A, 4.875%, 7/15/18 | | 3,235 | 1,568,975 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b) | | 5,230 | 2,458,100 |
| Virgin Media, Inc., 6.50%, 11/15/16 (a)(b) | | 3,000 | 1,567,500 |
| | | | 13,174,325 |
| Metals & Mining 1.7% | | | |
| Aleris International, Inc. (d)(e): | | | |
| 9%, 12/15/14 | | 1,100 | 110 |
| 10%, 12/15/16 | | 1,500 | 1,875 |
| RathGibson, Inc., 11.25%, 2/15/14 | | 4,440 | 976,800 |
| Ryerson, Inc., 8.545%, 11/01/14 (b)(h) | | 6,720 | 3,427,200 |
| | | | 4,405,985 |
| Oil, Gas & Consumable Fuels 3.4% | | | |
| Chesapeake Energy Corp., 9.50%, 2/15/15 | | 2,900 | 2,697,000 |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13 | | 2,220 | 743,700 |
| Denbury Resources, Inc., 9.75%, 3/01/16 | | 1,875 | 1,762,500 |
| Forest Oil Corp., 8.50%, 2/15/14 (b) | | 2,265 | 2,061,150 |
| SandRidge Energy, Inc., 5.06%, 4/01/14 (h) | | 2,000 | 1,314,344 |
| | | | 8,578,694 |
| Paper & Forest Products 4.4% | | | |
| Abitibi-Consolidated, Inc., 4.82%, 6/15/11 (h) | | 6,500 | 585,000 |
| Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (b) | | 10,017 | 4,520,140 |
| Bowater, Inc.: | | | |
| 9%, 8/01/09 | | 640 | 163,200 |

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| | | |
|---|-------|------------|
| 4.32%, 3/15/10 (h) | 7,600 | 1,368,000 |
| NewPage Corp.: | | |
| 7.42%, 5/01/12 (h) | 8,000 | 1,920,000 |
| 10%, 5/01/12 | 2,720 | 822,800 |
| 12%, 5/01/13 | 3,325 | 465,500 |
| Verso Paper Holdings LLC Series B, 4.92%, 8/01/14 (h) | 4,400 | 1,144,000 |
| | | <hr/> |
| | | 10,988,640 |

Pharmaceuticals 2.7%

| | | |
|---|-------|-----------|
| Angiotech Pharmaceuticals, Inc., 5.011%, 12/01/13 (h) | 5,000 | 3,062,500 |
| Elan Finance Plc: | | |
| 5.234%, 11/15/11 (h) | 1,000 | 825,000 |
| 7.75%, 11/15/11 | 3,525 | 3,005,063 |
| | | <hr/> |
| | | 6,892,563 |

Real Estate Investment Trusts (REITs) 0.4%

| | | |
|--|-------|---------|
| RAIT Financial Trust, 6.875%, 4/15/27 (a)(b) | 3,500 | 980,000 |
|--|-------|---------|

Real Estate Management & Development 0.8%

| | | |
|------------------|-------|-----------|
| Realogy Corp.: | | |
| 10.50%, 4/15/14 | 6,500 | 1,365,000 |
| 12.375%, 4/15/15 | 5,333 | 639,960 |
| | | <hr/> |
| | | 2,004,960 |

| Corporate Bonds | | Par (000) | | Value |
|--|-----|--------------|----|-----------|
| Semiconductors & Semiconductor Equipment 0.3% | | | | |
| Spanion, Inc., 4.386%, 6/01/13 (b)(d)(e) | USD | 3,370 | \$ | 787,737 |
| Software 0.1% | | | | |
| BMS Holdings, Inc., 9.224%, 2/15/12 (b)(c)(h) | | 1,555 | | 374,978 |
| Specialty Retail 3.4% | | | | |
| Buffets, Inc., 12.50%, 11/01/14 (d)(e) | | 1,440 | | 144 |
| General Nutrition Centers, Inc.: | | | | |
| 7.584%, 3/15/14 (h) | | 5,560 | | 3,280,400 |
| 10.75%, 3/15/15 | | 4,480 | | 3,136,000 |
| Michaels Stores, Inc.: | | | | |
| 10%, 11/01/14 | | 2,240 | | 764,400 |
| 11.375%, 11/01/16 | | 2,785 | | 657,956 |
| United Auto Group, Inc., 7.75%, 12/15/16 | | 1,380 | | 662,400 |
| | | | | <hr/> |
| | | | | 8,501,300 |
| Wireless Telecommunication Services 5.9% | | | | |
| Crown Castle International Corp., 9%, 1/15/15 | | 830 | | 809,250 |
| Digicel Group Ltd. (b): | | | | |
| 8.875%, 1/15/15 | | 3,560 | | 2,652,200 |
| 9.125%, 1/15/15 (c) | | 7,248 | | 5,073,600 |
| iPCS, Inc., 3.295%, 5/01/13 (h) | | 750 | | 540,000 |
| MetroPCS Wireless, Inc.: | | | | |

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| | | |
|---|-------|-------------|
| 9.25%, 11/01/14 | 1,000 | 945,000 |
| 9.25%, 11/01/14 (b) | 2,100 | 1,974,000 |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (b) | 2,600 | 2,366,000 |
| Orascom Telecom Finance SCA, 7.875%, 2/08/14 (b) | 755 | 453,000 |
| | | 14,813,050 |
| Total Corporate Bonds 67.9% | | 171,211,734 |

Floating Rate Loan Interests

Aerospace & Defense 0.2%

| | | |
|---|-------|---------|
| IAP Worldwide Services, Inc. Term Loan (First-Lien), 7.25%, 12/30/12 | 1,050 | 545,796 |
|---|-------|---------|

Airlines 1.0%

| | | |
|---|-------|-----------|
| Delta Air Lines, Inc. Credit Linked Deposit Loan, 0.347% 2.445%, 4/30/12 | 1,980 | 1,504,800 |
| US Airways Group, Inc. Loan, 2.979%, 3/21/14 | 2,228 | 1,012,806 |
| | | 2,517,606 |

Auto Components 3.1%

| | | |
|--|-------|-----------|
| Allison Transmission, Inc. Term Loan, 3.20%, 8/07/14 | 7,574 | 5,017,626 |
| Dana Holding Corp. Term Advance, 7.25%, 1/31/15 | 2,929 | 891,264 |
| The Goodyear Tire & Rubber Co. Loan (Second Lien), 2.23%, 4/30/14 | 1,050 | 730,125 |
| Intermet Corp. (e): | | |
| First Lien Credit Facility, 7.189%, 11/08/10 | 1,307 | 522,591 |
| Letter of Credit, 0.328%, 11/09/10 | 1,090 | 435,856 |
| Synthetic Letter of Credit, 7.189%, 11/09/10 (c) | 82 | 32,861 |
| Term Loan, 7.189%, 11/08/10 (c) | 356 | 142,403 |
| Metaldyne Co. LLC Deposit Funded Tranche Loan, 0.347% 5.125%, 1/11/12 | 87 | 10,385 |
| Metaldyne Co. LLC Initial Tranche B Term Loan, 7.875% 8%, 1/13/14 | 590 | 70,804 |
| | | 7,853,915 |

Automobiles 0.2%

| | | |
|---|-----|---------|
| Ford Motor Co. Term Loan, 5%, 12/15/13 | 993 | 317,458 |
| General Motors Corp. Loan, 4.148%, 11/29/13 | 794 | 284,395 |
| | | 601,853 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|------------|
| Beverages 0.1% | | |
| Culligan International Co. Loan (Second Lien), 6.485% 8.536%, 5/24/13 | EUR 1,500 | \$ 335,954 |
| Building Products 1.4% | | |
| Building Materials Corp. of America Term Loan Advance, 3.625% 3.875%, 2/22/14 | USD 2,978 | 2,029,702 |
| Stile Acquisition Corp. (aka Masonite) Canadian Term Loan, 6.75%, 4/06/13 | 1,944 | 794,399 |
| Stile U.S. Acquisition Corp. (aka Masonite) US Term Loan, 6.25%, 4/06/13 | 1,963 | 802,141 |
| | | 3,626,242 |
| Chemicals 3.5% | | |
| Huish Detergents Inc. Tranche B Term Loan, 2.17%, 4/26/14 | 1,466 | 1,241,418 |
| PQ Corp. (fka Niagara Acquisition, Inc.): Term Loan (First Lien), 4.43% 4.71%, 7/31/14 | 1,990 | 1,189,025 |
| Term Loan (Second Lien), 7.68%, 7/30/15 | 12,500 | 4,375,000 |
| Solutia Inc. Loan, 8.50%, 2/28/14 | 3,234 | 2,077,632 |
| | | 8,883,075 |
| Commercial Services & Supplies 1.6% | | |
| John Maneely Co. Term Loan, 4.41% 4.604%, 12/09/13 | 1,277 | 731,039 |
| NES Rentals Holdings, Inc. Permanent Term Loan (Second Lien), 8%, 7/20/13 | 3,020 | 1,449,598 |
| West Corp. Term B-2 Loan, 2.82% 2.854%, 10/24/13 | 2,384 | 1,745,529 |
| | | 3,926,166 |
| Communications Equipment 0.2% | | |
| Safenet, Inc. Term Loan (First Lien), 3.398% 3.66%, 4/12/14 | 985 | 534,363 |
| Computers & Peripherals 0.5% | | |
| Intergraph Corp.: Initial Term Loan (First Lien), 3.256%, 5/29/14 | 419 | 357,980 |
| Second Lien Term Loan, 6.479% 7.256%, 11/28/14 | 1,000 | 825,000 |
| | | 1,182,980 |
| Construction & Engineering 0.1% | | |
| Brand Energy & Infrastructure Services, Inc. (FR Brand Acquisition Corp.) First Lien Term Loan B, | 491 | 316,856 |

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3.688% 3.75%, 2/07/14

| Construction Materials 0.5% | | |
|---|-------|-----------|
| Headwaters Inc. Term Loan B1 (First Lien), 5.97%, 4/30/11 | 1,869 | 1,308,333 |
| Containers & Packaging 0.8% | | |
| Berry Plastics Group, Inc. Loan, 8.421%, 6/05/14 (c) | 9,966 | 1,993,211 |
| Distributors 0.2% | | |
| Keystone Automotive Operations, Inc. Loan, 3.947% 5.75%, 1/12/12 | 1,664 | 624,030 |
| Diversified Consumer Services 1.4% | | |
| Coinmach Corp. Term Loan, 3.47% 4.26%, 11/14/14 | 5,211 | 3,386,842 |
| Diversified Financial Services 0.1% | | |
| J.G. Wentworth, LLC Loan (First Lien), 3.709%, 4/04/14 | 4,000 | 360,000 |
| Diversified Telecommunication Services 2.7% | | |
| Hawaiian Telcom Communications, Inc. Tranche C Term Loan, 4.75%, 5/30/14 | 4,500 | 1,875,937 |
| Winstar Communications, Inc. Term Loan, 6.366%, 12/31/06 (d)(e) | 3,162 | 4,953,599 |
| | | 6,829,536 |

| Floating Rate Loan Interests | Par (000) | Value |
|--|----------------------|--------------|
| Electrical Equipment 0.4% | | |
| Generac Acquisition Corp. First Lien Term Loan, 2.919%, 11/10/13 | USD 1,731 | \$ 926,178 |
| Energy Equipment & Services 1.9% | | |
| Dresser, Inc.: | | |
| Second Lien Term Loan, 6.988%, 5/04/15 | 2,500 | 1,125,000 |
| Term Loan B, 2.729% 3.488%, 5/04/14 | 2,912 | 2,090,623 |
| MEG Energy Corp.: | | |
| Delayed Draw Term Loan, 3.46%, 4/02/13 | 1,239 | 768,219 |
| Initial Term Loan, 3.46%, 4/03/13 | 1,216 | 753,687 |
| | | 4,737,529 |
| Food & Staples Retailing 0.6% | | |
| DS Waters of America, Inc. Term Loan, 4.455%, 3/02/12 | 1,000 | 550,000 |
| McJunkin Corp. Term Loan, 4.709%, 1/31/14 | 490 | 356,883 |
| Wm. Bolthouse Farms, Inc. Second Lien Term Loan, 5.979%, 12/16/13 | 1,000 | 545,000 |
| | | 1,451,883 |

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Food Products 1.8%

| | | |
|--|-------|-----------|
| Dole Food Co., Inc.: | | |
| Credit-Linked Deposit, 0.66%, 4/12/13 | 288 | 258,373 |
| Tranche B Term Loan, 2.50% 4.25%, 4/12/13 | 510 | 456,770 |
| JRD Holdings, Inc. (Jetro Holdings) Term Loan, 2.697%, 7/02/14 | 1,938 | 1,685,625 |
| Solvest, Ltd. (Dole) Tranche C Term Loan, 2.563% 4.25%, 4/12/13 | 1,899 | 1,701,794 |
| Sturm Foods, Inc. Initial Term Loan Second Lien, 7.25%, 7/31/14 | 1,250 | 312,500 |
| | | 4,415,062 |

Health Care Equipment & Supplies 1.2%

| | | |
|---|-------|-----------|
| DJO Finance LLC (ReAble Therapeutics Finance LLC) | | |
| Term Loan, 3.479% 4.459%, 5/20/14 | 3,465 | 2,881,726 |

Health Care Providers & Services 0.9%

| | | |
|--|-------|-----------|
| CCS Medical, Inc. (Chronic Care) Term Loan (First Lien), 4.71%, 9/30/12 | | |
| | 473 | 212,968 |
| Rotech Healthcare, Inc. Term Loan, 6.479%, 9/26/11 | 3,680 | 2,023,938 |
| | | 2,236,906 |

Hotels, Restaurants & Leisure 2.6%

| | | |
|--|-------|-----------|
| Golden Nugget, Inc. Second Lien Term Loan, 3.73%, 12/31/14 | | |
| | 1,500 | 195,000 |
| Green Valley Ranch Gaming, LLC Second Lien Term Loan, 3.697%, 8/16/14 | 750 | 37,500 |
| Harrah's Operating Co., Inc.: | | |
| Term Loan B-1, 4.159% 4.459%, 1/28/15 | 552 | 318,097 |
| Term Loan B-2, 4.159% 4.459%, 1/28/15 | 695 | 404,113 |
| Term Loan B-3, 4.159% 4.459%, 1/28/15 | 490 | 282,753 |
| Las Vegas Sands, LLC: | | |
| Delayed Draw I Term Loan, 2.16%, 5/23/14 | 796 | 351,235 |
| Tranche B Term Loan, 2.16%, 5/23/14 | 3,152 | 1,390,820 |
| QCE, LLC (Quiznos) Term Loan (Second Lien), 7.218%, 11/05/13 | 6,000 | 2,010,000 |
| VML US Finance LLC (aka Venetian Macau): | | |
| New Project Term Loan, 2.73%, 5/25/13 | 1,000 | 575,455 |
| Term B Delayed Draw Project Loan, 2.73%, 5/25/12 | 1,279 | 735,785 |
| Term B Funded Project Loan, 2.73%, 5/27/13 | 221 | 127,409 |
| | | 6,428,167 |

Household Durables 1.0%

| | | |
|---|-------|-----------|
| American Residential Services LLC Term Loan (Second Lien), 0%, 4/17/15 | | |
| | 3,030 | 2,588,185 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|--------------|
| IT Services 2.2% | | |
| Activant Solutions Inc. Term Loan, 3.438%, 5/02/13 | USD 3,532 | \$ 1,660,032 |
| Audio Visual Services Group, Inc. Loan (Second Lien), 7.96%, 2/28/14 | 1,000 | 70,000 |
| Ceridian Corp. U.S. Term Loan, 3.47%, 11/09/14 | 3,500 | 2,415,000 |
| First Data Corp. Initial Tranche B-2 Term Loan, 3.222% 3.229%, 9/24/14 | 975 | 640,107 |
| RedPrairie Corp.: Loan, 5.25%, 7/20/12 | 294 | 185,220 |
| Term Loan B, 4.25% 5.25%, 7/20/12 | 881 | 554,829 |
| | | 5,525,188 |
| Independent Power Producers & Energy | | |
| Traders 0.8% | | |
| Texas Competitive Electric Holdings Co., LLC (TXU): Initial Tranche B-2 Term Loan, 3.948% 4.451%, 10/10/14 | 2,962 | 1,848,166 |
| Initial Tranche B-3 Term Loan, 3.948% 4.451%, 10/10/14 | 200 | 124,435 |
| | | 1,972,601 |
| Industrial Conglomerates 0.3% | | |
| Sequa Corp. Term Loan, 3.67% 3.70%, 12/03/14 | 1,395 | 850,836 |
| Insurance 0.6% | | |
| Alliant Holdings I, Inc. Term Loan, 4.459%, 8/21/14 | 1,975 | 1,481,250 |
| Internet & Catalog Retail 0.5% | | |
| FTD Group, Inc. Tranche B Term Loan, 6.75%, 8/04/14 | 1,496 | 1,279,294 |
| Machinery 2.6% | | |
| Navistar International Corp.: Revolving Credit-Linked Deposit, 3.696% 3.729%, 1/19/12 | 1,867 | 1,336,222 |
| Term Advance, 3.729%, 1/19/12 | 5,133 | 3,674,609 |
| Oshkosh Truck Corp. Term B Loan, 2.20% 3.95%, 12/06/13 | 1,761 | 1,232,538 |
| Rexnord Holdings, Inc. Loan, 9.181%, 3/01/13 | 1,292 | 322,977 |
| | | 6,566,346 |
| Media 11.9% | | |

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| | | | |
|---|-----|--------|------------|
| Affinion Group Holdings, Inc. Loan, 0%, 3/01/12 | | 4,000 | 1,800,000 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning) | | | |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | 3,225 | 2,257,515 |
| Cequel Communications, LLC (aka Cebridge): | | | |
| Term Loan, 2.445% 4.25%, 11/05/13 | | 1,570 | 1,323,091 |
| Tranche B Term Loan (Second Lien), 6.413% 6.453%, 5/05/14 | | 10,488 | 6,489,364 |
| EB Sports Corp. Loan, 0%, 5/01/12 | | 4,448 | 1,112,006 |
| Ellis Communications KDOC, LLC Loan, 10%, 12/30/11 | | 6,330 | 3,797,986 |
| HMH Publishing Co. Ltd. (fka Education Media): | | | |
| Mezzanine, 10.756%, 11/14/14 | | 19,187 | 5,755,996 |
| Tranche A Term Loan, 8.256%, 6/12/14 | | 5,040 | 2,835,224 |
| Insight Midwest Holdings, LLC B Term Loan, 2.42%, 4/07/14 | | 1,025 | 901,573 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG): | | | |
| Facility B1, 4.589%, 3/06/15 | EUR | 337 | 38,161 |
| Facility C1, 4.839%, 3/04/16 | | 674 | 76,322 |
| Multicultural Radio Broadcasting, Inc. Term Loan, 3.195%, 12/18/12 | USD | 410 | 287,267 |
| NEP II, Inc. Term B Loan, 2.729%, 2/18/14 | | 483 | 390,816 |
| Newsday, LLC Fixed Rate Term Loan, 9.75%, 8/01/13 | | 3,250 | 2,933,125 |
| Penton Media, Inc. Loan (Second Lien), 6.174%, 2/01/14 | | 1,000 | 111,250 |
| | | | 30,109,696 |

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|-----------|
| Metals & Mining 0.5% | | |
| Euramax International, Inc.: | | |
| Domestic Loan (Second Lien), 13%, 6/29/13 | USD | \$ 1,679 |
| Domestic Term Loan, 8.75%, 6/29/12 | | 2,447 |
| Euro Loan (Second Lien), 13%, 6/29/13 | | 833 |
| | | 1,172,269 |
| Multi-Utilities 0.8% | | |
| Energy Transfer Equity, LP Term Loan, 2.991%, 11/01/12 | | 750 |
| FirstLight Power Resources, Inc. (fka NE Energy, Inc.) Second Lien Term Loan, 5.966%, 5/01/14 | | 750 |
| USPF Holdings, LLC Term Loan, 2.205%, 4/11/14 | | 923 |
| | | 1,909,632 |

| | | |
|--|--|-----------|
| Multiline Retail 0.4% | | |
| Dollar General Corp. Tranche B-2 Term Loan, 3.229%, 7/07/14 | | 1,250 |
| | | 1,029,062 |

| | | |
|---|--|-----------|
| Oil, Gas & Consumable Fuels 4.2% | | |
| Big West Oil, LLC (e): | | |
| Delayed Advance Loan, 4.50%, 5/15/14 | | 963 |
| Initial Advance Loan, 4.50%, 5/15/14 | | 766 |
| Petroleum GEO-Services ASA/PGS Finance, Inc. Term Loan, 3.21%, 6/29/15 | | 1,907 |
| ScorpionDrilling Ltd. Second Lien, 8.966%, 5/08/14 | | 3,500 |
| Turbo Beta Ltd. Dollar Facility, 14.50%, 3/15/18 | | 5,958 |
| | | 4,766,334 |

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| | | |
|---|-------|-------------|
| Western Refining, Inc. Term Loan, 8.25%, 5/30/14 | 1,372 | 851,990 |
| | | 10,652,227 |
| Paper & Forest Products 0.3% | | |
| Verso Paper Finance Holdings LLC Loan, 7.685% 8.435%, 2/01/13 | 3,767 | 753,467 |
| Real Estate Management & Development 1.2% | | |
| Enclave Term Loan, 6.14%, 3/01/12 | 4,000 | 1,600,000 |
| Georgian Towers Term Loan B-7, 6.14%, 3/01/12 | 4,000 | 1,400,000 |
| | | 3,000,000 |
| Software 0.8% | | |
| Aspect Software, Inc. Loan (Second Lien), 8.313%, 7/11/12 | 7,000 | 2,100,000 |
| Specialty Retail 0.5% | | |
| Adesa, Inc. (KAR Holdings, Inc.) Initial Term Loan, 2.73% 3.709%, 10/20/13 | 1,914 | 1,287,850 |
| Textiles, Apparel & Luxury Goods 0.1% | | |
| Renfro Corp. Tranche B Term Loan, 4.16% 4.71%, 10/05/13 | 654 | 327,187 |
| Total Floating Rate Loan Interests 55.7% | | 140,509,299 |

**Non-U.S. Government Agency
Mortgage-Backed Securities**

| | | |
|---|-------|-----------|
| Commercial Mortgage-Backed Securities 1.5% | | |
| Crown Castle Towers LLC (b): | | |
| Series 2005-1A Class AFL, 0.936%, 6/15/35 (h) | 2,780 | 2,529,800 |
| Series 2005-1A Class AFX, 4.643%, 6/15/35 | 790 | 754,450 |
| Global Signal Trust Series 2006-1 Class A2, 5.45%, 2/15/36 (b) | 440 | 411,400 |
| Total Non-U.S. Government Agency Mortgage-Backed Securities 1.5% | | 3,695,650 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Common Stocks | Shares | Value |
|---|-----------|-----------|
| Airlines 0.0% | | |
| Delta Air Lines, Inc. (d) | 14,829 | \$ 74,590 |
| Building Products 0.0% | | |
| Neenah Enterprises Inc. | 144,858 | 31,869 |
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. (d) | 484,043 | 387,234 |
| Chemicals 0.1% | | |
| GEO Specialty Chemicals, Inc. (b)(d) | 339,340 | 130,273 |
| GenTek Inc. (d) | 403 | 5,634 |
| Wellman Holdings, Inc. (b)(d) | 5,373 | 1,343 |
| | | 137,250 |
| Communications Equipment 0.7% | | |
| Loral Space & Communications Ltd. (d) | 150,354 | 1,790,716 |
| Containers & Packaging 0.3% | | |
| Smurfit Kappa Plc | 36,342 | 62,685 |
| Viskase Cos., Inc. (d) | 1,428,423 | 714,212 |
| | | 776,897 |
| Diversified Financial Services 0.0% | | |
| Preferred Term Securities VI, Ltd. (b)(d) | 35,000 | 350 |
| Electrical Equipment 0.1% | | |
| Medis Technologies Ltd. (d) | 286,757 | 163,451 |
| SunPower Corp. Class B (d) | 4,892 | 121,126 |
| | | 284,577 |
| Hotels, Restaurants & Leisure 0.0% | | |
| HRP Corp. Class B (b)(c)(d) | 5,000 | 50 |
| Lodgian, Inc. (d) | 27,787 | 50,572 |
| | | 50,622 |
| Oil, Gas & Consumable Fuels 0.9% | | |
| EXCO Resources, Inc. (d) | 243,759 | 2,220,644 |
| Paper & Forest Products 0.6% | | |
| Ainsworth Lumber Co. Ltd. (d) | 1,190,019 | 673,490 |
| Ainsworth Lumber Co. Ltd. (b)(d) | 1,335,501 | 757,821 |
| Western Forest Products, Inc. (b)(d) | 211,149 | 24,896 |

| | | |
|---------------------------------|---------|-----------|
| | | 1,456,207 |
| Specialty Retail 0.6% | | |
| Movie Gallery, Inc. | 503,737 | 1,486,024 |
| Total Common Stocks 3.5% | | 8,696,980 |

