

BLACKROCK DEBT STRATEGIES FUND, INC.
Form N-CSR
May 05, 2010
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: Anne F. Ackerley, Chief Executive Officer, BlackRock Debt Strategies Fund, Inc., 55 East 52nd Street, New York, NY 10055.

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

Date of fiscal year end: 02/28/2010

Date of reporting period: 02/28/2010

Item 1 – Report to Stockholders

Annual Report

FEBRUARY 28, 2010

BlackRock Corporate High Yield Fund, Inc. (COY)

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

BlackRock Debt Strategies Fund, Inc. (DSU)

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

BlackRock Senior High Income Fund, Inc. (ARK)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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Dear Shareholder

The past year marked a pivotal turning point for global markets as the Great Recession that started in December 2007 began to recede and give way to recovery. The dramatic about-face could be attributed to a confluence of factors, most notably the extraordinary policy actions of global governments and central banks, a resurgence in corporate profits and growing signs of stability and healing in world economies.

After reaching a trough in early March 2009, stocks galloped higher as investors were lured back into the markets by depressed valuations, desire for higher yields and increasing confidence that all-out financial disaster had been averted. The result was a powerful upswing in global equities and other higher-risk assets through the end of 2009. More recently, the combination of mixed economic data, lingering deflation issues (especially in Europe) and proposed fees and levies on banks dampened investor conviction, resulting in a several-week bout of profit-taking. The selloff had a more pronounced negative effect on international and emerging market equities due primarily to concerns of higher interest rates in Asia and negative headlines out of Europe, particularly in Greece.

Generally speaking