Preferred Securities

| Capital Trusts | | Par (000) | |
|--|-----|--------------|---------|
| Diversified Financial Services 0.3% | | | |
| Citigroup, Inc. Series E, 8.40% (h)(j) | USD | 2,345 | 820,985 |
| Total Preferred Securities 0.3% | | | 820,985 |

| Warrants (k) | | Shares | | Value |
|--|--|---------|----|--------|
| Building Products 0.0% | | | | |
| Neenah Enterprises Inc. (expires 9/30/13) (b) | | 130,547 | \$ | 22,194 |
| Chemicals 0.0% | | | | |
| GenTek Inc. Tranche C (expires 11/10/10) | | 231 | | 578 |
| Health Care Providers & Services 0.0% | | | | |
| HealthSouth Corp. (expires 1/16/14) | | 126,761 | | 0 |
| Media 0.0% | | | | |
| Sirius Satellite Radio, Inc. (expires 5/15/09) (b) | | 15,000 | | 75 |
| Specialty Retail 0.0% | | | | |
| Movie Gallery, Inc. (expires 5/15/15) | | 62,323 | | 31,162 |
| Total Warrants 0.0% | | | | 54,009 |

| Other Interests (l) | | Beneficial Interest (000) | |
|--------------------------------|-----|---------------------------------|--------|
| Airlines 0.0% | | | |
| Delta Air Lines, Inc. Default: | | | |
| 8.33% Escrow | USD | 5,505 | 27,525 |
| 10% Escrow | | 4,200 | 21,000 |
| | | | 48,525 |
| Media 0.0% | | | |
| Adelphia Escrow | | 7,500 | 750 |

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| | | |
|--|--------|----------------|
| Adelphia Preferred Escrow | 5 | 0 |
| Adelphia Recovery Trust | 9,406 | 37,625 |
| Adelphia Recovery Trust Series ACC-6B INT | 500 | 50 |
| | | 38,425 |
| Specialty Retail 0.0% | | |
| Movie Gallery, Inc. Default Escrow | 21,700 | 217 |
| Total Other Interests 0.0% | | |
| | | 87,167 |
| Total Long-Term Investments | | |
| (Cost \$693,932,767) 128.9% | | 325,075,824 |
| Short-Term Securities | | |
| Money Market Funds 1.9% | | |
| BlackRock Liquidity Series, LLC Cash Sweep Series, 0.73% (f)(m) | 4,725 | 4,725,260 |
| Total Short-Term Securities | | |
| (Cost \$4,725,260) 1.9% | | 4,725,260 |
| Total Investments (Cost \$698,658,027*) 130.8% | | |
| | | 329,801,084 |
| Liabilities in Excess of Other Assets (30.8)% | | |
| | | (77,721,135) |
| Net Assets 100.0% | | |
| | | \$ 252,079,949 |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2009, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|------------------|
| Aggregate cost | \$ 700,042,362 |
| Gross unrealized appreciation | \$ 6,767,166 |
| Gross unrealized depreciation | (377,008,444) |
| Net unrealized depreciation | \$ (370,241,278) |

- (a) Convertible security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (d) Non-income producing security.

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

See Notes to Financial Statements.

26

ANNUAL REPORT

FEBRUARY 28, 2009

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

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

| Affiliate | | Net Activity | Income |
|---|-----|-----------------|------------|
| BlackRock Liquidity Series, LLC Cash Sweep Series | USD | 4,725,260 | \$ 106,584 |

- (g) As a result of bankruptcy proceedings, the company did not repay the principal amount of the security upon maturity.
- (h) Variable rate security. Rate shown is as of report date.
- (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) Security is perpetual in nature and has no stated maturity date.
- (k) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (l) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (m) Represents the current yield as of report date.

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

Foreign currency exchange contracts as of February 28, 2009 were as follows:

| Currency Purchased | | Currency Sold | | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|-----------|------------------|-----------|------------------|--------------------|--|
| GBP | 262,500 | USD | 389,235 | UBS AG | 3/18/09 | \$ (13,473) |
| USD | 1,301,554 | CAD | 1,600,000 | UBS AG | 3/18/09 | 43,964 |
| USD | 8,184,698 | EUR | 6,243,000 | Deutsche Bank AG | 3/18/09 | 271,413 |
| Total | | | | | | \$ 301,904 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2009 were as follows:

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| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|--------------------------|----------------|------------------------------|---------------|-----------------------|-------------------------|
| First Data Corp. | 5.00% | JPMorgan Chase Bank NA | December 2013 | USD 1,000 | \$ 79,100 |
| First Data Corp. | 5.00% | JPMorgan Chase Bank NA | December 2013 | USD 1,500 | 118,650 |
| Tyson Foods, Inc. | 4.22% | Goldman Sachs Group Bank USA | March 2014 | USD 1,750 | 565 |
| Masco Corp. | 5.30% | JPMorgan Chase Bank NA | March 2014 | USD 1,500 | 42,279 |
| Host Hotels & Resorts LP | 5.00% | Goldman Sachs Group Bank USA | March 2014 | USD 2,500 | 42,620 |
| Mohawk Industries, Inc. | 4.45% | JPMorgan Chase Bank NA | March 2014 | USD 1,500 | 16,782 |
| Total | | | | | \$ 299,996 |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2009 were as follows:

| Issuer ¹ | Receive Fixed Rate | Counterparty | Expiration | Notional Amount (000) ² | Unrealized Depreciation |
|--------------------------------|--------------------|------------------|------------|------------------------------------|-------------------------|
| BAA Ferrovial Junior Term Loan | 2.00% | Deutsche Bank AG | March 2012 | GBP 900 | \$ (249,620) |

¹ Credit rating is A using Standard and Poor's ratings.

² The maximum potential amount the Fund may pay should a negative credit event take place as defined under the term of the agreement. See Note 1 of the Notes to Financial Statements.

Credit default swaps on traded indexes buy protection outstanding as of February 28, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|--------|----------------|--------------|------------|-----------------------|-------------------------|
|--------|----------------|--------------|------------|-----------------------|-------------------------|

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| | | | | | |
|--|-------|--------------------------------|--------------|-----------|--------------|
| Dow Jones CDX North America High Yield Index Series 10 Class V1 | 5.00% | Credit Suisse International | June 2013 | USD 7,760 | \$ 1,408,386 |
|--|-------|--------------------------------|--------------|-----------|--------------|

Currency Abbreviations:

CAD Canadian Dollar
EUR Euro
GBP British Pound
USD US Dollar

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2009

27

Schedule of Investments (concluded)

BlackRock Debt Strategies Fund, Inc. (DSU)

Effective March 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of February 28, 2009 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* | |
|------------------|---------------------------|------------------------------|---------------------|
| | Assets | Assets | Liabilities |
| Level 1 | \$ 7,670,446 | | |
| Level 2 | 216,086,222 | \$ 2,023,759 | \$ (13,473) |
| Level 3 | 106,044,416 | | (249,620) |
| Total | \$ 329,801,084 | \$ 2,023,759 | \$ (263,093) |

* Other financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

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

| | Investments in Securities | Other Financial Instruments |
|---|---------------------------|-----------------------------|
| | Assets | Liabilities |
| Balance as of February 29, 2008 | \$ 192,289,712 | |
| Accrued discounts/premiums | 690,701 | |
| Realized loss | (20,925,781) | |
| Change in unrealized appreciation/depreciation ¹ | (75,458,040) | \$ (48,806) |

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| | | |
|--|-----------------------|---------------------|
| Net sales | (63,855,289) | |
| Net transfers in of Level 3 | 73,303,113 | (200,814) |
| Balance as of February 28, 2009 | \$ 106,044,416 | \$ (249,620) |

¹ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

Schedule of Investments February 28, 2009

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

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|------------------|
| Aerospace & Defense 4.3% | | |
| Hawker Beechcraft Acquisition Co. LLC: | | |
| Letter of Credit Facility Deposit, 1.359%, 3/26/14 | USD 144 | \$ 66,210 |
| Term Loan, 2.479% 3.459%, 3/26/14 | 2,454 | 1,127,562 |
| IAP Worldwide Services, Inc. Term Loan (First-Lien), 8.25%, 12/30/12 | 1,353 | 703,574 |
| Vought Aircraft Industries, Inc.: | | |
| Revolver, 2.47% 2.48%, 12/22/10 | 1,000 | 600,000 |
| Term Loan, 2.98%, 12/22/11 | 1,723 | 1,390,226 |
| Tranche B Letter of Credit Deposit, 3.096%, 12/22/10 | 213 | 172,089 |
| | | <u>4,059,661</u> |
| Airlines 0.4% | | |
| US Airways Group, Inc. Loan, 2.979%, 3/21/14 | 740 | 336,469 |
| Auto Components 3.4% | | |
| Allison Transmission, Inc. Term Loan, 3.20%, 8/07/14 | 2,931 | 1,941,638 |
| Dana Holding Corp. Term Advance, 7.25%, 1/31/15 | 1,572 | 478,379 |
| GPX International Tire Corp. Tranche B Term Loan, 9.23% 10.25%, 3/30/12 | 1,285 | 706,715 |
| Metaldyne Co. LLC: | | |
| Deposit Funded Tranche Loan, 0.347% 5.125%, 1/11/12 | 58 | 6,923 |
| Initial Tranche B Term Loan, 7.875% 8%, 1/13/14 | 393 | 47,202 |
| | | <u>3,180,857</u> |
| Automobiles 0.1% | | |
| Ford Motor Co. Term Loan, 5%, 12/15/13 | 298 | 95,247 |
| Beverages 0.1% | | |
| Culligan International Co. Loan (Second Lien), 6.485% 8.536%, 5/24/13 | EUR 500 | 111,985 |
| Building Products 1.7% | | |
| Building Materials Corp. of America Term Loan Advance, 3.625% 3.875%, 2/22/14 | USD 1,985 | 1,353,135 |
| Stile Acquisition Corp. (aka Masonite): | | |
| Canadian Term Loan, 6.75%, 4/06/13 | 271 | 110,797 |
| US Term Loan, 6.25%, 4/06/13 | 274 | 111,877 |
| | | <u>1,575,809</u> |

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Capital Markets 0.5%

| | | |
|--|-----|---------|
| RiskMetrics Group Holdings, LLC Term B Loan (First Lien), 3.459%, 1/10/14 | 484 | 433,507 |
|--|-----|---------|

Chemicals 4.7%

| | | |
|--|-------|-----------|
| Edwards (Cayman Islands II) Ltd. Term Loan (First Lien), 2.479%, 5/31/14 | 493 | 295,500 |
| Huish Detergents Inc. Tranche B Term Loan, 2.17%, 4/26/14 | 739 | 625,475 |
| ISP Chemco LLC Term Loan, 2% 2.75%, 6/04/14 | 493 | 412,059 |
| PQ Corp. (fka Niagara Acquisition, Inc.) Term Loan (First Lien), 4.43% 4.71%, 7/31/14 | 1,990 | 1,189,025 |
| Solutia Inc. Loan, 8.50%, 2/28/14 | 2,990 | 1,921,035 |

4,443,094

Commercial Services & Supplies 2.3%

| | | |
|--|-------|---------|
| Amsted Industries Inc. Term Loan, 3.10% 4.21%, 4/05/13 | 1,206 | 977,064 |
| John Maneely Co. Term Loan, 4.41% 4.604%, 12/09/13 | 543 | 310,978 |
| Synagro Technologies, Inc. Term Loan (First Lien), 2.45%, 4/02/14 | 985 | 549,138 |
| West Corp. Term B-2 Loan, 2.82% 2.854%, 10/24/13 | 456 | 334,153 |

2,171,333

| Floating Rate Loan Interests | Par (000) | Value |
|------------------------------|--------------|-------|
|------------------------------|--------------|-------|

Computers & Peripherals 1.3%

| | | |
|--|---------|------------|
| Dealer Computer Services, Inc. (Reynolds & Reynolds) Term Loan (First Lien), 2.479%, 10/26/12 | USD 640 | \$ 415,926 |
| Intergraph Corp.: Initial Term Loan (First Lien), 3.256%, 5/29/14 | 419 | 357,980 |
| Second Lien Term Loan, 6.479% 7.256%, 11/28/14 | 500 | 412,500 |

1,186,406

Construction & Engineering 0.2%

| | | |
|---|-----|---------|
| Brand Energy & Infrastructure Services, Inc. (FR Brand Acquisition Corp.) First Lien Term B Loan, 3.688% 3.75%, 2/07/14 | 491 | 147,375 |
|---|-----|---------|

Construction Materials 0.8%

| | | |
|--|-------|---------|
| Headwaters Inc. Term Loan B1 (First Lien), 5.97%, 4/30/11 | 1,025 | 717,708 |
|--|-------|---------|

Containers & Packaging 1.8%

| | | |
|--|-----|---------|
| Berry Plastics Group, Inc. Loan, 8.421%, 6/05/14 | 627 | 125,301 |
| Graham Packaging Co., LP New Term Loan, 2.688% 6.313%, 10/07/11 | 534 | 446,481 |
| Graphic Packaging International, Inc. Incremental Term Loan, 3.203% 4.185%, 5/16/14 | 971 | 827,237 |

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| | | |
|---|-----------|-----------|
| Smurfit-Stone Container Term Loan B, 8.75%, 2/03/10 | 290 | 288,188 |
| | | 1,687,207 |
| Distributors 0.4% | | |
| Keystone Automotive Operations, Inc. Loan, 3.947% 5.75%, 1/12/12 | 951 | 356,589 |
| Diversified Consumer Services 1.0% | | |
| Coinmach Corp. Term Loan, 3.47% 4.26%, 11/14/14 | 1,489 | 967,669 |
| Diversified Financial Services 0.1% | | |
| J.G. Wentworth, LLC Loan (First Lien), 3.709%, 4/04/14 | 1,000 | 90,000 |
| Electrical Equipment 0.1% | | |
| Generac Acquisition Corp. First Lien Term Loan, 2.919%, 11/10/13 | 188 | 100,362 |
| Energy Equipment & Services 2.6% | | |
| Dresser, Inc.: | | |
| Term B Loan, 2.729% 3.488%, 5/04/14 | 2,184 | 1,567,967 |
| Term Loan (Second Lien), 6.988%, 5/04/15 | 500 | 225,000 |
| MEG Energy Corp.: | | |
| Delayed Draw Term Loan, 3.46%, 4/02/13 | 496 | 307,288 |
| Initial Term Loan, 3.46%, 4/03/13 | 486 | 301,475 |
| | | 2,401,730 |
| Food & Staples Retailing 2.0% | | |
| AB Acquisitions UK Topco 2 Ltd. Facility B2 UK Borrower, 4.161%, 7/06/15 | GBP 1,500 | 1,507,950 |
| DSW Holdings, Inc. Loan, 2.705%, 10/29/12 | USD 463 | 338,268 |
| | | 1,846,218 |
| Food Products 1.5% | | |
| Dole Food Co., Inc.: | | |
| Credit-Linked Deposit, 0.66%, 4/12/13 | 507 | 454,607 |
| Tranche B Term Loan, 2.50% 4.25%, 4/12/13 | 16 | 14,461 |
| Solvest, Ltd. (Dole) Tranche C Term Loan, 2.563% 4.25%, 4/12/13 | 561 | 502,640 |
| Sturm Foods, Inc. Initial Term Loan: | | |
| First Loan, 3.438% 3.75%, 1/31/14 (a) | 491 | 278,784 |
| Second Lien, 7.25%, 7/31/14 | 500 | 125,000 |
| | | 1,375,492 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|------------------|
| Health Care Equipment & Supplies 0.7% | | |
| DJO Finance LLC (ReAble Therapeutics Finance LLC) | | |
| Term Loan, 3.479% 4.459%, 5/20/14 | USD 495 | \$ 411,675 |
| Hologic, Inc. Tranche B Term Loan, 3.75%, 3/29/13 | 254 | 228,521 |
| | | <u>640,196</u> |
| Health Care Providers & Services 1.6% | | |
| CHS/Community Health Systems, Inc.: | | |
| Delayed Draw Term Loan, 2.729%, 7/25/14 | 47 | 39,567 |
| Funded Term Loan, 2.729% 3.506%, 7/25/14 | 913 | 773,247 |
| Health Management Associates, Inc. Term B Loan, 3.209%, 2/28/14 | 909 | 724,555 |
| | | <u>1,537,369</u> |
| Hotels, Restaurants & Leisure 2.5% | | |
| Harrah's Operating Co., Inc.: | | |
| Term B-1 Loan, 4.159% 4.459%, 1/28/15 | 158 | 90,885 |
| Term B-2 Loan, 4.159% 4.459%, 1/28/15 | 1,687 | 981,418 |
| Term B-3 Loan, 4.159% 4.459%, 1/28/15 | 140 | 80,787 |
| Lake at Las Vegas Joint Venture / LLV-1, LLC (b)(c): | | |
| Revolving Loan Credit-Linked Deposit Account, 14.35%, 6/20/12 | 60 | 2,809 |
| Term Loan, 14.35% 15%, 6/20/12 | 563 | 26,255 |
| Las Vegas Sands, LLC: | | |
| Delayed Draw I Term Loan, 2.16%, 5/23/14 | 199 | 87,809 |
| Tranche B Term Loan, 2.16%, 5/23/14 | 788 | 347,705 |
| QCE, LLC (Quiznos) Term Loan (First Lien), 3.75%, 5/05/13 | 458 | 252,529 |
| VML US Finance LLC (aka Venetian Macau) Term B: | | |
| Delayed Draw Project Loan, 2.73%, 5/25/12 | 225 | 129,708 |
| Funded Project Loan, 2.73%, 5/27/13 | 525 | 301,883 |
| | | <u>2,301,788</u> |
| Household Durables 2.8% | | |
| American Residential Services LLC Term Loan (Second Lien), 10%, 4/17/15 | | |
| | 1,010 | 862,728 |
| Simmons Bedding Co. Tranche D Term Loan, 9.535%, 12/19/11 | 1,686 | 1,288,143 |
| Yankee Candle Co., Inc. Term Loan, 2.42% 3.47%, 2/06/14 | 750 | 455,000 |
| | | <u>2,605,871</u> |
| IT Services 3.6% | | |
| Activant Solutions Inc. Term Loan, 3.438%, 5/02/13 | 1,177 | 553,344 |

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| | | |
|---|-------|-----------|
| Audio Visual Services Group, Inc. Tranche B Term Loan (First Lien), 3.71%, 2/28/14 | 988 | 276,500 |
| Ceridian Corp. US Term Loan, 3.47%, 11/09/14 | 1,750 | 1,207,500 |
| First Data Corp.: Initial Tranche B-2 Term Loan, 3.223% 3.229%, 9/24/14 | 1,288 | 845,908 |
| Initial Tranche B-3 Term Loan, 3.223% 3.229%, 9/24/14 | 122 | 79,626 |
| SunGard Data Systems Inc. (Solar Capital Corp.) New US Term Loan, 6.75%, 2/28/14 | 499 | 459,848 |
| | | 3,422,726 |

Independent Power Producers & Energy Traders 1.1%

| | | |
|--|-----|-----------|
| Calpine Generating Co., LLC Second Priority Term Loan, 11.07%, 4/01/10 | 2 | 1,555 |
| Texas Competitive Electric Holdings Co., LLC (TXU): Initial Tranche B-2 Term Loan, 3.948% 4.451%, 10/10/14 | 738 | 460,494 |
| Initial Tranche B-3 Term Loan, 3.948% 4.451%, 10/10/14 | 978 | 609,731 |
| | | 1,071,780 |

| | | |
|-------------------------------------|----------------------|--------------|
| Floating Rate Loan Interests | Par (000) | Value |
|-------------------------------------|----------------------|--------------|

Industrial Conglomerates 1.0%

| | | |
|--|-----------|------------|
| Sequa Corp. Term Loan, 3.67% 3.70%, 12/03/14 | USD 1,598 | \$ 974,958 |
|--|-----------|------------|

Insurance 0.8%

| | | |
|---|-----|---------|
| Alliant Holdings I, Inc. Term Loan, 4.459%, 8/21/14 | 987 | 740,113 |
|---|-----|---------|

Internet & Catalog Retail 0.4%

| | | |
|--|-----|---------|
| FTD Group, Inc. Tranche B Term Loan, 6.75%, 8/04/14 | 499 | 426,431 |
|--|-----|---------|

Leisure Equipment & Products 3.7%

| | | |
|--|-------|-----------|
| 24 Hour Fitness Worldwide, Inc. Tranche B Term Loan, 2.98% 3.93%, 6/08/12 | 1,945 | 1,089,200 |
| Easton-Bell Sports, Inc. Tranche B Term Loan, 2.66% 2.92%, 3/16/12 | 1,924 | 1,407,562 |
| True Temper Sports, Inc. Term Delayed Draw, 3.723% 4.709%, 3/15/11 | 1,524 | 954,812 |
| | | 3,451,574 |

Machinery 3.5%

| | | |
|---|-------|-----------|
| Blount, Inc. Term Loan B, 2.163%, 8/09/10 | 1,115 | 982,657 |
| Navistar International Corp.: Revolving Credit-Linked Deposit, 3.677% 3.729%, 1/19/12 | 400 | 286,333 |
| Term Advance, 3.729%, 1/19/12 | 1,100 | 787,416 |
| Oshkosh Truck Corp. Term B Loan, 2.20% 3.95%, 12/06/13 | 1,761 | 1,232,538 |
| | | 3,288,944 |

Media 24.2%

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| | | |
|--|-----------|-----------|
| Affinion Group Holdings, Inc. Loan, 0%, 3/01/12 | 300 | 135,000 |
| AlixPartners, LLP Tranche C Term Loan, 2.94% 3.36%, 10/12/13 | 1,085 | 932,695 |
| Bresnan Communications, LLC Additional Term Loan B (First Lien), 3.13%, 6/30/13 | 500 | 426,250 |
| Catalina Marketing Corp. Initial Term Loan, 4.459%, 10/01/14 | 990 | 784,560 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning) Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 2,982 | 2,087,318 |
| Cequel Communications, LLC (aka Cebridge): Second Lien Tranche A Term Loan (Cash Pay), 4.913%, 5/05/14 | 1,000 | 612,500 |
| Term Loan, 2.445% 4.25%, 11/05/13 | 1,486 | 1,252,535 |
| Clarke American Corp. Tranche B Term Loan, 2.979% 3.959%, 6/30/14 | 985 | 580,165 |
| HMH Publishing Co. Ltd. (fka Education Media): Mezzanine, 10.756%, 11/14/14 | 4,797 | 1,438,999 |
| Tranche A Term Loan, 8.256%, 6/12/14 | 1,315 | 739,624 |
| Hanley-Wood, LLC (FSC Acquisition) Term Loan, 2.695% 2.729%, 3/08/14 | 988 | 358,791 |
| Insight Midwest Holdings, LLC B Term Loan, 2.42%, 4/07/14 | 1,175 | 1,033,510 |
| Intelsat Subsidiary Holding Co. Ltd. Tranche B Term Loan, 3.925%, 7/03/13 | 941 | 827,806 |
| Knology, Inc. Term Loan, 2.663%, 6/30/12 | 485 | 388,210 |
| Lavena Holding 3 GmbH (Prosiebensat. I Media AG) Facility B1, 4.589%, 3/06/15 | EUR 337 | 38,161 |
| MCC Iowa LLC (Mediacom Broadband Group): Tranche A Term Loan, 1.87%, 3/31/10 | USD 1,065 | 985,125 |
| Tranche D-1 Term Loan, 2.12%, 1/31/15 | 992 | 843,544 |
| MCNA Cable Holdings LLC (OneLink Communications) Loan, 0%, 3/01/13 (a) | 1,179 | 731,214 |
| Mediacom Illinois, LLC (fka Mediacom Communications, LLC) Tranche C Term Loan, 1.87%, 1/31/15 | 2,104 | 1,747,963 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|------------|
| Media (concluded) | | |
| Metro-Goldwyn-Mayer Inc. Tranche B Term Loan, 3.729% 4.709%, 4/09/12 | USD 903 | \$ 401,655 |
| Multicultural Radio Broadcasting, Inc. Term Loan, 3.195%, 12/18/12 | 328 | 229,814 |
| NEP II, Inc. Term B Loan, 2.729%, 2/18/14 | 237 | 191,862 |
| NextMedia Operating, Inc.: | | |
| Delay Draw Term Loan, 5.123%, 11/15/12 | 280 | 131,809 |
| Initial Term Loan (First Lien), 5.174%, 11/15/12 | 528 | 248,302 |
| Penton Media, Inc. Term Loan (First Lien), 2.729% 3.424%, 2/01/13 | 491 | 182,991 |
| Spanish Broadcasting System, Inc. Revolving Credit Loan, 3.46%, 6/10/10 | 2,500 | 2,073,878 |
| TWCC Holding Corp. Term Loan, 7.25%, 9/14/15 | 499 | 475,808 |
| UPC Financing Partnership M Facility, 3.76%, 12/31/14 | EUR 3,000 | 2,779,826 |
| | | 22,659,915 |
| Multi-Utilities 2.9% | | |
| Riverside Energy Center Term Loan, 5.424%, 6/24/11 | USD 1,943 | 1,768,185 |
| Rocky Mountain Energy Center, LLC: | | |
| Credit Linked Deposit, 1.074%, 6/24/11 | 170 | 154,703 |
| Term Loan, 5.424%, 6/24/11 | 890 | 809,881 |
| | | 2,732,769 |
| Multiline Retail 0.3% | | |
| Dollar General Corp. Tranche B-2 Term Loan, 3.229%, 7/07/14 | 375 | 308,719 |
| Oil, Gas & Consumable Fuels 1.5% | | |
| Coffeyville Resources, LLC: | | |
| Funded Letter of Credit, 3.15%, 12/28/10 | 162 | 117,770 |
| Tranche D Term Loan, 8.75%, 12/30/13 | 522 | 379,313 |
| Vulcan Energy Corp. (fka Plains Resources Inc.) | | |
| Term B3 Loan, 5.50%, 8/12/11 | 750 | 648,750 |
| Western Refining, Inc. Term Loan, 8.25%, 5/30/14 | 493 | 306,063 |
| | | 1,451,896 |
| Paper & Forest Products 1.1% | | |
| NewPage Corp. Term Loan, 5.313%, 12/22/14 | 1,238 | 753,750 |
| Verso Paper Finance Holdings LLC Loan, 7.685% 8.435%, 2/01/13 | 1,188 | 237,671 |
| | | 991,421 |

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Pharmaceuticals 0.5%

| | | | |
|---|-----|-----|---------|
| Catalent Pharma Solutions, Inc. (fka Cardinal Health 409, Inc.) Euro Term Loan, 5.223%, 4/10/14 | EUR | 493 | 449,544 |
|---|-----|-----|---------|

Real Estate Management & Development 1.1%

| | | | |
|--|-----|-------|-----------|
| Mattamy Funding Partnership Loan, 3.563%, 4/11/13 | USD | 486 | 340,375 |
| Realogy Corp. Synthetic Letter of Credit, 0.347%, 10/10/13 | | 1,224 | 692,121 |
| | | | 1,032,496 |

Specialty Retail 0.7%

| | | | |
|--|--|-----|---------|
| Adesa, Inc. (KAR Holdings, Inc.) Initial Term Loan, 2.73% 3.709%, 10/20/13 | | 957 | 643,925 |
|--|--|-----|---------|

Textiles, Apparel & Luxury Goods 0.2%

| | | | |
|---|--|-----|---------|
| Renfro Corp. Tranche B Term Loan, 4.16% 4.71%, 10/05/13 | | 436 | 218,125 |
|---|--|-----|---------|

Total Floating Rate Loan Interests 83.5% 78,235,278

| Corporate Bonds | | Par (000) | | Value |
|---|-----|--------------|----|-----------|
| Auto Components 2.0% | | | | |
| The Goodyear Tire & Rubber Co., 6.318%, 12/01/09 (d) | USD | 2,000 | \$ | 1,882,500 |
| Building Products 1.9% | | | | |
| CPG International I, Inc., 8.561%, 7/01/12 (d) | | 3,000 | | 1,590,000 |
| Momentive Performance Materials, Inc. Series WI, 9.75%, 12/01/14 | | 400 | | 152,000 |
| | | | | 1,742,000 |
| Capital Markets 2.0% | | | | |
| E*Trade Financial Corp., 12.50%, 11/30/17 (e) | | 3,188 | | 1,466,250 |
| Marsico Parent Co., LLC, 10.625%, 1/15/16 (e) | | 663 | | 271,830 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(e) | | 259 | | 106,358 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (a)(e) | | 177 | | 72,724 |
| | | | | 1,917,162 |
| Chemicals 1.5% | | | | |
| GEO Specialty Chemicals Corp., 7.50%, 3/31/15 (a)(e)(f) | | 672 | | 503,207 |
| GEO Specialty Chemicals, Inc., 9.935%, 12/31/09 (d)(e)(f) | | 1,079 | | 807,901 |
| Wellman Holdings, Inc. Third Lien Subordinate Note, 5%, 1/29/19 (e) | | 181 | | 126,700 |
| | | | | 1,437,808 |

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| | | | |
|--|-----|-------|-----------|
| Computers & Peripherals 0.9% | | | |
| Quantum Corp., 4.375%, 8/01/10 (f) | | 2,000 | 882,500 |
| Construction Materials 0.7% | | | |
| Nortek, Inc., 10%, 12/01/13 | | 1,710 | 684,000 |
| Containers & Packaging 2.9% | | | |
| Berry Plastics Holding Corp., 5.871%, 9/15/14 (d) | | 850 | 395,250 |
| Clondalkin Acquisition BV, 3.996%, 12/15/13 (d)(e) | | 1,500 | 930,000 |
| Crown European Holdings SA, 6.25%, 9/01/11 (e) | EUR | 465 | 571,818 |
| Owens Brockway Glass Container, Inc., 6.75%, 12/01/14 | | 265 | 298,998 |
| Packaging Dynamics Finance Corp., 10%, 5/01/16 (e) | USD | 1,240 | 533,200 |
| | | | 2,729,266 |
| Diversified Financial Services 1.7% | | | |
| FCE Bank Plc, 7.125%, 1/16/12 | EUR | 2,000 | 1,546,653 |
| Diversified Telecommunication Services 1.4% | | | |
| Qwest Corp., 5.246%, 6/15/13 (d) | USD | 1,500 | 1,271,250 |
| Food & Staples Retailing 0.2% | | | |
| AmeriQual Group LLC, 9.50%, 4/01/12 (e) | | 250 | 150,000 |
| Health Care Equipment & Supplies 2.2% | | | |
| DJO Finance LLC, 10.875%, 11/15/14 | | 2,750 | 2,090,000 |
| Hotels, Restaurants & Leisure 4.8% | | | |
| American Real Estate Partners LP, 7.125%, 2/15/13 | | 4,000 | 3,290,000 |
| Harrah's Operating Co., Inc.: | | | |
| 10.75%, 2/01/16 | | 726 | 101,640 |
| 10.75%, 2/01/18 (a) | | 164 | 10,113 |
| 10%, 12/15/18 (e) | | 275 | 77,000 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (e) | | 1,565 | 719,900 |
| Travelport LLC, 5.886%, 9/01/14 (d) | | 815 | 260,800 |
| | | | 4,459,453 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|--------------|
| IT Services 1.8% | | |
| First Data Corp., 9.875%, 9/24/15 | USD 3,000 | \$ 1,650,000 |
| Independent Power Producers & Energy Traders 1.4% | | |
| Texas Competitive Electric Holdings Co. LLC, 10.25%, 11/01/15 | 2,590 | 1,307,950 |
| Industrial Conglomerates 0.1% | | |
| Sequa Corp. (e): | | |
| 11.75%, 12/01/15 | 320 | 51,200 |
| 13.50%, 12/01/15 (a) | 795 | 69,846 |
| | | 121,046 |
| Media 0.9% | | |
| CSC Holdings, Inc., 8.50%, 4/15/14 (e) | 230 | 220,800 |
| Local Insight Regatta Holdings, Inc., 11%, 12/01/17 | 748 | 179,520 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (e) | 1,000 | 470,000 |
| | | 870,320 |
| Metals & Mining 0.6% | | |
| FMG Finance Property Ltd., 5.261%, 9/01/11 (d)(e) | 180 | 153,000 |
| Ryerson, Inc., 8.545%, 11/01/14 (d)(e) | 840 | 428,400 |
| | | 581,400 |
| Oil, Gas & Consumable Fuels 0.7% | | |
| SandRidge Energy, Inc., 5.06%, 4/01/14 (d) | 1,000 | 657,172 |
| Paper & Forest Products 2.7% | | |
| Abitibi-Consolidated, Inc., 5.496%, 6/15/11 (d) | 2,000 | 180,000 |
| Bowater, Inc., 4.996%, 3/15/10 (d) | 2,000 | 360,000 |
| NewPage Corp.: | | |
| 10%, 5/01/12 | 2,000 | 605,000 |
| 7.42%, 5/01/12 (d) | 2,000 | 480,000 |
| Verso Paper Holdings LLC Series B, 4.92%, 8/01/14 (d) | 3,500 | 910,000 |
| | | 2,535,000 |
| Pharmaceuticals 0.3% | | |
| Angiotech Pharmaceuticals, Inc., 5.011%, 12/01/13 (d) | 500 | 306,250 |

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| | | | |
|---|--------------|-------|------------|
| Real Estate Management & Development | 0.1% | | |
| Realogy Corp., 10.50%, 4/15/14 | | 490 | 102,900 |
| Semiconductors & Semiconductor Equipment | 0.9% | | |
| Avago Technologies Finance Property Ltd., 6.761%, 6/01/13 (d) | | 600 | 471,000 |
| Spansion, Inc., 4.386%, 6/01/13 (b)(c)(e) | | 1,690 | 395,037 |
| | | | 866,037 |
| Specialty Retail | 0.5% | | |
| General Nutrition Centers, Inc., 7.584%, 3/15/14 (a)(d) | | 350 | 206,500 |
| Michaels Stores, Inc., 11.375%, 11/01/16 | | 940 | 222,075 |
| | | | 428,575 |
| Wireless Telecommunication Services | 1.3% | | |
| Crown Castle International Corp., 9%, 1/15/15 | | 300 | 292,500 |
| Digicel Group Ltd., 9.125%, 1/15/15 (a)(e) | | 1,249 | 874,300 |
| | | | 1,166,800 |
| Total Corporate Bonds | 33.5% | | 31,386,042 |

| Non-U.S. Government Agency Mortgage-Backed Securities | Par (000) | Value |
|--|--------------|------------|
| Commercial Mortgage-Backed Securities | 1.4% | |
| Crown Castle Towers LLC Series 2005-1A (e): | | |
| Class AFL, 0.841%, 6/15/35 (d) | USD 980 | \$ 891,800 |
| Class AFX, 4.643%, 6/15/35 | 270 | 257,850 |
| Global Signal Trust Series 2006-1 Class A2, 5.45%, 2/15/36 (e) | 155 | 144,925 |
| Total Non-U.S. Government Agency Mortgage-Backed Securities | 1.4% | 1,294,575 |

| Common Stocks | Shares | |
|--------------------------------------|-------------|---------|
| Capital Markets | 0.1% | |
| E*Trade Financial Corp. (b) | 145,213 | 116,170 |
| Chemicals | 0.0% | |
| GEO Specialty Chemicals, Inc. (b)(e) | 10,732 | 4,120 |
| Wellman Holdings, Inc. (b)(e) | 181 | 45 |
| | | 4,165 |
| Electrical Equipment | 0.2% | |
| Medis Technologies Ltd. (b) | 13,053 | 7,440 |
| SunPower Corp. Class B (b) | 5,332 | 132,020 |

| | | | |
|---|----------------|----------------------------------|---------------|
| | | | 139,460 |
| Total Common Stocks | 0.3% | | 259,795 |
| Preferred Stocks | | | |
| Capital Markets | 0.0% | | |
| Marsico Parent Superholdco, LLC, 16.75% (e) | | 44 | 19,140 |
| Total Preferred Stocks | 0.0% | | 19,140 |
| Total Long-Term Investments | | | |
| (Cost \$180,931,606) | 118.7% | | 111,194,830 |
| Short-Term Securities | | | |
| | | Beneficial Interest (000) | |
| Money Market Funds | 4.4% | | |
| BlackRock Liquidity Series, LLC Cash Sweep Series, 0.73% (g)(h) | | USD 4,108 | 4,108,178 |
| Total Short-Term Securities | | | |
| (Cost \$4,108,178) | 4.4% | | 4,108,178 |
| Options Purchased | | | |
| | | Contracts | |
| Over-the-Counter Call Options | | | |
| Marsico Parent Superholdco LLC, expiring December 2019 at USD 942.86, Broker, Goldman Sachs & Co. | | 11 | 17,765 |
| Total Options Purchased | | | |
| (Cost \$10,756) | 0.0% | | 17,765 |
| Total Investments | | | |
| (Cost \$185,050,540*) | 123.1% | | 115,320,773 |
| Liabilities in Excess of Other Assets | (23.1)% | | (21,664,942) |
| Net Assets | 100.0% | | \$ 93,655,831 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2009, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 185,065,181 |
| Gross unrealized appreciation | \$ 176,381 |
| Gross unrealized depreciation | (69,920,789) |
| Net unrealized depreciation | \$ (69,744,408) |

- (a) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (b) Non-income producing security.
- (c) Issuer filed for bankruptcy and/or is in default of interest payments.
- (d) Variable rate security. Rate shown is as of report date.
- (e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (f) Convertible security.
- (g) Represents the current yield as of report date.
- (h) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Income |
|---|-----------------|-----------|
| BlackRock Liquidity Series, LLC Cash Sweep Series | USD 4,108,178 | \$ 57,541 |

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

Foreign currency exchange contracts as of February 28, 2009 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|-----------------------|------------------|--------------|--------------------|----------------------------|
|-----------------------|------------------|--------------|--------------------|----------------------------|

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| | | | | | | | | |
|--------------|-----------|-----|-----------|------------------|---------|----|---------|----------------|
| USD | 5,653,118 | EUR | 4,312,000 | Deutsche Bank AG | 3/18/09 | \$ | 187,464 | |
| USD | 125,932 | EUR | 97,000 | Citibank NA | 3/18/09 | | 2,980 | |
| USD | 640,833 | EUR | 500,000 | UBS AG | 3/18/09 | | 7,060 | |
| USD | 1,515,422 | GBP | 1,022,000 | UBS AG | 3/18/09 | | 52,456 | |
| Total | | | | | | | \$ | 249,960 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation | |
|--------------------------|----------------|------------------------|---------------|-----------------------|-------------------------|----------------|
| First Data Corp. | 5.00% | JPMorgan Chase Bank NA | December 2013 | USD 1,500 | \$ 92,400 | |
| First Data Corp. | 5.00% | JPMorgan Chase Bank NA | December 2013 | USD 1,500 | 118,650 | |
| Masco Corp. | 5.30% | JPMorgan Chase Bank NA | March 2014 | USD 500 | 14,093 | |
| Host Hotels & Resorts LP | 5.00% | Goldman Sachs Bank USA | March 2014 | USD 1,225 | 20,884 | |
| Mohawk Industries, Inc. | 4.45% | JPMorgan Chase Bank NA | March 2014 | USD 500 | 5,594 | |
| Total | | | | | \$ | 251,621 |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2009 were as follows:

| Issuer ¹ | Receive Fixed Rate | Counterparty | Expiration | Notional Amount (000) ² | Unrealized Depreciation |
|---------------------|--------------------|--------------|------------|------------------------------------|-------------------------|
| Ford Motor Co. | 3.80% | UBS AG | March 2010 | USD 5,000 | \$ (3,503,880) |

¹ Credit rating is CCC using Standard and Poor's ratings.

² The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement. See Note 1 of the Notes to Financial Statements.

Credit default swaps on traded indexes buy protection outstanding as of February 28, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|---|----------------------|--------------------------------|--------------|-----------------------------|----------------------------|
| Dow Jones CDX North America High Yield Index Series 10 Class V1 | 5.00% | Credit Suisse International | June 2013 | USD 1,940 | \$ 352,096 |

Currency Abbreviations:

EUR Euro
 GBP British Pound
 USD US Dollar

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

Effective March 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of February 28, 2009 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* | |
|------------------|---------------------------|------------------------------|-----------------------|
| | Assets | Assets | Liabilities |
| Level 1 | \$ 255,631 | | |
| Level 2 | 78,374,526 | \$ 871,442 | \$ (3,503,880) |
| Level 3 | 36,672,851 | | |
| Total | \$ 115,303,008 | \$ 871,442 | \$ (3,503,880) |

* Other financial instruments are foreign currency exchange contracts, swaps and options. Foreign currency exchange and swaps are valued at the unrealized appreciation/depreciation of the instrument and options are shown at market value.

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

| | Investments in Securities |
|---|---------------------------|
| | Assets |
| Balance as of February 29, 2008 | \$ 80,079,046 |
| Accrued discounts/premiums | 548,469 |
| Realized loss | (10,355,809) |
| Change in unrealized appreciation/depreciation ¹ | (12,425,310) |
| Net sales | (33,193,602) |

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| | |
|--|----------------------|
| Net transfers in of Level 3 | 12,020,057 |
| Balance as of February 28, 2009 | \$ 36,672,851 |

¹ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

Schedule of Investments February 28, 2009

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

| Corporate Bonds | Par (000) | Value |
|---|--------------|------------------|
| Aerospace & Defense 3.4% | | |
| Hawker Beechcraft Acquisition Co. LLC, 8.50%, 4/01/15 | USD 2,000 | \$ 380,000 |
| Moog, Inc., 7.25%, 6/15/18 (a) | 5,000 | 4,500,000 |
| | | <u>4,880,000</u> |
| Auto Components 2.5% | | |
| The Goodyear Tire & Rubber Co.: | | |
| 6.318%, 12/01/09 (b) | 2,000 | 1,882,500 |
| 8.625%, 12/01/11 | 2,000 | 1,600,000 |
| Lear Corp., 8.75%, 12/01/16 | 1,015 | 172,550 |
| Venture Holdings Co. LLC (c)(d): | | |
| 12%, 6/01/09 | 700 | |
| Series B, 9.50%, 7/01/05 | 3,325 | 332 |
| | | <u>3,655,382</u> |
| Building Products 4.8% | | |
| Building Materials Corp. of America, 7.75%, 8/01/14 | 4,000 | 2,740,000 |
| CPG International I, Inc.: | | |
| 8.561%, 7/01/12 (b) | 3,500 | 1,855,000 |
| 10.50%, 7/01/13 | 1,500 | 795,000 |
| Momentive Performance Materials, Inc. Series WI, 9.75%, 12/01/14 | 1,175 | 446,500 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 2,225 | 1,023,500 |
| | | <u>6,860,000</u> |
| Chemicals 5.2% | | |
| American Pacific Corp., 9%, 2/01/15 | 610 | 512,400 |
| GEO Specialty Chemicals Corp., 7.50%, 3/31/15 (a)(e)(f) | 1,789 | 1,339,273 |
| GEO Specialty Chemicals, Inc., 9.935%, 12/31/09 (a)(b)(e) | 2,873 | 2,151,159 |
| Wellman Holdings, Inc. (a)(e): | | |
| Second Lien Subordinate Note, 10%, 1/29/19 | 2,383 | 2,383,000 |
| Third Lien Subordinate Note, 5%, 1/29/19 | 1,557 | 1,089,900 |
| | | <u>7,475,732</u> |
| Commercial Services & Supplies 1.0% | | |
| ARAMARK Corp., 8.50%, 2/01/15 | 1,500 | 1,365,000 |

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Construction Materials 1.0%

| | | |
|-----------------------------|-------|-----------|
| Nortek, Inc., 10%, 12/01/13 | 3,420 | 1,368,000 |
|-----------------------------|-------|-----------|

Containers & Packaging 5.1%

| | | |
|--|-------|-----------|
| Berry Plastics Holding Corp., 5.871%, 9/15/14 (b) | 100 | 46,500 |
| Clondalkin Acquisition BV, 3.996%, 12/15/13 (a)(b) | 2,000 | 1,240,000 |
| Packaging Dynamics Finance Corp., 10%, 5/01/16 (a) | 4,285 | 1,842,550 |
| Smurfit Kappa Funding Plc, 7.75%, 4/01/15 | 5,150 | 2,999,875 |
| Smurfit-Stone Container Enterprises, Inc. (c)(d): 8.375%, 7/01/12 | 800 | 64,000 |
| 8%, 3/15/17 | 1,300 | 113,750 |
| Wise Metals Group LLC, 10.25%, 5/15/12 | 2,000 | 980,000 |

7,286,675

Diversified Financial Services 1.3%

| | | |
|---|-------|-----------|
| Ford Motor Credit Co. LLC, 4.01%, 1/13/12 (b) | 1,340 | 656,600 |
| Highland Legacy Ltd., 7.42%, 6/01/11 (a)(b) | 4,000 | 1,200,000 |

1,856,600

Electric Utilities 0.6%

| | | |
|---------------------------------------|-------|---------|
| NSG Holdings LLC, 7.75%, 12/15/25 (a) | 1,000 | 800,000 |
|---------------------------------------|-------|---------|

Food Products 1.3%

| | | |
|--|-------|-----------|
| Tyson Foods, Inc., 10.50%, 3/01/14 (a) | 2,000 | 1,885,000 |
|--|-------|-----------|

Health Care Equipment & Supplies 1.4%

| | | |
|--|-------|-----------|
| Fresenius US Finance II, Inc., 9%, 7/15/15 (a) | 2,000 | 2,080,000 |
|--|-------|-----------|

Corporate Bonds

Par
(000)

Value

Health Care Providers & Services 1.6%

| | | | | |
|--|-----|-------|----|-----------|
| Community Health Systems, Inc. Series WI, 8.875%, 7/15/15 | USD | 2,500 | \$ | 2,365,625 |
|--|-----|-------|----|-----------|

Hotels, Restaurants & Leisure 5.5%

| | | |
|--|-------|-----------|
| American Real Estate Partners LP, 7.125%, 2/15/13 | 3,000 | 2,467,500 |
| CCM Merger, Inc., 8%, 8/01/13 (a) | 4,125 | 1,526,250 |
| Harrah's Operating Co., Inc.: 10.75%, 2/01/16 | 3,669 | 513,660 |
| 10.75%, 2/01/18 | 1,574 | 96,546 |
| 10%, 12/15/18 (a) | 1,561 | 437,080 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a) | 1,210 | 556,600 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (a) | 690 | 403,650 |
| Snoqualmie Entertainment Authority, 5.384%, 2/01/14 (a)(b) | 500 | 270,000 |
| Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (c)(d) | 220 | 2,200 |
| Tunica-Biloxi Gaming Authority, 9%, 11/15/15 (a) | 1,500 | 1,200,000 |
| Universal City Florida Holding Co. I, 5.92%, 5/01/10 (b) | 1,000 | 480,000 |

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| | | |
|--|-------|-----------|
| | | 7,953,486 |
| IT Services 1.9% | | |
| First Data Corp., 9.875%, 9/24/15 | 5,000 | 2,750,000 |
| Independent Power Producers & Energy Traders 4.3% | | |
| Dynegy Holdings, Inc., 8.375%, 5/01/16 | 2,000 | 1,270,000 |
| Energy Future Holdings Corp., 11.25%, 11/01/17 (f) | 1,500 | 660,000 |
| Texas Competitive Electric Holdings Co. LLC: 10.25%, 11/01/15 | 7,220 | 3,646,100 |
| 10.50%, 11/01/16 (f) | 1,200 | 576,000 |
| | | 6,152,100 |
| Industrial Conglomerates 0.6% | | |
| Sequa Corp. (a): 11.75%, 12/01/15 | 2,550 | 408,000 |
| 13.50%, 12/01/15 (f) | 3,590 | 429,489 |
| | | 837,489 |
| Machinery 1.5% | | |
| ESCO Corp., 5.871%, 12/15/13 (a)(b) | 1,540 | 954,800 |
| RBS Global, Inc., 8.875%, 9/01/16 | 835 | 628,337 |
| Titan International, Inc., 8%, 1/15/12 | 770 | 617,925 |
| | | 2,201,062 |
| Marine 0.1% | | |
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 | 324 | 194,400 |
| Media 2.3% | | |
| Affinion Group, Inc., 10.125%, 10/15/13 | 515 | 399,125 |
| CSC Holdings, Inc., 8.50%, 4/15/14 (a) | 390 | 374,400 |
| Charter Communications Holdings LLC (c)(d): 10%, 4/01/09 | 1,121 | 11,210 |
| 11.125%, 1/15/11 | 1,319 | 65,950 |
| 10%, 5/15/11 | 660 | 6,600 |
| Local Insight Regatta Holdings, Inc., 11%, 12/01/17 | 1,244 | 298,560 |
| Nielsen Finance LLC, 11.625%, 2/01/14 (a) | 2,500 | 2,162,500 |
| | | 3,318,345 |
| Metals & Mining 1.5% | | |
| Aleris International, Inc., 9%, 12/15/14 (c)(d) | 840 | 84 |
| RathGibson, Inc., 11.25%, 2/15/14 | 2,175 | 478,500 |
| Ryerson, Inc., 8.545%, 11/01/14 (a)(b) | 3,360 | 1,713,600 |
| | | 2,192,184 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|--------------|
| Oil, Gas & Consumable Fuels 8.0% | | |
| Chesapeake Energy Corp.: | | |
| 9.50%, 2/15/15 | USD 1,650 | \$ 1,534,500 |
| 6.875%, 1/15/16 | 4,000 | 3,290,000 |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13 | 1,475 | 494,125 |
| Denbury Resources, Inc., 9.75%, 3/01/16 | 2,500 | 2,350,000 |
| Forest Oil Corp., 8.50%, 2/15/14 (a) | 1,285 | 1,169,350 |
| Sabine Pass LNG LP, 7.50%, 11/30/16 | 2,985 | 2,007,412 |
| SandRidge Energy, Inc., 5.06%, 4/01/14 (b) | 1,000 | 657,172 |
| | | 11,502,559 |
| Paper & Forest Products 3.6% | | |
| Abitibi-Consolidated, Inc., 5.496%, 6/15/11 (b) | 2,755 | 247,950 |
| Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (a) | 3,162 | 1,426,798 |
| Bowater, Inc., 4.996%, 3/15/10 (b) | 7,400 | 1,332,000 |
| NewPage Corp., 7.42%, 5/01/12 (b) | 5,175 | 1,242,000 |
| Verso Paper Holdings LLC Series B, 4.92%, 8/01/14 (b) | 3,300 | 858,000 |
| | | 5,106,748 |
| Pharmaceuticals 2.9% | | |
| Angiotech Pharmaceuticals, Inc., 5.011%, 12/01/13 (b) | 2,690 | 1,647,625 |
| Elan Finance Plc: 5.234%, 11/15/11 (b) | 1,325 | 1,093,125 |
| 7.75%, 11/15/11 | 1,650 | 1,406,625 |
| | | 4,147,375 |
| Real Estate Management & Development 0.2% | | |
| Realogy Corp., 10.50%, 4/15/14 | 1,370 | 287,700 |
| Semiconductors & Semiconductor Equipment 0.8% | | |
| Avago Technologies Finance Property Ltd., 6.761%, 6/01/13 (b) | 766 | 601,310 |
| Spansion, Inc., 4.386%, 6/01/13 (a)(c)(d) | 2,180 | 509,575 |
| | | 1,110,885 |
| Specialty Retail 0.6% | | |
| Michaels Stores, Inc., 10%, 11/01/14 | 1,055 | 360,019 |
| United Auto Group, Inc., 7.75%, 12/15/16 | 915 | 439,200 |
| | | 799,219 |

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Textiles, Apparel & Luxury Goods 1.2%

| | | |
|-----------------------------------|-------|-----------|
| Quiksilver, Inc., 6.875%, 4/15/15 | 3,525 | 1,762,500 |
|-----------------------------------|-------|-----------|

Wireless Telecommunication Services 2.7%

| | | |
|--|-------|-----------|
| Crown Castle International Corp., 9%, 1/15/15 | 485 | 472,875 |
| iPCS, Inc., 3.295%, 5/01/13 (b) | 250 | 180,000 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 (a) | 2,000 | 1,880,000 |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (a) | 1,200 | 1,092,000 |
| Orascom Telecom Finance SCA, 7.875%, 2/08/14 (a) | 395 | 237,000 |

3,861,875

Total Corporate Bonds 66.9%

96,055,941

| Floating Rate Loan Interests | Par (000) | Value |
|------------------------------|--------------|-------|
|------------------------------|--------------|-------|

Aerospace & Defense 2.0%

| | | | | |
|--|-----|-------|----|-----------|
| Hawker Beechcraft Acquisition Co. LLC Letter of Credit Facility Deposit, 1.359%, 3/26/14 | USD | 294 | \$ | 134,978 |
| Hawker Beechcraft Acquisition Co. LLC Term Loan, 2.479% 3.459%, 3/26/14 | | 5,003 | | 2,298,671 |
| IAP Worldwide Services, Inc. Term Loan (First Lien), 7.25%, 12/30/12 | | 822 | | 427,549 |

2,861,198

Airlines 0.6%

| | | | | |
|--|--|-------|--|---------|
| Delta Air Lines, Inc. Credit Linked Deposit Loan, 0.347% 2.445%, 4/30/12 | | 1,237 | | 940,500 |
|--|--|-------|--|---------|

Auto Components 3.3%

| | | | | |
|---|--|-------|--|-----------|
| Allison Transmission, Inc. Term Loan, 3.20%, 8/07/14 | | 5,129 | | 3,398,172 |
| Dana Holding Corp. Term Advance, 7.25%, 1/31/15 | | 1,531 | | 465,888 |
| The Goodyear Tire & Rubber Co. Loan (Second Lien), 2.23%, 4/30/14 | | 500 | | 347,679 |
| Intermet Corp. (d): | | | | |
| First Lien Credit Facility, 7.189%, 11/08/10 | | 502 | | 200,997 |
| Letter of Credit Term Loan, 7.189%, 11/09/10 | | 137 | | 54,770 |
| Letter of Credit, 0.328%, 11/09/10 | | 419 | | 167,637 |
| Synthetic Letter of Credit, 7.189%, 11/09/10 (k) | | 32 | | 12,639 |

Metaldyne Co. LLC:

| | | | | |
|---|--|-----|--|--------|
| Deposit Funded Tranche Loan, 0.347% 5.125%, 1/11/12 | | 58 | | 6,923 |
| Initial Tranche B Term Loan, 7.875% 8%, 1/13/14 | | 393 | | 47,202 |

4,701,907

Automobiles 0.2%

| | | | | |
|--|--|-----|--|---------|
| Ford Motor Co. Term Loan, 5%, 12/15/13 | | 472 | | 150,790 |
| General Motors Corp. Term Loan, 4.148%, 11/29/13 | | 372 | | 133,310 |

284,100

Building Products 1.6%

| | | | | |
|--|--|-------|--|-----------|
| Building Material Corp. of America Term Loan Advance, 3.625% 3.875%, 2/22/14 | | 1,989 | | 1,355,903 |
|--|--|-------|--|-----------|

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| | | |
|--|-------|-----------|
| Stile Acquisition (Masonite International): | | |
| Canadian Term Loan, 6.75%, 4/06/13 | 1,079 | 447,925 |
| US Term Loan B, 6.25%, 4/06/13 | 1,096 | 440,786 |
| | | 2,244,614 |

| | | |
|---|-------|-----------|
| Chemicals 3.7% | | |
| Huish Detergents, Inc. Tranche B Term Loan, 2.17%, 4/26/14 | 736 | 622,836 |
| ISP Chemco LLC Term Loan, 2% 2.75%, 6/04/14 | 985 | 824,117 |
| PQ Corp. (fka Niagara Acquisition, Inc.) Term Loan (First Lien), 4.43% 4.71%, 7/31/14 | 4,975 | 2,972,563 |
| Solutia, Inc. Loan, 8.50%, 2/28/14 | 1,492 | 958,907 |
| | | 5,378,423 |

| | | |
|---|-------|-----------|
| Commercial Services & Supplies 1.5% | | |
| John Maneely Co. Term Loan, 4.41% 4.604%, 12/09/13 | 874 | 500,117 |
| NES Rentals Holdings, Inc. Permanent Term Loan (Second-Lien), 8%, 7/20/13 | 1,726 | 828,342 |
| West Corp. Term B-2 Loan, 2.82% 2.854%, 10/24/13 | 1,137 | 832,631 |
| | | 2,161,090 |

| | | |
|---|-------|-----------|
| Computers & Peripherals 0.8% | | |
| Dealer Computer Services, Inc. (Reynolds & Reynolds) Term Loan (First Lien), 2.479%, 10/26/12 | 1,182 | 768,527 |
| Intergraph Corp. Initial Term Loan (First Lien), 3.256%, 5/29/14 | 419 | 357,980 |
| | | 1,126,507 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|------------|
| Construction & Engineering 0.2% | | |
| Brand Energy & Infrastructure Services, Inc. (FR Brand Acquisition Corp.) Synthetic Letter of Credit Term Loan (First Lien), 1.375%, 2/07/14 | USD 500 | \$ 322,500 |
| Construction Materials 0.4% | | |
| Headwaters Inc. Term Loan B1 (First Lien), 5.97%, 4/30/11 | 744 | 520,833 |
| Distributors 0.4% | | |
| Keystone Automotive Operations, Inc. Loan, 3.947% 5.75%, 1/12/12 | 1,426 | 534,883 |
| Diversified Consumer Services 0.9% | | |
| Coinmach Corp. Term Loan, 3.47% 4.26%, 11/20/14 | 1,985 | 1,290,226 |
| Diversified Financial Services 1.5% | | |
| DaimlerChrysler Financial Services Americas LLC Term Loan (First Lien), 6%, 8/03/12 | 3,465 | 1,801,754 |
| J.G. Wentworth, LLC Loan (First Lien), 3.709%, 4/04/14 | 3,200 | 288,000 |
| | | 2,089,754 |
| Diversified Telecommunication Services 1.9% | | |
| Winstar Communications, Inc. Term Loan, 6.366%, 12/31/06 (c) | 1,703 | 2,667,316 |
| Electrical Equipment 0.2% | | |
| Generac Acquisition Corp. First Lien Term Loan, 2.919%, 11/10/13 | 554 | 296,165 |
| Energy Equipment & Services 1.5% | | |
| Dresser, Inc.: | | |
| Term Loan B, 2.729% 3.488%, 5/04/14 | 1,456 | 1,045,311 |
| Second Lien Term Loan, 6.988%, 5/04/15 | 1,000 | 450,000 |
| MEG Energy Corp.: | | |
| Delayed Draw Term Loan, 3.46%, 4/02/13 | 496 | 307,288 |
| Initial Term Loan, 3.46%, 4/03/13 | 486 | 301,475 |
| | | 2,104,074 |
| Food & Staples Retailing 0.5% | | |

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| | | |
|--|-----|---------|
| Wm. Bolthouse Farms, Inc. Second Lien Term Loan, 5.979%, 12/16/13 | 750 | 408,750 |
| McJunkin Corp. Term Loan, 4.709%, 1/31/14 | 490 | 356,883 |
| | | 765,633 |

Food Products 1.6%

| | | |
|--|-----|-----------|
| Dole Food Co., Inc.: | | |
| Credit Linked Deposit, 0.66%, 4/12/13 | 828 | 741,990 |
| Tranche C, 2.563% 4.25%, 4/12/13 | 711 | 637,476 |
| JRD Holdings, Inc. (Jetro Holdings) Term Loan, 2.697%, 7/02/14 | 969 | 842,813 |
| Sturm Foods, Inc. Initial Term Loan First Lien, 3.438% 3.75%, 1/31/14 (f) | 246 | 139,392 |
| | | 2,361,671 |

Health Care Equipment & Supplies 0.6%

| | | |
|---|-----|---------|
| DJO Finance LLC (ReAble Therapeutics Fin LLC) | | |
| Term Loan, 3.479% 4.459%, 5/20/14 | 990 | 823,350 |

Hotels, Restaurants & Leisure 2.1%

| | | |
|---|-------|---------|
| Greenwood Racing, Inc. Term Loan, 2.73%, 11/28/11 | 735 | 543,900 |
| Harrah's Operating Co., Inc. Term B-2 Loan, 4.159% 4.459%, 1/28/15 | 992 | 577,305 |
| Las Vegas Sands LLC: | | |
| Delay Draw Term Loan, 2.16%, 5/23/14 | 298 | 131,713 |
| Tranche B Term Loan, 2.16%, 5/23/14 | 1,182 | 521,558 |
| QCE, LLC (Quiznos) Term Loan (First Lien), 3.75%, 5/05/13 | 975 | 537,643 |

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|------------|
| Hotels, Restaurants & Leisure (concluded) | | |
| VML US Finance LLC: | | |
| Delay Draw Term B Loan, 2.73%, 5/25/12 | USD 250 | \$ 143,864 |
| New Project Term Loan, 2.73%, 5/25/13 | 1,000 | 575,455 |
| | | 3,031,438 |

IT Services 2.8%

| | | |
|--|-------|-----------|
| Activant Solutions Inc. Term Loan, 3.438%, 5/02/13 | 1,570 | 737,792 |
| Audio Visual Services Corp.: | | |
| Second Lien Term Loan, 7.96%, 2/28/14 | 500 | 35,000 |
| Term Loan B, 3.71%, 2/28/14 | 1,975 | 553,000 |
| Ceridian Corp. U.S. Term Loan, 3.47%, 11/09/14 | 1,500 | 1,035,000 |
| First Data Corp. Initial Tranche: | | |
| Term Loan B-2, 3.223% 3.229%, 9/24/14 | 1,234 | 809,969 |
| Term Loan B-3, 3.223% 3.229%, 9/24/14 | 393 | 256,758 |
| RedPrairie Corp.: | | |
| Term Loan B, 4.25% 5.25%, 7/20/12 | 685 | 431,672 |
| Term Loan C, 5.25%, 7/20/12 | 294 | 126,420 |
| | | 3,985,611 |

Independent Power Producers & Energy Traders 0.3%

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Texas Competitive Electric Holdings Co. LLC

Initial Tranche:

| | | |
|--|-----|---------|
| Term Loan B-2, 3.948% 4.451%, 10/10/14 | 489 | 304,921 |
| Term Loan B-3, 3.948% 4.451%, 10/10/14 | 229 | 143,100 |

448,021

Insurance 0.3%

| | | |
|---|-----|---------|
| Alliant Holdings I, Inc. Term Loan, 4.459%, 8/21/14 | 494 | 370,313 |
|---|-----|---------|

Internet & Catalog Retail 0.4%

| | | |
|---|-----|---------|
| FTD Group, Inc. Tranche B Term Loan, 6.75%, 8/04/14 | 748 | 639,647 |
|---|-----|---------|

Leisure Equipment & Products 0.6%

Fender Musical Instruments Corp.:

| | | |
|--------------------------------------|-------|---------|
| Delay Draw Term Loan, 2.66%, 6/09/14 | 664 | 298,749 |
| Term Initial, 3.71%, 6/09/14 | 1,314 | 591,493 |

890,242

Machinery 3.4%

LN Acquisition Corp. (Lincoln Industrial) Initial

| | | |
|---|-------|---------|
| Term Loan (Second Lien), 6.21%, 1/09/15 | 1,000 | 800,000 |
|---|-------|---------|

Navistar International Transportation Corp.:

| | | |
|------------------------------------|-------|-----------|
| Advance Term Loan, 3.729%, 1/19/12 | 2,933 | 2,099,777 |
|------------------------------------|-------|-----------|

| | | |
|---|-------|---------|
| Credit Linked Deposit, 3.696% 3.729%, 1/19/12 | 1,067 | 763,555 |
|---|-------|---------|

| | | |
|--|-------|-----------|
| OshKosh Truck Corp. Term B Loan, 2.20% 3.95%, 12/06/13 | 1,761 | 1,232,538 |
|--|-------|-----------|

4,895,870

Media 13.9%

| | | |
|---|-------|---------|
| Affinion Group Holdings, Inc. Loan, 0%, 3/01/12 | 2,000 | 900,000 |
|---|-------|---------|

Cengage Learning Acquisitions, Inc.

(Thomson Learning):

| | | |
|---------------------------|-----|---------|
| Term Loan, 2.98%, 7/03/14 | 733 | 475,627 |
|---------------------------|-----|---------|

| | | |
|---|-------|-----------|
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 4,972 | 3,480,318 |
|---|-------|-----------|

Cequel Communications, LLC:

| | | |
|---|-------|-----------|
| Tranche B Term Loan (Second Lien), 6.413% 6.453%, 5/05/14 | 5,244 | 3,244,682 |
|---|-------|-----------|

| | | |
|--|-------|-----------|
| (aka Cebridge) Term Loan, 2.445% 4.25%, 11/05/13 | 1,622 | 1,367,475 |
|--|-------|-----------|

| | | |
|--|-------|-----------|
| Ellis Communications KDOC, LLC Loan, 10%, 12/30/11 | 3,895 | 2,337,222 |
|--|-------|-----------|

| | | |
|--|--|--|
| HMH Publishing Co., Ltd. (fka Education Media) | | |
|--|--|--|

| | | |
|--------------------------------------|-------|-----------|
| Tranche A Term Loan, 8.256%, 6/12/14 | 4,625 | 2,601,435 |
|--------------------------------------|-------|-----------|

| | | |
|--|-----|---------|
| Hanley-Wood, LLC (FSC Acquisition) Term Loan, 2.695% 2.729%, 3/08/14 | 987 | 358,791 |
|--|-----|---------|

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Floating Rate Loan Interests | Par (000) | Value |
|--|--------------|------------|
| Media (concluded) | | |
| Insight Midwest Holdings, LLC B Term Loan, 2.42%, 4/07/14 | USD 700 | \$ 615,708 |
| Knology, Inc. Term Loan, 2.663%, 6/30/12 | 728 | 582,315 |
| MCC Iowa LLC (Mediacom Broadband Group) Tranche D-1 Term Loan, 2.12%, 1/31/15 | 1,958 | 1,664,040 |
| Newsday, LLC Fixed Rate Term Loan, 9.75%, 8/01/13 | 2,250 | 2,030,625 |
| Penton Media, Inc. Term Loan (First Lien), 2.729% 3.424%, 2/01/13 | 737 | 274,486 |
| | | 19,932,724 |
| Metals & Mining 0.5% | | |
| Euramax International Plc: | | |
| Domestic Term Loan, 8.75%, 6/29/12 | 1,632 | 530,263 |
| Domestic Loan (Second Lien), 13%, 6/29/13 | 672 | 100,764 |
| Euro Loan (Second Lien), 13%, 6/29/13 | 333 | 49,986 |
| | | 681,013 |
| Oil, Gas & Consumable Fuels 2.3% | | |
| Big West Oil & Gas, Delay Draw Term Loan, 4.50%, 5/15/14 (d) | 550 | 269,500 |
| Big West Oil, LLC, Initial Advance, 4.50%, 5/15/14 (d) | 437 | 214,375 |
| Petroleum GEO-Services ASA/PGS Finance, Inc. Term Loan, 3.21%, 6/29/15 | 953 | 684,811 |
| ScorpionDrilling Ltd. Second Lien, 8.966%, 5/08/14 | 2,000 | 1,610,000 |
| Western Refining, Inc. Term Loan, 8.25%, 5/30/14 | 915 | 567,993 |
| | | 3,346,679 |
| Other 0.4% | | |
| Dollar General Corp. Tranche B-2 Term Loan, 3.229%, 7/07/14 | 750 | 617,438 |
| Real Estate Management & Development 2.0% | | |
| LNR Property Corp. Initial Tranche B Term Loan, 3.92%, 7/12/11 | 2,400 | 1,260,000 |
| Realogy Corp. Synthetic Letter of Credit, 0.347%, 10/10/13 | 2,955 | 1,671,218 |
| | | 2,931,218 |
| Specialty Retail 0.9% | | |
| Adesa, Inc. (KAR Holdings, Inc.) Initial Term Loan, 2.73% 3.709%, 10/20/13 | 1,914 | 1,287,850 |
| Total Floating Rate Loan Interests 53.3% | | 76,532,808 |

**Non-U.S. Government Agency
Mortgage-Backed Securities**

Commercial Mortgage-Backed Securities 1.4%

| | | |
|---|-------|-----------|
| Crown Castle Towers LLC Series (a): | | |
| 2005-1A Class AFL, 0.841%, 6/15/35 (b) | 1,550 | 1,410,500 |
| 2005-1A Class AFX, 4.643%, 6/15/35 | 435 | 415,425 |
| Global Signal Trust Series 2006-1 Class A2, 5.45%, 2/15/36 (a) | 245 | 229,075 |

| | | |
|---|--|-----------|
| Total Non-U.S. Government Agency Mortgage-Backed Securities 1.4% | | 2,055,000 |
|---|--|-----------|

Common Stocks

Shares

Chemicals 0.0%

| | | |
|--------------------------------------|---------|--------|
| GEO Specialty Chemicals, Inc. (a)(c) | 142,466 | 54,693 |
| Wellman Holdings, Inc. (a)(c) | 5,131 | 1,283 |
| | | 55,976 |

Containers & Packaging 0.0%

| | | |
|-------------------|--------|--------|
| Smurfit Kappa Plc | 18,171 | 31,342 |
|-------------------|--------|--------|

Common Stocks

Shares

Value

Hotels, Restaurants & Leisure 0.1%

| | | |
|-------------------|--------|-----------|
| Lodgian, Inc. (c) | 41,866 | \$ 76,196 |
|-------------------|--------|-----------|

Paper & Forest Products 0.3%

| | | |
|----------------------------------|---------|---------|
| Ainsworth Lumber Co. Ltd. (c) | 375,634 | 212,590 |
| Ainsworth Lumber Co. Ltd. (a)(c) | 421,556 | 239,209 |
| | | 451,799 |

| | | |
|---------------------------------|--|---------|
| Total Common Stocks 0.4% | | 615,313 |
|---------------------------------|--|---------|

Capital Trusts

**Par
(000)**

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| | | | |
|--|-------------|-----|---------------|
| Diversified Financial Services | 0.3% | | |
| Citigroup, Inc. Series E, 8.40% (b)(g) | | USD | 1,105 386,861 |
| Total Capital Trusts | 0.3% | | 386,861 |

| | | Beneficial Interest (000) | |
|---|---------------|--|-------------|
| Other Interests (h) | | | |
| Media | 0.0% | | |
| Adelphia Preferred Escrow | | 3 | |
| Adelphia Recovery Trust Series ACC-6B INT | | 250 | 25 |
| Total Other Interests | 0.0% | | 25 |
| Total Long-Term Investments | | | |
| (Cost \$316,792,821) | 122.3% | | 175,645,948 |

Short-Term Securities

| | | | |
|--|-------------|-------|-----------|
| Money Market Funds | 3.0% | | |
| BlackRock Liquidity Series, LLC Cash Sweep Series, 0.73% (i)(j) | | 4,347 | 4,346,896 |
| Total Short-Term Securities | | | |
| (Cost \$4,346,896) | 3.0% | | 4,346,896 |

| | | | |
|--|----------------|--|----------------|
| Total Investments | | | 179,992,844 |
| (Cost \$321,139,717*) | 125.3% | | |
| Liabilities in Excess of Other Assets | (25.3)% | | (36,349,968) |
| Net Assets | 100.0% | | \$ 143,642,876 |

* The cost and unrealized appreciation (depreciation) of investments as February 28, 2009, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|------------------|
| Aggregate cost | \$ 321,841,508 |
| Gross unrealized appreciation | \$ 3,610,970 |
| Gross unrealized depreciation | (145,459,634) |
| Net unrealized depreciation | \$ (141,848,664) |

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (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) Convertible security.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (g) Security is perpetual in nature and has no stated maturity date.
- (h) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Senior High Income Fund, Inc. (ARK)

- (i) Represents the current yield as of report date.
- (j) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | | Net Activity | Income |
|---|-----|-----------------|----------|
| BlackRock Liquidity Series, LLC Cash Sweep Series | USD | 4,346,896 | \$74,624 |

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

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

Foreign currency exchange contracts as of February 28, 2009 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|-----------------------|------------------|--------------|--------------------|----------------------------|
| USD 337,591 | CAD 415,000 | UBS AG | 3/18/09 | \$11,403 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|-------------------|----------------------|------------------------------|------------------|-----------------------------|----------------------------|
| First Data Corp. | 5.00% | JPMorgan Chase Bank NA | December 2013 | USD 2,500 | \$ 154,000 |
| First Data Corp. | 5.00% | JPMorgan Chase Bank NA | December 2013 | USD 2,500 | 197,750 |
| Tyson Foods, Inc. | 4.22% | Goldman Sachs Bank USA | March 2014 | USD 1,250 | 404 |

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| | | | | | |
|-----------------------------|-------|------------------------------|---------------|-----------|-------------------|
| Masco Corp. | 5.30% | JPMorgan Chase Bank NA | March 2014 | USD 1,000 | 28,186 |
| Host Hotels & Resorts LP | 5.00% | Goldman Sachs Bank USA | March 2014 | USD 2,500 | 42,620 |
| Mohawk Industries, Inc. | 4.45% | JPMorgan Chase Bank NA | March 2014 | USD 1,000 | 11,188 |
| Total | | | | | \$ 434,148 |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2009 were as follows:

| Issuer ¹ | Receive Fixed Rate | Counterparty | Expiration | Notional Amount (000) ² | Unrealized Depreciation |
|---------------------|--------------------------|---------------------|---------------|--|----------------------------|
| Ford Motor Co. | 2.05% | Deutsche Bank AG | March 2010 | USD 5,000 | \$ (1,589,040) |

¹ Credit rating is CCC using Standard and Poor's ratings.

² The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement. See Note 1 of the Notes to Financial Statements.

Credit default swaps on traded indexes buy protection outstanding as of February 28, 2009 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|--|----------------------|--------------------------------|--------------|-----------------------------|----------------------------|
| Dow Jones CDX North America High Yield Index Series 10 Class V1 | 5.00% | Credit Suisse International | June 2013 | USD 3,880 | \$704,193 |

Currency Abbreviations:

CAD Canadian Dollar
USD US Dollar

Effective March 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

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

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of February 28, 2009 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* | |
|------------------|---------------------------|------------------------------|-----------------------|
| | Assets | Assets | Liabilities |
| Level 1 | \$ 288,786 | | |
| Level 2 | 127,067,361 | \$ 1,149,744 | \$ (1,589,040) |
| Level 3 | 52,636,697 | | |
| Total | \$ 179,992,844 | \$ 1,149,744 | \$ (1,589,040) |

* Other financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

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

| | Investments in Securities |
|---|---------------------------|
| | Assets |
| Balance as of February 29, 2008 | \$ 95,462,500 |
| Accrued discounts/premiums | 212,935 |
| Realized loss | (10,624,907) |
| Change in unrealized appreciation/depreciation ¹ | (28,182,528) |
| Net sales | (30,765,165) |
| Net transfers in of Level 3 | 26,533,862 |
| Balance as of February 28, 2009 | \$ 52,636,697 |

¹ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations.

See Notes to Financial Statements.

Statements of Assets and Liabilities

| February 28, 2009 | 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) |
|--|---|---|---|--|---|
| Assets | | | | | |
| Investments at value unaffiliated | \$ 172,620,288 | \$ 185,523,563 | \$ 325,075,824 | \$ 111,212,595 | \$ 175,645,948 |
| Investments at value affiliated | 7,111,263 | 8,370,522 | 4,725,260 | 4,108,178 | 4,346,896 |
| Unrealized appreciation on foreign currency exchange contracts | 286,926 | 303,896 | 315,377 | 249,960 | 11,403 |
| Unrealized appreciation on swaps | 7,044 | 7,044 | 1,708,382 | 603,717 | 1,138,341 |
| Foreign currency at value ³ | 66,910 | 180,273 | 55,583 | 189,014 | |
| Cash | | 37,164 | 902,762 | 66,171 | 122,423 |
| Cash collateral on swaps | 2,500,000 | | | | 1,500,000 |
| Investments sold receivable | 1,454,381 | 205,148 | 3,782,490 | 4,709,981 | 6,273,386 |
| Interest receivable | 5,070,510 | 5,612,537 | 9,665,749 | 2,086,003 | 3,695,736 |
| Swaps receivable | 42,711 | 46,284 | | 36,946 | 20,215 |
| Swap premiums paid | | | 1,502,250 | 1,000,863 | 1,794,778 |
| Dividends receivable | 296 | 13,331 | 76,608 | | |
| Commitment fees receivable | | 64 | 2,602 | 6,868 | |
| Principal paydown receivable | | 177,008 | 13,158 | | |
| Other assets | 23,985 | 33,238 | 86,349 | 1,328 | |
| Prepaid expenses | 15,933 | 16,667 | 35,069 | 10,399 | 16,808 |
| Total assets | 189,200,247 | 200,526,739 | 347,947,463 | 124,282,023 | 194,565,934 |
| Liabilities | | | | | |
| Loan payable | 38,700,000 | 44,200,000 | 90,000,000 | 26,000,000 | 47,000,000 |
| Unrealized depreciation on swaps | 3,306,583 | 3,532,628 | 249,620 | 3,503,880 | 1,589,040 |
| Unrealized depreciation on foreign currency exchange contracts | | | 13,473 | | |
| Unrealized depreciation on unfunded loan commitments | | | | 176,660 | |
| Bank overdraft | 926,999 | | | | |
| Investments purchased payable | 1,141,057 | 1,183,914 | 4,698,228 | 618,799 | 1,855,120 |
| Interest payable | 11,418 | 10,334 | 30,367 | 8,211 | 14,999 |
| Income dividends payable | 127,598 | 137,793 | 387,814 | 109,183 | 171,954 |
| Investment advisory fees payable | 74,695 | 95,692 | 166,965 | 70,183 | 74,500 |
| Swaps payable | 660 | 659 | 128,459 | 59,164 | 107,436 |
| Officers and Directors fees payable | 124 | 131 | 24,707 | 133 | 117 |
| Deferred income | | 7,464 | | | |
| Other affiliates payable | 1,685 | 1,865 | 2,312 | 760 | 1,923 |
| Other accrued expenses payable | 109,396 | 95,146 | 165,569 | 79,219 | 107,969 |
| Total liabilities | 44,400,215 | 49,265,626 | 95,867,514 | 30,626,192 | 50,923,058 |

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| | | | | | |
|-------------------|----------------|----------------|----------------|---------------|----------------|
| Net Assets | \$ 144,800,032 | \$ 151,261,113 | \$ 252,079,949 | \$ 93,655,831 | \$ 143,642,876 |
|-------------------|----------------|----------------|----------------|---------------|----------------|

Net Assets Consist of

| | | | | | |
|---|---------------|---------------|---------------|--------------|---------------|
| Par value, \$0.10 per share, 200,000,000 shares authorized ⁴ | \$ 3,458,096 | \$ 3,731,650 | \$ 10,723,549 | \$ 1,049,693 | \$ 5,650,950 |
| Paid-in capital in excess of par | 410,872,589 | 488,498,988 | 961,548,108 | 199,119,933 | 450,852,902 |
| Undistributed (distributions in excess of) net investment income | 4,243,346 | 1,653,945 | (749,083) | 1,132,254 | (267,346) |
| Accumulated net realized loss | (162,293,913) | (221,247,542) | (352,285,591) | (35,091,279) | (171,007,461) |
| Net unrealized appreciation/depreciation | (111,480,086) | (121,375,928) | (367,157,034) | (72,554,770) | (141,586,169) |

| | | | | | |
|-------------------|----------------|----------------|----------------|---------------|----------------|
| Net Assets | \$ 144,800,032 | \$ 151,261,113 | \$ 252,079,949 | \$ 93,655,831 | \$ 143,642,876 |
|-------------------|----------------|----------------|----------------|---------------|----------------|

| | | | | | |
|-----------------|---------|---------|---------|---------|---------|
| Net asset value | \$ 4.19 | \$ 4.05 | \$ 2.35 | \$ 8.92 | \$ 2.54 |
|-----------------|---------|---------|---------|---------|---------|

| | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| ¹ Investments at cost unaffiliated | \$ 281,110,162 | \$ 303,665,184 | \$ 693,932,767 | \$ 180,942,362 | \$ 316,792,821 |
|---|----------------|----------------|----------------|----------------|----------------|

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| ² Investments at cost affiliated | \$ 7,111,263 | \$ 8,370,522 | \$ 4,725,260 | \$ 4,108,178 | \$ 4,346,896 |
|---|--------------|--------------|--------------|--------------|--------------|

| | | | | | |
|---------------------------------------|-----------|------------|------------|------------|--|
| ³ Foreign currency at cost | \$ 33,639 | \$ 183,415 | \$ 110,294 | \$ 194,744 | |
|---------------------------------------|-----------|------------|------------|------------|--|

| | | | | | |
|---------------------------------|------------|------------|-------------|------------|------------|
| ⁴ Shares outstanding | 34,580,960 | 37,316,497 | 107,235,485 | 10,496,930 | 56,509,502 |
|---------------------------------|------------|------------|-------------|------------|------------|

See Notes to Financial Statements.

Statements of Operations

| | 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) |
|---|--|-------------------------------|---|-------------------------------|--|--|---|
| | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, 2008 | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, 2008 | Year Ended February 28, 2009 | Year Ended February 28, 2009 | Year Ended February 28, 2009 |
| Investment Income | | | | | | | |
| Interest | \$ 20,403,010 | \$ 31,927,548 | \$ 22,256,343 | \$ 34,067,538 | \$ 65,146,033 | \$ 16,851,077 | \$ 28,113,668 |
| Dividends | 69,667 | 277,481 | 94,248 | 320,928 | 517,015 | | 8,636 |
| Income affiliated | 29,589 | 150,123 | 34,084 | 148,722 | 106,584 | 57,541 | 74,624 |
| Other | | 27,605 | | 28,206 | | | |
| Facility and other fees | 108,315 | 27,388 | 173,472 | 36,514 | 709,215 | 1,071,804 | 256,479 |
| Total income | 20,610,581 | 32,410,145 | 22,558,147 | 34,601,908 | 66,478,847 | 17,980,422 | 28,453,407 |
| Expenses | | | | | | | |
| Investment advisory | 972,270 | 1,817,498 | 1,244,233 | 2,335,178 | 3,784,383 | 1,411,729 | 1,561,909 |
| Borrowing costs ¹ | 343,377 | 161,538 | 354,298 | 172,272 | 837,957 | 274,884 | 418,706 |
| Professional | 213,244 | 133,387 | 221,629 | 139,927 | 450,117 | 120,275 | 144,296 |
| Accounting services | 50,474 | 95,686 | 43,060 | 77,121 | 167,386 | 32,135 | 69,040 |
| Printing | 48,149 | 48,753 | 47,924 | 47,858 | 57,141 | 37,329 | 52,064 |
| Transfer agent | 36,374 | 24,168 | 34,224 | 23,086 | 97,579 | 8,792 | 46,204 |
| Custodian | 26,853 | 34,238 | 19,705 | 23,742 | 56,904 | 18,014 | 37,173 |
| Officer and Directors | 18,879 | 22,505 | 19,800 | 23,801 | 46,772 | 16,802 | 28,458 |
| Registration | 1,890 | 11,392 | 2,040 | 12,289 | 36,666 | 8,811 | 19,346 |
| Miscellaneous | 50,675 | 22,133 | 52,377 | 42,247 | 80,419 | 48,507 | 59,838 |
| Total expenses excluding interest expense and fees paid indirectly | 1,762,185 | 2,371,298 | 2,039,290 | 2,897,521 | 5,615,324 | 1,977,278 | 2,437,034 |
| Interest expense | 1,677,633 | 4,211,936 | 1,836,619 | 4,557,394 | 5,713,957 | 1,577,392 | 2,797,763 |
| Total expenses | 3,439,818 | 6,583,234 | 3,875,909 | 7,454,915 | 11,329,281 | 3,554,670 | 5,234,797 |
| Less fees paid indirectly | (1,114) | (15,174) | (2,477) | (8,531) | | (3,307) | |
| Total expenses after fees paid indirectly | 3,438,704 | 6,568,060 | 3,873,432 | 7,446,384 | 11,329,281 | 3,551,363 | 5,234,797 |
| Net investment income | 17,171,877 | 25,842,085 | 18,684,715 | 27,155,524 | 55,149,566 | 14,429,059 | 23,218,610 |
| Realized and Unrealized Gain (Loss) | | | | | | | |

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| | | | | | | | |
|---|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|
| Net realized gain (loss) | | | | | | | |
| from: | | | | | | | |
| Investments | (33,991,164) | (9,483,558) | (36,432,667) | (9,657,195) | (106,273,122) | (33,092,491) | (55,561,275) |
| Swaps | (1,315,139) | 354,630 | (1,312,925) | 374,002 | 393,931 | 206,186 | 107,328 |
| Foreign currency | 768,638 | (978) | 749,203 | 90 | 1,679,201 | 895,896 | 114,657 |
| Options written | | | | | 480,000 | 120,000 | 240,000 |
| | (34,537,665) | (9,129,906) | (36,996,389) | (9,283,103) | (103,719,990) | (31,870,409) | (55,099,290) |
| Net change in unrealized appreciation/depreciation on: | | | | | | | |
| Investments | (84,139,659) | (35,752,973) | (91,550,184) | (39,200,784) | (232,919,626) | (39,404,618) | (82,592,718) |
| Swaps | (2,584,991) | (929,630) | (2,781,864) | (968,742) | 2,686,386 | (2,371,464) | 194,786 |
| Foreign currency | 327,199 | (39,462) | 345,241 | (53,964) | 386,318 | 371,750 | 11,403 |
| Unfunded corporate loans | | | | | 281,096 | (33,824) | 131,411 |
| | (86,397,451) | (36,722,065) | (93,986,807) | (40,223,490) | (229,565,826) | (41,438,156) | (82,255,118) |
| Total realized and unrealized loss | (120,935,116) | (45,851,971) | (130,983,196) | (49,506,593) | (333,285,816) | (73,308,565) | (137,354,408) |
| Net Decrease in Net Assets Resulting from Operations | \$ (103,763,239) | \$ (20,009,886) | \$ (112,298,481) | \$ (22,351,069) | \$ (278,136,250) | \$ (58,879,506) | \$ (114,135,798) |

¹ See Note 7 of the Notes to Financial Statements for details of short-term borrowings.

See Notes to Financial Statements.

Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets: | BlackRock Corporate High Yield Fund, Inc. (COY) | | | BlackRock Corporate High Yield Fund III, Inc. (CYE) | | |
|--|--|--------------------|----------------|--|--------------------|----------------|
| | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | |
| | | 2008 | 2007 | | 2008 | 2007 |
| Operations | | | | | | |
| Net investment income | \$ 17,171,877 | \$ 25,842,085 | \$ 25,185,992 | \$ 18,684,715 | \$ 27,155,524 | \$ 26,588,403 |
| Net realized gain (loss) | (34,537,665) | (9,129,906) | 4,210,914 | (36,996,389) | (9,283,103) | 4,716,076 |
| Net change in unrealized appreciation/depreciation | (86,397,451) | (36,722,065) | 12,903,751 | (93,986,807) | (40,223,490) | 13,552,867 |
| Net increase (decrease) in net assets resulting from operations | (103,763,239) | (20,009,886) | 42,300,657 | (112,298,481) | (22,351,069) | 44,857,346 |
| Dividends to Shareholders From | | | | | | |
| Net investment income | (19,134,959) | (26,113,293) | (23,238,405) | (20,800,925) | (28,767,885) | (25,076,686) |
| Net Assets | | | | | | |
| Total increase (decrease) in net assets | (122,898,198) | (46,123,179) | 19,062,252 | (133,099,406) | (51,118,954) | 19,780,660 |
| Beginning of period | 267,698,230 | 313,821,409 | 294,759,157 | 284,360,519 | 335,479,473 | 315,698,813 |
| End of period | \$ 144,800,032 | \$ 267,698,230 | \$ 313,821,409 | \$ 151,261,113 | \$ 284,360,519 | \$ 335,479,473 |
| End of period undistributed net investment income | \$ 4,243,346 | \$ 5,504,375 | \$ 5,713,430 | \$ 1,653,945 | \$ 3,076,301 | \$ 4,631,323 |

See Notes to Financial Statements.

Statements of Changes in Net Assets (continued)

| | BlackRock Debt Strategies Fund, Inc. (DSU) | | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | |
|--|---|------------------------------------|--|------------------------------------|
| | Year Ended February 28, 2009 | Year Ended February 29, 2008 | Year Ended February 28, 2009 | Year Ended February 29, 2008 |
| Increase (Decrease) in Net Assets: | | | | |
| Operations | | | | |
| Net investment income | \$ 55,149,566 | \$ 69,889,218 | \$ 14,429,059 | \$ 16,240,951 |
| Net realized loss | (103,719,990) | (4,139,979) | (31,870,409) | (1,173,755) |
| Net change in unrealized appreciation/depreciation | (229,565,826) | (148,756,602) | (41,438,156) | (33,099,303) |
| Net decrease in net assets resulting from operations | (278,136,250) | (83,007,363) | (58,879,506) | (18,032,107) |
| Dividends to Shareholders From | | | | |
| Net investment income | (65,857,392) | (71,016,850) | (16,017,675) | (15,779,101) |
| Capital Share Transactions | | | | |
| Reinvestment of dividends | 1,869,284 | 2,284,457 | | |
| Net Assets | | | | |
| Total decrease in net assets | (342,124,358) | (151,739,756) | (74,897,181) | (33,811,208) |
| Beginning of year | 594,204,307 | 745,944,063 | 168,553,012 | 202,364,220 |
| End of year | \$ 252,079,949 | \$ 594,204,307 | \$ 93,655,831 | \$ 168,553,012 |
| End of year undistributed (distributions in excess of) net investment income | \$ (749,083) | \$ 6,656,691 | \$ 1,132,254 | \$ 2,193,448 |

See Notes to Financial Statements.

Statements of Changes in Net Assets (concluded)

| | BlackRock Senior High Income Fund, Inc. (ARK) | |
|--|--|---|
| | Year Ended February 28, 2009 | Year Ended February 29, 2008 |
| Increase (Decrease) in Net Assets: | | |
| Operations | | |
| Net investment income | \$ 23,218,610 | \$ 30,307,192 |
| Net realized loss | (55,099,290) | (1,736,048) |
| Net change in unrealized appreciation/depreciation | (82,255,118) | (60,505,247) |
| Net decrease in net assets resulting from operations | (114,135,798) | (31,934,103) |
| Dividends and Distributions to Shareholders From | | |
| Net investment income | (24,063,310) | (31,809,845) |
| Tax return of capital | (3,089,535) | |
| Total dividends and distributions to shareholders | (27,152,845) | (31,809,845) |
| Capital Share Transactions | | |
| Reinvestment of dividends | 239,560 | 986,870 |
| Net Assets | | |
| Total decrease in net assets | (141,049,083) | (62,757,078) |
| Beginning of year | 284,691,959 | 347,449,037 |
| End of year | \$ 143,642,876 | \$ 284,691,959 |
| End of year undistributed (distributions in excess of) net investment income | \$ (267,346) | \$ 754,758 |

See Notes to Financial Statements.

Statements of Cash Flows

| | 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) |
|---|--|-------------------------------|---|-------------------------------|---|--|---|
| | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, 2008 | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, 2008 | Year Ended February 28, 2009 | Year Ended February 28, 2009 | Year Ended February 28, 2009 |
| Cash Provided by Operating Activities | | | | | | | |
| Net decrease in net assets resulting from operations | \$ (103,763,239) | \$ (20,009,886) | \$ (112,298,481) | \$ (22,351,069) | \$ (278,136,250) | \$ (58,879,506) | \$ (114,135,798) |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: | | | | | | | |
| Decrease in receivables | 1,844,715 | 2,034,283 | 1,591,866 | 2,723,382 | 7,019,914 | 1,444,422 | 2,921,194 |
| Decrease (increase) in prepaid expenses and other assets | 5,061 | (42,467) | (3,137) | (44,163) | 161,560 | 11,049 | 5,767 |
| Decrease in other liabilities | (59,570) | (222,259) | (98,538) | (218,611) | (271,063) | (107,321) | (97,775) |
| Swap premiums paid | | | | | (2,638,648) | (1,355,158) | (2,352,825) |
| Net realized and unrealized loss | 120,521,256 | 46,668,807 | 130,560,911 | 50,381,587 | 343,473,089 | 74,642,852 | 137,953,206 |
| Amortization of premium and discount on investments | (939,769) | (156,871) | (1,130,494) | (185,711) | (3,015,444) | (986,792) | (939,686) |
| Cash collateral on swaps | (2,500,000) | | | | | | (900,000) |
| Payment-in-kind income | (619,078) | (526,454) | (805,148) | (949,113) | (3,095,654) | (556,461) | (694,292) |
| Premiums received from options written | | | | | 480,000 | 120,000 | 240,000 |
| Proceeds from sales and paydowns of long-term securities | 133,652,547 | 190,268,817 | 142,776,126 | 203,235,485 | 400,862,051 | 120,867,019 | 209,873,284 |
| Purchases of long-term securities | (101,823,456) | (132,716,283) | (108,355,440) | (143,485,196) | (290,873,553) | (92,317,621) | (158,289,537) |
| Net sales (purchases) of short-term investments | (7,097,122) | 6,428,611 | (8,370,522) | 1,569,706 | (4,725,260) | (4,108,178) | (2,444,623) |
| Unrealized gain on foreign currency | | (39,462) | | (53,964) | | | |
| Cash provided by operating activities | 39,221,345 | 91,686,836 | 43,867,143 | 90,622,333 | 169,240,742 | 38,774,305 | 71,138,915 |

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**Cash Used for
Financing Activities**

| | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| Cash receipts from loans | 47,000,000 | 74,500,000 | 50,000,000 | 79,000,000 | 228,000,000 | 93,000,000 | 141,000,000 |
| Cash payments from loans | (73,000,000) | (136,000,000) | (77,500,000) | (137,000,000) | (337,000,000) | (117,000,000) | (185,500,000) |
| Cash dividends paid to shareholders | (19,141,437) | (26,103,776) | (20,769,001) | (28,788,075) | (64,015,880) | (16,027,943) | (26,970,975) |
| Increase in bank overdraft | 926,999 | | | | | | |
| Cash used for financing activities | (44,214,438) | (87,603,776) | (48,269,001) | (86,788,075) | (173,015,880) | (40,027,943) | (71,470,975) |

**Cash Impact from
Foreign Exchange
Fluctuations**

| | | | | | | | |
|--|--------|----------|--------|----------|----------|---------|--|
| Cash impact from foreign exchange fluctuations | 29,338 | (17,657) | 29,019 | (32,161) | (58,664) | (5,730) | |
|--|--------|----------|--------|----------|----------|---------|--|

Cash

| | | | | | | | |
|---------------------------------|------------------|---------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| Net increase (decrease) in cash | (4,963,755) | 4,065,403 | (4,372,839) | 3,802,097 | (3,833,802) | (1,259,368) | (332,060) |
| Cash at beginning of year | 5,030,665 | 965,262 | 4,590,276 | 788,179 | 4,792,147 | 1,514,553 | 454,483 |
| Cash at end of year | \$ 66,910 | \$ 5,030,665 | \$ 217,437 | \$ 4,590,276 | \$ 958,345 | \$ 255,185 | \$ 122,423 |

**Cash Flow
Information**

| | | | | | | | |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash paid for interest | \$ 1,713,929 | \$ 4,295,816 | \$ 1,879,251 | \$ 4,643,420 | \$ 5,842,301 | \$ 1,608,332 | \$ 2,853,954 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

**Non-Cash Financing
Activities**

| | | | | | | | |
|---------------------------|--|--------------|--|------------|--|--|--|
| Reinvestment of dividends | | \$ 1,869,284 | | \$ 239,560 | | | |
|---------------------------|--|--------------|--|------------|--|--|--|

See Notes to Financial Statements.

Financial Highlights

BlackRock Corporate High Yield Fund, Inc. (COY)

| | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | | | |
|--|--|--------------------|---------|---------|---------|---------|
| | | 2008 | 2007 | 2006 | 2005 | 2004 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 7.74 | \$ 9.07 | \$ 8.52 | \$ 8.53 | \$ 8.48 | \$ 8.01 |
| Net investment income ¹ | 0.50 | 0.75 | 0.73 | 0.74 | 0.87 | 0.91 |
| Net realized and unrealized gain (loss) | (3.50) | (1.32) | 0.49 | 0.02 | 0.07 | 0.56 |
| Net increase (decrease) from investment operations | (3.00) | (0.57) | 1.22 | 0.76 | 0.94 | 1.47 |
| Dividends to shareholders from net investment income | (0.55) | (0.76) | (0.67) | (0.77) | (0.89) | (1.00) |
| Net asset value, end of period | \$ 4.19 | \$ 7.74 | \$ 9.07 | \$ 8.52 | \$ 8.53 | \$ 8.48 |
| Market price, end of period | \$ 3.91 | \$ 7.28 | \$ 8.47 | \$ 7.42 | \$ 8.46 | \$ 8.23 |
| Total Investment Return² | | | | | | |
| Based on net asset value | (38.98)% ³ | (5.49)% | 15.60% | 9.75% | 11.31% | 18.65% |
| Based on market price | (39.46)% ³ | (4.81)% | 23.96% | (3.63)% | 13.75% | 6.75% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses after fees paid indirectly and excluding interest expense | 1.17% ⁴ | 0.83% | 0.91% | 0.90% | 0.87% | 0.91% |
| Total expenses | 2.29% ⁴ | 2.33% | 3.25% | 2.39% | 1.69% | 1.39% |
| Net investment income | 11.45% ⁴ | 9.15% | 8.36% | 8.55% | 9.85% | 10.72% |

Supplemental Data

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| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 144,800 | \$ 267,698 | \$ 313,821 | \$ 294,759 | \$ 294,218 | \$ 291,654 |
| Amount of loan outstanding, end of period (000) | \$ 38,700 | \$ 64,700 | \$ 126,200 | \$ 127,700 | \$ 100,600 | \$ 100,400 |
| Average amount of loan outstanding during the period (000) | \$ 59,553 | \$ 81,598 | \$ 125,974 | \$ 101,539 | \$ 104,938 | \$ 101,764 |
| Portfolio turnover | 37% | 38% | 62% | 57% | 57% | 83% |
| Asset coverage, end of period per \$1,000 | \$ 4,742 | \$ 5,138 | \$ 3,487 | \$ 3,308 | \$ 3,925 | \$ 3,905 |

¹ Based on average shares outstanding.

² 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. Total investment returns exclude the effects of sales charges.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

Financial Highlights

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

| | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | | | |
|--|--|--------------------|---------|---------|---------|-------------------|
| | | 2008 | 2007 | 2006 | 2005 | 2004 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 7.62 | \$ 8.99 | \$ 8.46 | \$ 8.46 | \$ 8.43 | \$ 7.86 |
| Net investment income ¹ | 0.50 | 0.73 | 0.71 | 0.72 | 0.85 | 0.88 |
| Net realized and unrealized gain (loss) | (3.51) | (1.33) | 0.49 | 0.02 | 0.07 | 0.58 |
| Net increase (decrease) from investment operations | (3.01) | (0.60) | 1.20 | 0.74 | 0.92 | 1.46 |
| Dividends to shareholders from net investment income | (0.56) | (0.77) | (0.67) | (0.74) | (0.89) | (0.89) |
| Capital changes with respect to issuance of Common Stock | | | | | | 0.00 ₂ |
| Net asset value, end of period | \$ 4.05 | \$ 7.62 | \$ 8.99 | \$ 8.46 | \$ 8.46 | \$ 8.43 |
| Market price, end of period | \$ 3.57 | \$ 7.03 | \$ 8.53 | \$ 7.36 | \$ 8.38 | \$ 7.97 |
| Total Investment Return³ | | | | | | |
| Based on net asset value | (39.69)% ⁴ | (5.69)% | 15.51% | 9.78% | 11.24% | 19.33% |
| Based on market price | (42.38)% ⁴ | (8.30)% | 25.98% | (3.59)% | 16.55% | 6.07% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses after fees paid indirectly and excluding interest expense | 1.29% ⁵ | 0.96% | 1.04% | 1.00% | 0.99% | 1.01% |
| Total expenses | 2.45% ⁵ | 2.47% | 3.38% | 2.49% | 1.81% | 1.51% |
| Net investment income | 11.80% ⁵ | 9.01% | 8.25% | 8.45% | 9.71% | 10.48% |

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Supplemental Data

| | | | | | | | | | | | | |
|--|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Net assets, end of period (000) | \$ | 151,261 | \$ | 284,361 | \$ | 335,479 | \$ | 315,699 | \$ | 315,626 | \$ | 313,583 |
| Amount of loan outstanding, end of period (000) | \$ | 44,200 | \$ | 71,700 | \$ | 129,700 | \$ | 141,000 | \$ | 107,800 | \$ | 109,600 |
| Average amount of loan outstanding during the period (000) | \$ | 65,500 | \$ | 88,466 | \$ | 134,704 | \$ | 109,144 | \$ | 112,501 | \$ | 112,297 |
| Portfolio turnover | | 37% | | 38% | | 62% | | 56% | | 55% | | 83% |
| Asset coverage, end of period per \$1,000 | \$ | 4,422 | \$ | 4,966 | \$ | 3,587 | \$ | 3,239 | \$ | 3,928 | \$ | 3,861 |

¹ Based on average shares outstanding.

² Amount is less than \$0.01 per share.

³ 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. Total investment returns exclude the effects of sales charges.

⁴ Aggregate total investment return.

⁵ Annualized.

See Notes to Financial Statements.

Financial Highlights

| | BlackRock Debt Strategies Fund, Inc. (DSU) | | | | | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | | | | |
|---|--|-----------------------------------|-------------------------|---------|---------|--|-----------------------------------|----------------------------|----------|--|
| | Year Ended Feb. 28, 2009 | Year Ended Feb. 29, 2008 | Year Ended February 28, | | | Year Ended Feb. 28, 2009 | Year Ended Feb. 29, 2008 | Year Ended February 28, | | Period July 30, 2004 ¹ to Feb. 28, 2005 |
| | | | 2007 | 2006 | 2005 | | | 2007 | 2006 | |
| Per Share Operating Performance | | | | | | | | | | |
| Net asset value, beginning of period | \$ 5.57 | \$ 7.01 | \$ 6.69 | \$ 7.06 | \$ 6.71 | \$ 16.06 | \$ 19.28 | \$ 19.39 | \$ 19.74 | \$ 19.10 |
| Net investment income ² | 0.52 | 0.66 | 0.68 | 0.63 | 0.67 | 1.37 | 1.55 | 1.55 | 1.33 | 0.58 |
| Net realized and unrealized gain (loss) | (3.12) | (1.43) | 0.28 | (0.35) | 0.34 | (6.98) | (3.27) | (0.12) | (0.31) | 0.57 |
| Net increase (decrease) from investment operations | (2.60) | (0.77) | 0.96 | 0.28 | 1.01 | (5.61) | (1.72) | 1.43 | 1.02 | 1.15 |
| Dividends and distributions to shareholders from: | | | | | | | | | | |
| Net investment income | (0.62) | (0.67) | (0.64) | (0.65) | (0.66) | (1.53) | (1.50) | (1.54) | (1.27) | (0.47) |
| Net realized gain | | | | | | | | | (0.10) | (0.01) |
| Total dividends and distributions | (0.62) | (0.67) | (0.64) | (0.65) | (0.66) | (1.53) | (1.50) | (1.54) | (1.37) | (0.48) |
| Capital charges with respect to issuance of Common Shares | | | | | | | | | | (0.03) |
| Net asset value, end of period | \$ 2.35 | \$ 5.57 | \$ 7.01 | \$ 6.69 | \$ 7.06 | \$ 8.92 | \$ 16.06 | \$ 19.28 | \$ 19.39 | \$ 19.74 |
| Market price, end of period | \$ 2.07 | \$ 5.43 | \$ 7.28 | \$ 6.77 | \$ 6.71 | \$ 8.28 | \$ 14.75 | \$ 18.50 | \$ 17.76 | \$ 19.44 |
| Total Investment Return³ | | | | | | | | | | |
| Based on net asset value | (50.19)% | (11.72)% | 15.35% | 4.57% | 15.95% | (36.46)% | (8.98)% | 8.31% | 6.07% | 5.97% ⁴ |

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| | | | | | | | | | | |
|-----------------------|----------|----------|--------|--------|--------|----------|----------|--------|---------|----------------------|
| Based on market price | (54.99)% | (17.13)% | 18.37% | 11.34% | 10.53% | (35.78)% | (12.88)% | 13.47% | (1.35)% | (0.34)% ⁴ |
|-----------------------|----------|----------|--------|--------|--------|----------|----------|--------|---------|----------------------|

Ratios to Average Net Assets

| | | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|-------|-------|-------|--------------------|
| Total expenses after fees paid indirectly and excluding interest expense | 1.20% | 0.99% | 0.99% | 1.02% | 1.02% | 1.38% | 1.20% | 1.22% | 1.25% | 0.92% ⁵ |
| Total expenses after fees paid indirectly | 2.42% | 3.13% | 3.16% | 2.63% | 1.83% | 2.48% | 2.78% | 2.87% | 2.46% | 1.30% ⁵ |
| Total expenses | 2.42% | 3.13% | 3.16% | 2.63% | 1.83% | 2.48% | 2.78% | 2.87% | 2.46% | 1.48% ⁵ |
| Net investment income | 11.79% | 9.90% | 9.97% | 9.55% | 9.84% | 10.08% | 8.39% | 8.03% | 6.88% | 5.11% ⁵ |

Supplemental Data

| | | | | | | | | | | |
|--|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 252,080 | \$ 594,204 | \$ 745,944 | \$ 708,411 | \$ 745,256 | \$ 93,656 | \$ 168,553 | \$ 202,364 | \$ 203,557 | \$ 207,255 |
| Amount of loan outstanding, end of period (000) | \$ 90,000 | \$ 199,000 | \$ 298,600 | \$ 259,900 | \$ 298,400 | \$ 26,000 | \$ 50,000 | \$ 47,000 | \$ 61,400 | \$ 60,300 |
| Average amount of loan outstanding during the period (000) | \$ 163,286 | \$ 272,846 | \$ 283,906 | \$ 294,371 | \$ 304,549 | \$ 45,165 | \$ 55,269 | \$ 61,022 | \$ 63,725 | \$ 29,072 |
| Portfolio turnover | 44% | 51% | 65% | 46% | 60% | 47% | 65% | 65% | 72% | 30% |
| Asset coverage, end of period per \$1,000 | \$ 3,801 | \$ 3,986 | \$ 3,498 | \$ 3,726 | \$ 3,498 | \$ 4,602 | \$ 4,371 | \$ 5,306 | \$ 4,315 | \$ 4,437 |

¹ Commencement of operations.

² Based on average shares outstanding.

³ 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. Total investment returns exclude the effects of sales charges.

⁴ Aggregate total investment return.

⁵ Annualized.

See Notes to Financial Statements.

Financial Highlights

BlackRock Senior High Income Fund, Inc. (ARK)

| | Year Ended February 28, 2009 | Year Ended February 29, 2008 | Year Ended February 28, | | |
|--|---------------------------------------|---------------------------------------|-------------------------|---------|---------|
| | | | 2007 | 2006 | 2005 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 5.04 | \$ 6.17 | \$ 6.00 | \$ 6.28 | \$ 6.10 |
| Net investment income ¹ | 0.41 | 0.54 | 0.57 | 0.55 | 0.57 |
| Net realized and unrealized gain (loss) | (2.43) | (1.11) | 0.16 | (0.27) | 0.16 |
| Net increase (decrease) from investment operations | (2.02) | (0.57) | 0.73 | 0.28 | 0.73 |
| Dividends and distributions to shareholders from: | | | | | |
| Net investment income | (0.43) | (0.56) | (0.56) | (0.56) | (0.55) |
| Tax return of capital | (0.05) | | | | |
| Total dividends and distributions | (0.48) | (0.56) | (0.56) | (0.56) | (0.55) |
| Net asset value, end of year | \$ 2.54 | \$ 5.04 | \$ 6.17 | \$ 6.00 | \$ 6.28 |
| Market price, end of year | \$ 2.21 | \$ 4.91 | \$ 6.53 | \$ 5.88 | \$ 6.21 |

Total Investment Return²

| | | | | | |
|--------------------------|----------|----------|--------|-------|--------|
| Based on net asset value | (42.15)% | (9.76)% | 12.82% | 5.07% | 12.88% |
| Based on market price | (48.33)% | (16.94)% | 21.84% | 4.13% | 11.44% |

Ratios to Average Net Assets

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Total expenses excluding interest expense | 1.05% | 0.86% | 0.90% | 0.91% | 0.91% |
| Total expenses | 2.24% | 2.70% | 3.03% | 2.39% | 1.69% |
| Net investment income | 9.96% | 9.16% | 9.42% | 9.23% | 9.28% |

Supplemental Data

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| | | | | | | | | | | |
|--|----|---------|----|---------|----|---------|----|---------|----|---------|
| Net assets, end of year (000) | \$ | 143,643 | \$ | 284,692 | \$ | 347,449 | \$ | 335,690 | \$ | 349,791 |
| <hr/> | | | | | | | | | | |
| Amount of loan outstanding, end of year (000) | \$ | 47,000 | \$ | 91,500 | \$ | 132,000 | \$ | 141,700 | \$ | 147,500 |
| <hr/> | | | | | | | | | | |
| Average amount of loan outstanding during the year (000) | \$ | 79,422 | \$ | 109,978 | \$ | 131,575 | \$ | 128,461 | \$ | 137,934 |
| <hr/> | | | | | | | | | | |
| Portfolio turnover | | 49% | | 48% | | 62% | | 48% | | 54% |
| <hr/> | | | | | | | | | | |
| Asset coverage, end of year per \$1,000 | \$ | 4,056 | \$ | 4,112 | \$ | 3,632 | \$ | 3,369 | \$ | 3,371 |
| <hr/> | | | | | | | | | | |

¹ Based on average shares outstanding.

² 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. Total investment returns exclude the effects of sales charges.

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2009

49

Notes to Financial Statements

1. Organization and Significant Accounting Policies:

BlackRock Corporate High Yield Fund, Inc. (Corporate High Yield), BlackRock Corporate High Yield Fund III, Inc. (Corporate High Yield III), BlackRock Debt Strategies Fund, Inc. (Debt Strategies) and BlackRock Floating Rate Income Strategies Fund II, Inc. (Floating Rate Income Strategies II) (the Funds or individually as the Fund) are registered under the investment Company Act of 1940, as amended (the 1940 Act), as diversified, closed-end management investment companies. BlackRock Senior High Income Fund, Inc. (Senior High Income) is registered under the 1940 Act as a non-diversified, closed-end management investment company. Each of the Funds is organized as a Maryland corporation. Corporate High Yield and Corporate High Yield III recently changed their fiscal year end to February 28. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Funds determine and make available for publication the net asset values of their Common Shares on a daily basis.

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

Valuation of Investments: The Funds value their bond investments on the basis of last available bid price or current market quotations provided by dealers or pricing services selected under the supervision of each Fund's Board of Directors (the Board). Floating rate loan interests are valued at the mean between the last available 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 based on valuation technology commonly employed in the market for such investments. Swap agreements are valued utilizing quotes received daily by the Funds' pricing service or through brokers which are derived using daily swap curves and trades of underlying securities. Short-term securities with maturities less than 60 days are valued at amortized cost, which approximates fair value. Investments in open-end investment companies are valued at net asset value each business day. The Funds value their investment in the BlackRock Liquidity Series, LLC Cash Sweep Series at fair value, which is ordinarily based upon their pro-rata ownership in the net assets of the underlying fund.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System 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.

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 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 securities.

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, the investment will be valued by a method approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or sub-advisor seeks to determine the price that the Funds 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 securities is substantially completed each day at various times prior to the close of business on the New York Stock Exchange (NYSE). The values of such securities used in computing the net assets of each Fund are determined as of such times. Foreign currency exchange rates will be determined as of the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined 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 securities, those securities will be valued at their fair value as determined in good faith by the Board or by the investment advisor using a pricing service and/or procedures approved by the Board. Foreign currency exchange contracts and forward foreign currency exchange contracts are valued at the mean between the bid and ask prices. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

Derivative Financial Instruments: The Funds may engage in various portfolio investment strategies both to increase the return of the Funds and to hedge, or protect, their exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security, or if the counterparty does not perform under the contract.

Forward currency contracts A forward currency contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. The Funds may enter into foreign currency contracts as a hedge against either specific transactions or portfolio positions. Forward currency contracts, when used by the Funds, help to manage the overall exposure to the foreign currency backing some of the investments held by the Funds. 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 forward currency contracts

Notes to Financial Statements (continued)

involves the risk that counterparties may not meet the terms of the agreement and market risk of unanticipated movements in the value of a foreign currency relative to the US dollar.

Options The Funds may purchase and write call and put options. A call option gives the purchaser of the option the right (but not the obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying position at the exercise 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 position at the exercise price at any time or at a specified time during the option period.

When a Fund purchases (writes) an option, an amount equal to the premium paid (received) by the Fund is reflected as an asset and an equivalent liability. The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option written. When a security 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 security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes 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 premium received or paid). When a Fund writes a call option, such option is covered, meaning that the Fund holds the underlying security subject to being called by the option counterparty, or cash in an amount sufficient to cover the obligation. When a Fund writes 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 market risk of an unfavorable change in the price of the underlying security. Exercise of a written option could result in the Funds purchasing a security at a price different from the current market value. The Funds may execute transactions in both listed and OTC options. Transactions in certain OTC options may expose the Funds to the risk of default by the counterparty to the transactions.

Swaps The Funds may enter into swap agreements, in which the Funds and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the Funds are recorded in the accompanying Statements of Operations as realized gains or losses, respectively. 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. Swap transactions involve, to varying degrees, elements of credit and market risk in excess of the amounts recognized on the Statements of Assets and Liabilities. Such risk involves 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 there may be unfavorable changes in interest rates and/or market values associated with these transactions.

Credit default swaps The Funds may enter into credit default swaps for investment purposes or to manage their credit risk. The Funds enter into credit default agreements to provide a measure of protection against the default of an issuer (as buyer protection) and/or gain exposure to an issuer to which it is not otherwise exposed (as seller of protection). Credit default swaps are agreements in which one party pays fixed periodic payments to a counterparty in consideration for a guarantee from the counterparty to make a specific payment should a negative credit event take place (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). The Funds may either buy or sell (write) credit default swaps. As a buyer, 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 of an 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 of an index. As a seller (writer), 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 of an 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 of an index. In the event of default by the counterparty, the Funds may recover amounts paid under the agreement either partially or in total by offsetting any payables and/or receivables with collateral held or pledged.

Floating Rate Loans: The Funds may invest in floating rate loans, which are generally non-investment grade, made by banks, other financial institutions and privately and publicly offered corporations. Floating rate loans are senior in the debt structure of a corporation. Floating rate loans 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 (i) the lending rate offered by one or more European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more US banks or (iii) the certificate of deposit rate. The Funds consider these investments to be investments in debt securities for purposes of their investment policies.

The Funds earn and/or pay facility and other fees on floating rate loans. Other fees earned/paid include commitment, amendment, consent, commissions and prepayment penalty fees. Facility, amendment and consent fees are typically amortized as premium and/or accreted as discount

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over the term of the loan. Commitment, commission and various other fees are recorded as income. Prepayment penalty fees are recorded on the accrual basis. When a Fund buys a floating rate loan it may receive a facility fee and when it sells a floating rate loan 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 portion of a floating rate loan. In certain circumstances, the Funds may receive a prepayment penalty fee upon the prepayment of a floating rate loan by a borrower. Other fees received by the Funds may include covenant waiver fees and covenant modification fees.

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.

Notes to Financial Statements (continued)

Floating rate loans are usually freely callable at the issuer's option. The Funds may invest in such loans in the form of participations in loans (Participations) and 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. Each Fund 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 relating to the loans, 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' investments in loan participation interests involve 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.

Foreign Currency Transactions: Foreign currency amounts are translated into United States dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange; and (ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

Each Fund reports foreign currency related transactions as components of realized gains for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

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.

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 can have a rating that is slightly below that of the issuing company's senior debt securities.

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 segregate assets in connection with certain investments (e.g., options, written options, forward foreign currency contracts and swaps), each Fund will, consistent with certain interpretive letters issued by the SEC, designate on its books and records cash or other 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 Fund may also be required to deliver or deposit securities as collateral for certain investments (e.g., swaps and written options).

Investment Transactions and Investment Income: Investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recorded on the accrual basis. The Funds amortize all premiums and discounts on debt securities.

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

Income Taxes: It is each Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required. Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

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The Funds file 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 three years ended May 31, 2008 and the period ended February 28, 2009 for Corporate High Yield and Corporate High Yield III, and for each of the four years ended February 28, 2009 for Debt Strategies, Floating Rate Income Strategies II and Senior High Income. The statutes of limitations on the Funds' state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Recent Accounting Pronouncement: In March 2008, Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133 (FAS 161), was issued. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The impact on the Funds' financial statement disclosures, if any, is currently being assessed.

Notes to Financial Statements (continued)

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Fund's Board, non-interested Directors (Independent Directors) defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts have been invested in common shares of other certain 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 other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations there under represent general unsecured claims against the general assets of the Funds. Each Fund may, however, elect to invest in Common Shares of other certain 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 are included in other assets on the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in income affiliated on the Statements of Operations.

Bank Overdraft: Corporate High Yield recorded a bank overdraft, which resulted from estimates of available cash.

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

2. Investment Advisory Agreement and Other Transactions with Affiliates:

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Advisor), an indirect, wholly owned subsidiary of BlackRock, Inc., to provide investment advisory and administration services. The PNC Financial Services Group, Inc. (PNC) and Bank of America Corporation (BAC) are the largest stockholders of BlackRock, Inc. (BlackRock). BAC became a stockholder of BlackRock following its acquisition of Merrill Lynch & Co., Inc. (Merrill Lynch) on January 1, 2009. Prior to that date, both PNC and Merrill Lynch were considered affiliates of the Funds under the 1940 Act. Subsequent to the acquisition, PNC remains an affiliate, but due to the restructuring of Merrill Lynch's ownership interest of BlackRock, BAC is not deemed to be an affiliate under the 1940 Act.

The Advisor 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 Advisor a monthly fee at the following annual rates of the average daily value of each Fund's net assets, plus the proceeds of any outstanding borrowings used for leverage:

| | |
|------------------------------------|-------|
| Corporate High Yield | 0.50% |
| Corporate High Yield III | 0.60% |
| Debt Strategies | 0.60% |
| Floating Rate Income Strategies II | 0.75% |
| Senior High Income | 0.50% |

The Advisor has entered into a separate sub-advisory agreement with BlackRock Financial Management, Inc. (BFM), an affiliate of the Advisor, under which the Advisor pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fee paid by the Funds to the Advisor.

For the year ended February 28, 2009, Debt Strategies, Floating Rate Income Strategies II and Senior High Income reimbursed the Advisor for certain accounting services, which are included in accounting services in the Statements of Operations as follows:

| | Reimbursement to Advisor |
|------------------------------------|-----------------------------|
| Debt Strategies | \$ 7,945 |
| Floating Rate Income Strategies II | \$ 2,399 |
| Senior High Income | \$ 4,237 |

For the period June 1, 2008 to February 28, 2009 and the year ended May 31, 2008, Corporate High Yield and Corporate High Yield III reimbursed the Advisor for certain accounting services, which are included in accounting services in the Statements of Operations as follows:

| | Period | |
|--------------------------|--|------------------------------------|
| | June 1, 2008 to February 28, 2009 | Year Ended May 31, 2008 |
| Corporate High Yield | \$ 3,032 | \$ 5,078 |
| Corporate High Yield III | \$ 3,413 | \$ 5,298 |

Pursuant to the terms of the custody agreement, custodian fees may be reduced by amounts calculated on uninvested cash balances, which are shown on the Statements of Operations as fees paid indirectly.

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock, Inc. or its affiliates. The Funds reimburse the Advisor for compensation paid to the Funds Chief Compliance Officer.

3. Investments:

Purchases and sales (including paydowns) of investments, excluding short-term securities, for the period June 1, 2008 to February 28, 2009 for Corporate High Yield and Corporate High Yield III and the year ended February 28, 2009 for Debt Strategies, Floating Rate Income Strategies II and Senior High Income were as follows:

| | Total Purchases | Total Sales |
|------------------------------------|------------------------|--------------------|
| Corporate High Yield | \$ 94,298,947 | \$ 133,388,388 |
| Corporate High Yield III | \$ 100,392,962 | \$ 141,313,158 |
| Debt Strategies | \$ 272,948,645 | \$ 399,176,343 |
| Floating Rate Income Strategies II | \$ 86,661,384 | \$ 117,861,327 |
| Senior High Income | \$ 149,124,215 | \$ 211,125,837 |

Notes to Financial Statements (continued)

Transactions in call and put options written for the year ended February 28, 2009 were as follows:

Debt Strategies

| Call Options Written | Contracts | Premiums Received |
|---|-----------|----------------------|
| Outstanding call options written, beginning of year | | |
| Options written | 8 | \$ 228,000 |
| Options expired | (8) | (228,000) |
| Outstanding call options written, end of year | | \$ |

| Put Options Written | Contracts | Premiums Received |
|--|-----------|----------------------|
| Outstanding put options written, beginning of year | | |
| Options written | 8 | \$ 252,000 |
| Options expired | (8) | (252,000) |
| Outstanding put options written, end of year | | \$ |

Floating Rate Income Strategies II

| Call Options Written | Contracts | Premiums Received |
|---|-----------|----------------------|
| Outstanding call options written, beginning of year | | |
| Options written | 2 | \$ 57,000 |
| Options expired | (2) | (57,000) |
| Outstanding call options written, end of year | | \$ |

| Put Options Written | Contracts | Premiums Received |
|--|-----------|----------------------|
| Outstanding put options written, beginning of year | | |
| Options written | 2 | \$ 63,000 |
| Options expired | (2) | (63,000) |
| Outstanding put options written, end of year | | \$ |

Senior High Income

| Call Options Written | Contracts |
|----------------------|-----------|
|----------------------|-----------|

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| | | Premiums Received |
|---|-----|----------------------|
| Outstanding call options written, beginning of year | | |
| Options written | 4 | \$ 114,000 |
| Options expired | (4) | (114,000) |
| Outstanding call options written, end of year | | \$ |

| Put Options Written | Contracts | Premiums Received |
|--|-----------|----------------------|
| Outstanding put options written, beginning of year | | |
| Options written | 4 | \$ 126,000 |
| Options expired | (4) | (126,000) |
| Outstanding put options written, end of year | | \$ |

4. 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 (credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the companies 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 credit risk, the Funds may be exposed to counterparty risk, or the risk that an entity with which the Funds have unsettled or open transactions may default. Financial assets, which potentially expose the Funds to credit and counter-party risks, consist principally of investments and cash due from counterparties. The extent of the Funds' exposure to credit and counterparty risks with respect to these financial assets is approximated by their value recorded in the Funds' Statements of Assets and Liabilities.

5. 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 classify and reclassify any unissued shares without approval of Common Shareholders. During the years ended February 28, 2009 and February 29, 2008, the shares issued and outstanding increased by the following amounts:

| | February 28, 2009 | February 29, 2008 |
|--------------------|-------------------|-------------------|
| Debt Strategies | 499,727 | 332,989 |
| Senior High Income | 75,664 | 159,689 |

Shares issued and outstanding remained constant for Corporate High Yield and Corporate High Yield III for the period June 1, 2008 to February 28, 2009 and the years ended May 31, 2008 and May 31, 2007 and for Floating Rate Income Strategies II for the years ended February 28, 2009 and February 29, 2008.

6. Commitments:

The Funds may invest in floating rate loans. In connection with these investments, the Funds may also enter into unfunded corporate loans (commitments). Commitments may obligate the Funds to furnish temporary financing to a borrower until permanent financing can be arranged. As of February 28, 2009, the Funds had the following unfunded loan commitments:

Floating Rate Income Strategies II

| Borrower | Unfunded Commitment (000) | Value of Underlying Loans (000) |
|----------------------------------|---------------------------------|---------------------------------------|
| Community Health Systems, Inc. | \$ 104 | \$ 88 |
| Hologic, Inc. | \$ 150 | \$ 135 |
| Smurfit Corp. | \$ 210 | \$ 197 |
| Vought Aircraft Industries, Inc. | \$ 333 | \$ 200 |

7. Short-Term Borrowings:

On May 16, 2008, the Funds renewed their revolving credit and security agreements pursuant to a commercial paper asset securitization program with Citicorp North America, Inc. (Citicorp), as Agent, certain secondary backstop lenders and certain asset securitization conduits, as lenders (the Lenders). The agreement was renewed for one year and at the time of

Notes to Financial Statements (continued)

renewal had maximum limits of \$135 million for Corporate High Yield, \$143 million for Corporate High Yield III, \$309 million for Debt Strategies, \$88 million for Floating Rate Income Strategies II and \$148 million for Senior High Income.

Under the Citicorp program, the conduits will fund advances to each Fund through the issuance of highly rated commercial paper. Each Fund has granted a security interest in substantially all of its assets to, and in favor of, the Lenders as security for its obligations to the Lenders. The interest rate on each Fund's borrowings is based on the interest rate carried by the commercial paper plus a program fee. In addition, each Fund pays a liquidity fee to the secondary backstop lenders and the agent. These amounts are shown on the Statements of Operations as borrowing costs.

Under the agreement, the Funds are subject to certain conditions and covenants, which include among other things limitations on asset declines over prescribed time periods. As a result of the decline in net assets attributable to market conditions, certain terms of the facility were renegotiated effective December 5, 2008, which included waivers of certain financial covenants by the Lenders, an increase in program and liquidity fees under the facility and a reduction of the maximum limits as follows:

| | Maximum Limit |
|------------------------------------|------------------|
| Corporate High Yield | \$ 81,000,000 |
| Corporate High Yield III | \$ 85,000,000 |
| Debt Strategies | \$ 174,000,000 |
| Floating Rate Income Strategies II | \$ 58,000,000 |
| Senior High Income | \$ 91,000,000 |

For the period ended February 28, 2009, the daily weighted average interest rates were as follows:

| | Daily Weighted Average Interest Rate |
|------------------------------------|--|
| Corporate High Yield | 3.71% |
| Corporate High Yield III | 3.70% |
| Debt Strategies | 3.50% |
| Floating Rate Income Strategies II | 3.49% |
| Senior High Income | 3.52% |

8. Income Tax Information:

Reclassifications: Accounting principles generally accepted in the United States of America require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. The following permanent differences as of February 28, 2009 were attributable to the difference between book and tax amortization methods on fixed income securities, classification of investments, foreign currency transactions, the expiration of capital loss carryforwards, reclassifications of distributions, accounting for swap agreements, tax characterization of income recognized from partnerships and grantor trusts, the classification of income and the characterization of expenses.

| Corporate High Yield | Corporate High Yield III | Debt Strategies | Floating Rate Income Strategies II | Senior High Income |
|-------------------------|-----------------------------|--------------------|---------------------------------------|-----------------------|
|-------------------------|-----------------------------|--------------------|---------------------------------------|-----------------------|

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| | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Paid-in capital in excess of par | \$ (25,513,921) | \$ (34,200,029) | \$ (21,442,332) | \$ (25,658,795) |
| Undistributed (distributions in excess of) net investment income | \$ 702,053 | \$ 693,854 | \$ 3,302,052 | \$ 527,422 |
| Accumulated net realized loss | \$ 24,811,868 | \$ 33,506,175 | \$ 18,140,280 | \$ (527,422) |
| | \$ 25,836,199 | | | |

The tax character of distributions paid during the period ended February 28, 2009 and the years ended May 31, 2008 and May 31, 2007 for Corporate High Yield and Corporate High Yield III and during the years ended February 28, 2009 and February 29, 2008 for Debt Strategies, Floating Rate Income Strategies II and Senior High Income were as follows:

| | Corporate High Yield | Corporate High Yield III | Debt Strategies | Floating Rate Income Strategies II | Senior High Income |
|-------------------------------|----------------------|--------------------------|-----------------|------------------------------------|--------------------|
| Ordinary income | | | | | |
| 2/28/09 | \$ 19,134,959 | \$ 20,800,925 | \$ 65,857,392 | \$ 16,017,675 | \$ 24,063,310 |
| 5/31/08 | \$ 26,113,293 | \$ 28,767,885 | | | |
| 2/29/08 | | | \$ 71,016,850 | \$ 15,779,101 | \$ 31,809,845 |
| 5/31/07 | \$ 23,238,405 | \$ 25,076,686 | | | |
| Tax return of capital 2/28/09 | | | | | \$ 3,089,535 |
| Total | | | | | |
| 2/28/09 | \$ 19,134,959 | \$ 20,800,925 | \$ 65,857,392 | \$ 16,017,675 | \$ 27,152,845 |
| 5/31/08 | \$ 26,113,293 | \$ 28,767,885 | | | |
| 2/29/08 | | | \$ 71,016,850 | \$ 15,779,101 | \$ 31,809,845 |
| 5/31/07 | \$ 23,238,405 | \$ 25,076,686 | | | |

Notes to Financial Statements (concluded)

As of February 28, 2009, the tax components of accumulated losses were as follows:

| | Corporate High Yield | Corporate High Yield III | Debt Strategies | Floating Rate Income Strategies II | Senior High Income |
|-------------------------------------|-------------------------|-----------------------------|-------------------------|---------------------------------------|-------------------------|
| Undistributed ordinary income | \$ 5,266,633 | \$ 2,822,188 | \$ 279,380 | \$ 1,396,638 | |
| Capital loss carryforwards | (141,828,019) | (199,443,285) | (294,702,641) | (13,688,710) | \$ (142,177,426) |
| Net unrealized losses* | (132,969,267) | (144,348,428) | (425,768,447) | (94,221,723) | (170,683,550) |
| Total Accumulated Net Losses | \$ (269,530,653) | \$ (340,969,525) | \$ (720,191,708) | \$ (106,513,795) | \$ (312,860,976) |

* The difference between book-basis and tax-basis net unrealized losses is attributable primarily to the tax deferral of losses on wash sales, the tax deferral of losses on straddles, the difference between book and tax amortization methods for premiums and discounts on fixed income securities, book/tax differences in the accrual of income on securities in default, the realization for tax purposes of unrealized gains (losses) on certain foreign currency contracts, the timing and recognition of partnership income, the classification of investments, the accounting for swap agreements, the deferral of post-October capital losses for tax purposes, the deferral of compensation to directors and other book/tax temporary differences.

As of February 28, 2009, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires February 28, | Corporate High Yield | Corporate High Yield III | Debt Strategies | Floating Rate Income Strategies II | Senior High Income |
|----------------------|-------------------------|-----------------------------|-----------------------|---------------------------------------|-----------------------|
| 2010 | \$ 33,478,307 | \$ 52,918,036 | \$ 90,564,493 | | \$ 54,958,583 |
| 2011 | 77,885,783 | 119,513,437 | 85,285,305 | | 30,706,546 |
| 2012 | 6,647,369 | 1,938,881 | 17,223,475 | | 22,345,071 |
| 2013 | | | 21,126,025 | | |
| 2014 | | | 20,233,987 | \$ 203,838 | 4,906,362 |
| 2015 | | | 3,578,574 | 1,315,945 | 1,585,622 |
| 2016 | 454,146 | 363,401 | | | |
| 2017 | 23,362,414 | 24,709,530 | 56,690,782 | 12,168,927 | 27,675,242 |
| Total | \$ 141,828,019 | \$ 199,443,285 | \$ 294,702,641 | \$ 13,688,710 | \$ 142,177,426 |

9. Subsequent Events:

On March 5, 2009, the Funds terminated their revolving credit agreement with Citicorp and entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the Agreement) with State Street Bank and Trust Company (SSB). The Agreement has a maximum commitment of \$81 million for Corporate High Yield, \$85 million for Corporate High Yield III, \$135 million for Debt Strategies, \$58 million for Floating Rate Income Strategies II and \$91 million for Senior High Income. The Funds have granted a security interest in substantially all of their assets to SSB.

The Funds paid net investment income dividends on March 31, 2009 to shareholders of record on March 16, 2009. The amount of the net investment income dividend per share was as follows:

| | Common Dividend Per Share |
|------------------------------------|--------------------------------------|
| Corporate High Yield | \$ 0.06100 |
| Corporate High Yield III | \$ 0.06000 |
| Debt Strategies | \$ 0.03550 |
| Floating Rate Income Strategies II | \$ 0.10335 |
| Senior High Income | \$ 0.02500 |

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.,
BlackRock Senior High Income Fund, Inc.
(collectively the Funds):

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Corporate High Yield Fund, Inc. and BlackRock Corporate High Yield Fund III, Inc. as of February 28, 2009, and the related statements of operations and cash flows for the period June 1, 2008 to February 28, 2009 and for the year ended May 31, 2008, the statements of changes in net assets for the period June 1, 2008 to February 28, 2009 and for each of the two years in the period ended May 31, 2008, and the financial highlights for each of the periods presented. We have also audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Debt Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund, Inc., and BlackRock Senior High Income Fund, Inc., as of February 28, 2009, and the related 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, and the financial highlights for each of the periods presented. 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 28, 2009, by correspondence with the custodian, brokers and financial intermediaries; where replies were not received from brokers or financial intermediaries, 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. and BlackRock Corporate High Yield Fund III, Inc. as of February 28, 2009, the results of their operations and their cash flows for the period June 1, 2008 to February 28, 2009 and for the year ended May 31, 2008, the changes in their net assets for the period June 1, 2008 to February 28, 2009 and for each of the two years in the period ended May 31, 2008, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Debt Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund II, Inc., and BlackRock Senior High Income Fund, Inc. as of February 28, 2009, 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
Princeton, New Jersey
April 29, 2009

Important Tax Information (Unaudited)

The following information is provided with respect to the ordinary income distributions paid monthly by the Funds for the fiscal period ended February 28, 2009:

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| | 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. | BlackRock Senior High Income Fund, Inc. |
|------------------------------------|--|--|---|--|--|
| Interest-Related | | | | | |
| Dividends for Non-US | | | | | |
| Residents ¹ Month Paid: | | | | | |
| March 2008 | | | 78.96% | 66.07% | 90.86% |
| April 2008 | | | 78.60% | 71.86% | 86.61% |
| May 2008 | | | 78.55% | 81.07% | 86.61% |
| June 2008 | 88.40% | 78.86% | 78.55% | 81.07% | 86.61% |
| July 2008 | 88.40% | 83.48% | 78.55% | 81.07% | 86.61% |
| August 2008 | 87.51% | 89.91% | 78.55% | 81.07% | 86.61% |
| September 2008 | 83.54% | 89.91% | 78.55% | 81.07% | 86.61% |
| October 2008 | 83.54% | 89.91% | 78.55% | 81.07% | 86.61% |
| November 2008 | 83.54% | 89.91% | 78.55% | 81.07% | 86.61% |
| December 2008 | 83.54% | 89.91% | 78.55% | 81.07% | 86.61% |
| January 2009 | 83.54% | 89.91% | 78.55% | 81.07% | 86.61% |
| February 2009 | 78.91% | 59.67% | 100.00% | 88.67% | 86.61% |

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

Automatic Dividend Reinvestment Plans

How the Plan Works The Funds offer a Dividend Reinvestment Plan (the Plan) under which income and capital gains dividends paid by each Fund are automatically reinvested in additional Common Shares of each Fund. The Plan is administered on behalf of the shareholders by BNY Mellon Share-owner Services for BlackRock Debt Strategies Fund, Inc. and BlackRock Senior High Income Fund, Inc. and Computershare Trust Company, N.A. for BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc. and BlackRock Floating Rate Income Strategies Fund II, Inc. (individually, the Plan Agent or together, the Plan Agents). Under the Plan, whenever the Funds declare a dividend, participants in the Plan will receive the equivalent in shares of Common Shares of the Fund. The Plan Agents will acquire the shares for the participant's account either (i) through receipt of additional unissued but authorized shares of the Fund (newly issued shares) or (ii) by purchase of outstanding Common Shares on the open market on the New York Stock Exchange or elsewhere. If, on the dividend payment date, a Fund's net asset value per share is equal to or less than the market price per share plus estimated brokerage commissions (a condition often referred to as a market premium), the Plan Agents will invest the dividend amount in newly issued shares. If a Fund's net asset value per share is greater than the market price per share (a condition often referred to as a market discount), the Plan Agents will invest the dividend amount by purchasing on the open market additional shares. If the Plan Agents are 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 Plan Agents will invest any uninvested portion in newly issued shares. The shares acquired are credited to each shareholder's account. The amount credited is determined by dividing the dollar amount of the dividend by either (i) when the shares are newly issued, the net asset value per share on the date the shares are issued or (ii) when shares are purchased in the open market, the average purchase price per share.

Participation in the Plan Participation in the Plan is automatic, that is, a shareholder is automatically enrolled in the Plan when he or she purchases Common Shares of a Fund unless the shareholder specifically elects not to participate in the Plan. Shareholders who elect not to participate will receive all dividend distributions in cash. Shareholders who do not wish to participate in the Plan, must advise their Plan Agent in writing (at the address set forth below) that they elect not to participate in the Plan. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by writing to the Plan Agent.

Benefits of the Plan The Plan provides an easy, convenient way for shareholders to make additional, regular investments in a Fund. The Plan promotes a long-term strategy of investing at a lower cost. All shares acquired pursuant to the Plan receive voting rights. In addition, if the market price plus commissions of a Fund's shares is above the net asset value, participants in the Plan will receive shares of the Fund for less than they could otherwise purchase them and with a cash value greater than the value of any cash distribution they would have received. However, there may not be enough shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Funds do not redeem shares, the price on resale may be more or less than the net asset value.

Plan Fees There are no enrollment fees or brokerage fees for participating in the Plan. The Plan Agents' service fees for handling the reinvestment of distributions are paid for by each Fund. However, brokerage commissions may be incurred when a Fund purchase shares on the open market and shareholders will pay a pro rata share of any such commissions.

Tax Implications The automatic reinvestment of dividends and distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. Therefore, income and capital gains may still be realized even though shareholders do not receive cash. The value of shares acquired pursuant to the Plan will generally be excluded from gross income to the extent that the cash amount reinvested would be excluded from gross income. If, when a Fund's shares are trading at a market premium, a Fund issues shares pursuant to the Plan that have a greater fair market value than the amount of cash reinvested, it is possible that all or a portion of the discount from the market value (which may not exceed 5% of the fair market value of a Fund's shares) could be viewed as a taxable distribution. If the discount is viewed as a taxable distribution, it is also possible that the taxable character of this discount would be allocable to all the shareholders, including shareholders who do not participate in the Plan. Thus, shareholders who do not participate in the Plan might be required to report as ordinary income a portion of their distributions equal to their allocable share of the discount.

Contact Information All correspondence concerning the Plan, including any questions about the Plan, should be directed to the Plan Agent at the following addresses: Shareholders of BlackRock Debt Strategies Fund, Inc. and BlackRock Senior High Income Fund, Inc. should contact BNY Mellon Shareowner Services, P.O. Box 358035, Pittsburgh, PA 15252-8035, Telephone: (866) 216-0242 and shareholders of BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc. and BlackRock Floating Rate Income Strategies Fund II, Inc. should contact 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 Plan Agent at 250 Royall Street, Canton, MA 02021.

Officers and Directors

| Name, Address and Year of Birth | Position(s) Held with Funds | Length of Time Served as a Director ² | Principal Occupation(s) During Past Five Years | Number of BlackRock-Advised Funds and Portfolios Overseen | Public Directorships |
|---|--|--|---|---|--|
| Non-Interested Directors¹ | | | | | |
| Richard E. Cavanagh 40 East 52nd Street New York, NY 10022 1946 | Chairman of the Board and Director | Since 2007 | Trustee, Aircraft Finance Trust since 1999; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service since 1997; Senior Advisor since 2008 and Director since 1996, The Fremont Group; Adjunct Lecturer, Harvard University since 2007; Formerly President and Chief Executive Officer of The Conference Board, Inc. (global business research organization) from 1995 to 2007. | 106 Funds 103 Portfolios | Arch Chemical (chemical and allied products) |
| Karen P. Robards 40 East 52nd Street New York, NY 10022 1950 | Vice Chair of the Board, Chair 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; Formerly Director of Enable Medical Corp. from 1996 to 2005; Formerly an investment banker at Morgan Stanley from 1976 to 1987. | 106 Funds 103 Portfolios | AtriCure, Inc. (medical devices); Care Investment Trust, Inc. (health care real estate investment trust) |
| G. Nicholas Beckwith, III 40 East 52nd Street New York, NY 10022 1945 | Director | Since 2007 | Chairman and Chief Executive Officer, Arch Street Management, LLC (Beckwith Family Foundation) and various Beckwith property companies since 2005; Chairman of the Board of Directors, University of Pittsburgh Medical Center since 2002; Board of Directors, Shady Side Hospital Foundation since 1977; Board of Directors, Beckwith Institute for Innovation In Patient Care since 1991; Member, Advisory Council on Biology and Medicine, Brown University since 2002; Trustee, Claude Worthington Benedum Foundation (charitable foundation) since 1989; Board of Trustees, Chatham University since 1981; Board of Trustees, University of Pittsburgh since 2002; Emeritus Trustee, Shady Side Academy since 1977; Formerly Chairman and Manager, Penn West Industrial Trucks LLC (sales, rental and servicing of material handling equipment) from 2005 to 2007; Formerly Chairman, President and Chief Executive Officer, Beckwith Machinery Company (sales, rental and servicing of construction equipment) from 1985 to 2005; Formerly Member of the Board of Directors, National Retail Properties (REIT) from 2006 to 2007. | 106 Funds 103 Portfolios | None |
| Kent Dixon 40 East 52nd Street New York, NY 10022 1937 | Director and Member of the Audit Committee | Since 2007 | Consultant/Investor since 1988. | 106 Funds 103 Portfolios | None |

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| | | | | | |
|---|---|-------------------|--|-------------------------------------|---|
| <p>Frank J. Fabozzi 40 East 52nd Street New York, NY 10022 1948</p> | <p>Director and Member of the Audit Committee</p> | <p>Since 2007</p> | <p>Consultant/Editor of The Journal of Portfolio Management since 2006; Professor in the Practice of Finance and Becton Fellow, Yale University, School of Management, since 2006; Formerly Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.</p> | <p>106 Funds 103 Portfolios</p> | <p>None</p> |
| <p>Kathleen F. Feldstein 40 East 52nd Street New York, NY 10022 1941</p> | <p>Director</p> | <p>Since 2007</p> | <p>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. since 2005; Member of the Corporation of Partners HealthCare since 1995; Member of the Corporation of Sherrill House (health care) since 1990; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Trustee, The Committee for Economic Development (research organization) since 1990; Member of the Advisory Board to the International School of Business, Brandeis University since 2002.</p> | <p>106 Funds 103 Portfolios</p> | <p>The McClatchy Company (publishing)</p> |
| <p>James T. Flynn 40 East 52nd Street New York, NY 10022 1939</p> | <p>Director and Member of the Audit Committee</p> | <p>Since 2007</p> | <p>Formerly Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.</p> | <p>106 Funds 103 Portfolios</p> | <p>None</p> |
| <p>Jerrold B. Harris 40 East 52nd Street New York, NY 10022 1942</p> | <p>Director</p> | <p>Since 2007</p> | <p>Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000.</p> | <p>106 Funds 103 Portfolios</p> | <p>BlackRock Kelso Capital Corp.</p> |

Officers and Directors (continued)

| Name, Address and Year of Birth | Position(s) Held with Funds | Length of Time Served as a Director ² | Principal Occupation(s) During Past Five Years | Number of BlackRock-Advised Funds and Portfolios Overseen | Public Directorships |
|--|--|--|--|---|---|
| Non-Interested Directors¹ (concluded) | | | | | |
| R. Glenn Hubbard 40 East 52nd Street New York, NY 10022 1958 | Director | Since 2007 | Dean of Columbia Business School since 2004; Columbia faculty member since 1988; Formerly Co-Director of Columbia Business School's Entrepreneurship Program from 1997 to 2004; Visiting Professor at the John F. Kennedy School of Government at Harvard University and the Harvard Business School since 1985 and at the University of Chicago since 1994; Formerly Chairman of the US Council of Economic Advisers under the President of the United States from 2001 to 2003. | 106 Funds 103 Portfolios | ADP (data and information services); KKR Financial Corporation (finance); Duke Realty (real estate); Metropolitan Life Insurance Company (insurance); Information Services Group (media/technology) |
| W. Carl Kester 40 East 52nd Street New York, NY 10022 1951 | Director and Member of the Audit Committee | Since 2007 | Professor of Business Administration and Deputy Dean for Academic Affairs, George Fisher Baker Jr., Harvard Business School since 2008; Mizuho Financial Group Professor of Finance, Harvard Business School and Deputy Dean for Academic Affairs from 2006 to 2008; Unit Head, Finance, 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; Independent Consultant since 1978. | 106 Funds 103 Portfolios | None |

¹ Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

² 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 directors as joining the Funds' board in 2007, each director first became a member of the board of directors of other legacy MLIM or legacy BlackRock Funds as follows: G. Nicholas Beckwith, III since 1999; Richard E. Cavanagh since 1994; Kent Dixon since 1988; Frank J. Fabozzi since 1988; Kathleen F. Feldstein since 2005; James T. Flynn since 1996; Jerrold B. Harris since 1999; R. Glenn Hubbard since 2004; W. Carl Kester since 1998 and Karen P. Robards since 1998.

Interested Directors³

| | | | | | |
|--|----------|------------|---|-----------------------------|------|
| Richard S. Davis 40 East 52nd Street New York, NY 10022 1945 | Director | Since 2007 | Managing Director, BlackRock, Inc. since 2005; Formerly Chief Executive Officer, State Street Research & Management Company from 2000 to 2005; Formerly Chairman of the Board of Trustees, State Street Research Mutual Funds from 2000 to 2005; Formerly Chairman, SSR Realty from 2000 to 2004. | 175 Funds 286 Portfolios | None |
| | Director | Since 2007 | | | None |

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Henry Gabbay
40 East 52nd Street
New York, NY 10022
1947

Formerly Consultant, BlackRock, Inc. from 2007 to 2008; Formerly Managing Director, BlackRock, Inc. from 1989 to 2007; Formerly Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; Formerly President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Formerly Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.

³ Mr. Davis is an interested person, as defined in the Investment Company Act of 1940, of the Funds based on his position with BlackRock, Inc. and its affiliates. Mr. Gabbay is an interested person of the Funds based on his former positions with BlackRock, Inc. and its affiliates as well as his ownership of BlackRock, Inc. and PNC securities. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

Officers and Directors (concluded)

| Name, Address and Year of Birth | Position(s) Held with Funds | Length of Time Served | Principal Occupation(s) During Past Five Years |
|---|--|------------------------------|--|
| Funds Officers¹ | | | |
| Donald C. Burke 40 East 52nd Street New York, NY 10022 1960 | Fund President and Chief Executive Officer | Since 2007 | Managing Director of BlackRock, Inc. since 2006; Formerly Managing Director of Merrill Lynch Investment Managers, L.P. (MLIM) and Fund Asset Management, L.P. (FAM) in 2006, First Vice President thereof from 1997 to 2005, Treasurer thereof from 1999 to 2006 and Vice President thereof from 1990 to 1997. |
| Anne F. Ackerley 40 East 52nd Street New York, NY 10022 1962 | Vice President | Since 2007 | Managing Director of BlackRock, Inc. since 2000; Chief Operating Officer of BlackRock's US Retail Group since 2006; Formerly Head of BlackRock's Mutual Fund Group from 2000 to 2006. |
| Neal J. Andrews 40 East 52nd Street New York, NY 10022 1966 | Chief Financial Officer | Since 2007 | Managing Director of BlackRock, Inc. since 2006; Formerly Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (US) Inc. (formerly PFPC Inc.) from 1992 to 2006. |
| Jay M. Fife 40 East 52nd Street New York, NY 10022 1970 | Treasurer | Since 2007 | Managing Director of BlackRock, Inc. since 2007 and Director in 2006; Formerly Assistant Treasurer of the MLIM/FAM- advised Funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006. |
| Brian P. Kindelan 40 East 52nd Street New York, NY 10022 1959 | Chief Compliance Officer of the Fund | Since 2007 | Chief Compliance Officer of the BlackRock-advised Funds since 2007; Managing Director and Senior Counsel of BlackRock, Inc. since 2005; Formerly Director and Senior Counsel of BlackRock Advisors, Inc. from 2001 to 2004. |
| Howard B. Surloff 40 East 52nd Street New York, NY 10022 1965 | Secretary | Since 2007 | Managing Director of BlackRock, Inc. and General Counsel of US Funds at BlackRock, Inc. since 2006; Formerly General Counsel (US) of Goldman Sachs Asset Management, L.P. from 1993 to 2006. |

¹ Officers of the Funds serve at the pleasure of the Board of Directors.

Custodians**For BlackRock Corporate High Yield Fund, Inc.:**

JPMorgan Chase Bank, N.A.
Brooklyn, NY 11245

For BlackRock Corporate High Yield Fund III, Inc. and BlackRock Floating Rate Income Strategies Fund II, Inc.:

State Street Bank and
Trust Company

Boston, MA 02101

**For BlackRock Debt Strategies
Fund, Inc. and BlackRock Senior
High Income Fund, Inc.:**
The Bank of New York Mellon
New York, NY 10286

**Transfer Agents
For BlackRock Corporate High Yield
Fund, Inc., BlackRock Corporate
High Yield Fund III, Inc. and
BlackRock Floating Rate Income
Strategies Fund II, Inc.:**
Computershare Trust Company, N.A.
Providence, RI 02940

**For BlackRock Debt Strategies
Fund, Inc. and BlackRock Senior
High Income Fund, Inc.:**
BNY Mellon Shareowner Services
Jersey City, NJ 07310

For All Funds:

Accounting Agent
State Street Bank and
Trust Company
Princeton, NJ 08540

Funds Address:
100 Bellevue Parkway
Wilmington, DE 19809

**Independent Registered
Public Accounting Firm**
Deloitte & Touche LLP
Princeton, NJ 08540

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

Effective January 1, 2009, Robert S. Salomon, Jr. retired as Director of the Funds. The Board wishes Mr. Salomon well in his retirement.

Additional Information

Proxy Results

The Annual Meeting of Shareholders was held on September 12, 2008 for shareholders of record on July 14, 2008, to elect director nominees of each Fund:

Approved the Directors as follows:

| | G. Nicholas Beckwith, III | | Kent Dixon | | R. Glenn Hubbard | |
|---|---------------------------|----------------|------------|----------------|------------------|----------------|
| | Votes For | Votes Withheld | Votes For | Votes Withheld | Votes For | Votes Withheld |
| BlackRock Debt Strategies Fund, Inc. | 92,063,376 | 2,478,350 | 92,026,411 | 2,515,315 | 92,046,657 | 2,495,069 |
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 7,798,100 | 181,690 | 7,787,138 | 192,652 | 7,799,154 | 180,636 |
| BlackRock Senior High Income Fund, Inc. | 48,691,792 | 1,012,815 | 48,685,183 | 1,019,424 | 48,657,543 | 1,047,064 |

| | W. Carl Kester | | Robert S. Salomon, Jr. | | Richard S. Davis | |
|---|----------------|----------------|------------------------|----------------|------------------|----------------|
| | Votes For | Votes Withheld | Votes For | Votes Withheld | Votes For | Votes Withheld |
| BlackRock Debt Strategies Fund, Inc. | 92,078,531 | 2,463,195 | 92,001,056 | 2,540,670 | 92,079,668 | 2,462,058 |
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 7,801,183 | 178,607 | 7,784,638 | 195,152 | 7,801,213 | 178,577 |
| BlackRock Senior High Income Fund, Inc. | 48,699,544 | 1,005,063 | 48,684,583 | 1,020,024 | 48,694,650 | 1,009,957 |

| | Frank J. Fabozzi | | James T. Flynn | | Karen P. Robards | |
|---|------------------|----------------|----------------|----------------|------------------|----------------|
| | Votes For | Votes Withheld | Votes For | Votes Withheld | Votes For | Votes Withheld |
| BlackRock Debt Strategies Fund, Inc. | 92,056,614 | 2,485,112 | 92,049,404 | 2,492,322 | 92,080,185 | 2,461,541 |
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 7,801,210 | 178,580 | 7,798,678 | 181,112 | 7,798,510 | 181,280 |
| BlackRock Senior High Income Fund, Inc. | 48,687,031 | 1,017,576 | 48,689,776 | 1,014,831 | 48,708,126 | 996,481 |

| | Richard E. Cavanagh | | Kathleen F. Feldstein | | Henry Gabbay | |
|--|---------------------|----------------|-----------------------|----------------|--------------|----------------|
| | Votes For | Votes Withheld | Votes For | Votes Withheld | Votes For | Votes Withheld |

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| | | | | | | |
|---|------------|-----------|------------|-----------|------------|-----------|
| BlackRock Debt Strategies Fund, Inc. | 92,073,765 | 2,467,961 | 92,013,670 | 2,528,056 | 92,077,054 | 2,464,672 |
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 7,801,213 | 178,577 | 7,795,401 | 184,389 | 7,801,183 | 178,607 |
| BlackRock Senior High Income Fund, Inc. | 48,693,624 | 1,010,983 | 48,712,689 | 991,918 | 48,690,654 | 1,013,953 |

Jerrold B. Harris

| | Votes For | Votes Withheld |
|---|------------|----------------|
| BlackRock Debt Strategies Fund, Inc. | 92,049,846 | 2,491,880 |
| BlackRock Floating Rate Income Strategies Fund II, Inc. | 7,798,713 | 181,077 |
| BlackRock Senior High Income Fund, Inc. | 48,689,775 | 1,014,832 |

Fund Certification

The Funds listed for trading on the New York Stock Exchange (NYSE) have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE s listing standards. Each Fund filed with the Securities and Exchange Commission (SEC) the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Availability of Quarterly Schedule of Investments

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

Electronic Delivery

Electronic copies of most financial reports are available on the Funds web-sites 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.

Additional Information (concluded)

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 Statements 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 were not approved by the 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.

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 it 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 contact the Funds at (800) 441-7762.

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 into this report.

Section 19 Notices

The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and source for tax reporting purposes will depend upon the Funds' investment experience during the year and may be subject to changes based on the tax regulations. Each Fund will send you a Form 1099-DIV each calendar year that will tell you how to report these distributions for federal income tax purposes.

| | Total Fiscal Year-to-Date Cumulative Distributions by Character | | | | Percentage of Fiscal Year-to-Date Cumulative Distributions by Character | | | |
|--|--|-------------------------------------|-------------------------|------------------------------|--|-------------------------------------|-------------------------|------------------------------|
| | Net Investment Income | Net Realized Capital Gains | Return of Capital | Total Per Common Share | Net Investment Income | Net Realized Capital Gains | Return of Capital | Total Per Common Share |
| BlackRock Debt Strategies Fund, Inc. | \$0.59120 | | \$0.02480 | \$0.61600 | 96% | 0% | 4% | 100% |
| BlackRock Senior High Income Fund, Inc. | \$0.43607 | | \$0.04492 | \$0.48099 | 91% | 0% | 9% | 100% |

BlackRock Privacy Principles

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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 yield to Common Shareholders. Statements and other information herein are as dated and are subject to change.

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 toll-free (800) 441-7762; (2) at www.blackrock.com; and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>. 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 www.blackrock.com or by calling (800) 441-7762 and (2) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

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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 and principal accounting officer, 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.
- Item 3 – Audit Committee Financial Expert – The registrant’s board of directors or trustees, as applicable (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:

Kent Dixon
Frank J. Fabozzi
James T. Flynn
W. Carl Kester
Karen P. Robards
Robert S. Salomon, Jr. (retired effective December 31, 2008)

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.

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Item 4 – Principal Accountant Fees and Services

| Entity Name | (a) Audit Fees | | (b) Audit-Related Fees ¹ | | (c) Tax Fees ² | | (d) All Other Fees ³ | |
|--------------------------------------|-------------------------|--------------------------|-------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------------|--------------------------|
| | 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 Debt Strategies Fund, Inc. | \$49,300 | \$46,300 | \$0 | \$0 | \$6,100 | \$6,100 | \$1,028 | \$1,049 |

1 The nature of the services include assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

2 The nature of the services include tax compliance, tax advice and tax planning.

3 The nature of the services include a review of compliance procedures and attestation thereto.

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

The registrant’s audit committee (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 registrant’s affiliated 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 operation 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 for all of the registrants the Committee oversees. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

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 one or more of its members 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 audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) Affiliates’ Aggregate Non-Audit Fees:

| Entity Name | Current Fiscal Year End | Previous Fiscal Year End |
|--------------------------------------|-------------------------|--------------------------|
| BlackRock Debt Strategies Fund, Inc. | \$412,128 | \$294,649 |

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(h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the registrant's investment adviser (not including any non-affiliated sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant 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.

Regulation S-X Rule 2-01(c)(7)(ii) – \$405,000, 0%

Item 5 – Audit Committee of Listed Registrants – 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)):

Kent Dixon
Frank J. Fabozzi
James T. Flynn
W. Carl Kester
Karen P. Robards
Robert S. Salomon, Jr. (retired effective December 31, 2008)

Item 6 – Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – The board of directors has delegated the voting of proxies for the Fund securities to the Fund's investment adviser ("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

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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 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 28, 2009

(a) Effective May 8, 2009, the registrant is managed by a team of investment professionals comprised of Leland T. Hart, Managing Director at BlackRock, James E. Keenan, Managing Director at BlackRock and C. Adrian Marshall, Director at BlackRock. Messrs. Hart, Keenan and Marshall 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. Messrs. Hart, Keenan and Marshall have been members of the Fund's management team since 2009.

| Portfolio Manager | Biography |
|--------------------|--|
| Leland T. Hart | Managing Director of BlackRock, Inc. since 2009; Partner of R3 Capital Partners (R3) in 2009; Managing Director of R3 from 2008 - 2009; Managing Director of Lehman Brothers from 2006 - 2008; Executive Director of Lehman Brothers from 2003 - 2006. |
| James E. Keenan | Managing Director of BlackRock, Inc. since 2008; Director of BlackRock, Inc. from 2004 - 2008; Head of the Leveraged Finance Portfolio team; senior high yield trader at Columbia Management from 2003 to 2004. |
| C. Adrian Marshall | Director of BlackRock, Inc. since 2007; Vice President of BlackRock, Inc. from 2004 - 2007. |

(a)(2) As of May 8, 2009:

| (i) Name of Portfolio Manager | (ii) Number of Other Accounts Managed and Assets by Account Type | | | (iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based | | |
|-------------------------------|--|----------------------------------|-----------------|---|----------------------------------|----------------|
| | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
| Leland T. Hart | 9 | 0 | 0 | 0 | 0 | 0 |
| | \$1.83 Billion | \$0 | \$0 | \$0 | \$0 | \$0 |
| James E. Keenan | 22 | 14 | 54 | 0 | 7 | 13 |
| | \$6.60 Billion | \$2.69 Billion | \$8.62 Billion | \$0 | \$1.94 Billion | \$4.09 Billion |
| C. Adrian Marshall | 9 | 1 | 3 | 0 | 0 | 0 |
| | \$1.83 Billion | \$49.4 Million | \$441.3 Million | \$0 | \$0 | \$0 |

(iv) Potential Material Conflicts of Interest

BlackRock and its affiliates (collectively, herein 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

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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, stockholder 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,

stockholder, 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. Each portfolio manager also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. In this connection, it should be noted that Mr. Keenan currently manages certain accounts that are subject to performance fees. In addition, a portfolio manager may assist in managing certain hedge funds and may be entitled to receive a portion of any incentive fees earned on such funds and a portion of such incentive fees may be voluntarily or involuntarily deferred. Additional portfolio managers may in the future manage other such accounts or funds and may be entitled to receive incentive fees.

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 a policy that is intended to ensure that investment opportunities are allocated fairly and equitably among client accounts over time. This policy also seeks to achieve 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.

(a)(3) As of May 8, 2009:

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 such as its Long-Term Retention and Incentive Plan and Restricted Stock Program.

Base compensation. Generally, portfolio managers receive base compensation based on their seniority and/or their position with the firm. Senior portfolio managers who perform additional management functions within the portfolio management group or within BlackRock may receive additional compensation for serving in these other capacities.

Discretionary Incentive Compensation

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., 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

seniority, role within the portfolio management team, teamwork and contribution to the overall performance of these portfolios and BlackRock. In most cases, including for the portfolio managers of the Fund, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the portfolio managers are measured. BlackRock's Chief Investment Officers determine the benchmarks against which the performance of funds and other accounts managed by each portfolio manager is compared and the period of time over which performance is evaluated. With respect to the portfolio managers, such benchmarks for the Fund include the following:

| Portfolio Manager | Benchmarks Applicable to Each Manager |
|--------------------|---|
| Leland T. Hart | A combination of market-based indices (e.g., CSFB Leveraged Loan Index, CSFB High Yield II Value Index), certain customized indices and certain fund industry peer groups. |
| James E. Keenan | A combination of market-based indices (e.g., The Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index), certain customized indices and certain fund industry peer groups. |
| C. Adrian Marshall | A combination of market-based indices (e.g., CSFB Leveraged Loan Index, CSFB High Yield II Value Index), certain customized indices and certain fund industry peer groups. |

BlackRock's Chief Investment Officers make a subjective determination with respect to the portfolio managers' compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks noted above. Performance is measured on both a pre-tax and after-tax basis over various time periods including 1, 3, 5 and 10-year periods, as applicable.

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. The BlackRock, Inc. restricted stock units, if properly vested, will be settled in BlackRock, Inc. common stock. Typically, the cash bonus, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of annual bonuses in 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.

Long-Term Retention and Incentive Plan (LTIP) The LTIP is a long-term incentive plan that seeks to reward certain key employees. Prior to 2006, the plan provided for the grant of awards that were expressed as an amount of cash that, if properly vested and subject to the attainment of certain performance goals, will be settled in cash and/or in BlackRock, Inc. common stock. Beginning in 2006, awards are granted under the LTIP in the form of BlackRock, Inc. restricted stock units that, if properly vested and subject to the attainment of certain performance goals, will be settled in BlackRock, Inc. common stock. Messrs. Keenan and Marshall have each received awards under the LTIP.

Deferred Compensation Program A portion of the compensation paid to eligible BlackRock employees may be voluntarily deferred into an account that tracks the performance of certain of the firm's investment products. Each participant in the deferred compensation program is

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permitted to allocate his deferred amounts among the various investment options. Messrs. Keenan and Marshall have each 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 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 6% of eligible pay contributed to the plan capped at \$4,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation. The RSP offers a range of investment options, including registered investment companies managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent employee investment direction, are invested into a balanced portfolio. The ESPP allows for investment in BlackRock 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 or a dollar value of \$25,000. Each portfolio manager except Mr. Hart is eligible to participate in these plans.

United Kingdom-based portfolio managers are also eligible to participate in broad-based plans offered generally to BlackRock employees, including broad-based retirement, health and other employee benefit plans. For example, BlackRock has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a Group Personal Pension Plan (GPPP) and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution to the GPPP is between 6% to 15% (dependent on service related entitlement) of eligible pay capped at £150,000 per annum. The GPPP offers a range of investment options, including several collective investment funds managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, in the absence of an investment election being made, are invested into a passive balanced managed fund. The ESPP allows for investment in BlackRock 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 or a dollar value of \$25,000. Mr. Hart is eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities.*

| Portfolio Manager | Dollar Range of Equity Securities Beneficially Owned |
|-----------------------|--|
| Leland T. Hart | None |
| James E. Keenan | None |
| C. Adrian Marshall | None |

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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 – The registrant’s Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant’s Secretary. There have been no material changes to these procedures.
- Item 11 – Controls and Procedures
- 11(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 13(a)-15(b) under the Securities Exchange Act of 1934, as amended.
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11(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

12(a)(1) – Code of Ethics – See Item 2

12(a)(2) – Certifications – Attached hereto

12(a)(3) – Not Applicable

12(b) – Certifications – Attached hereto

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

BlackRock Debt Strategies Fund, Inc.

By: /s/ Donald C. Burke

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

Date: May 8, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Donald C. Burke

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

Date: May 8, 2009

By: /s/ Neal J. Andrews

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

Date: May 8, 2009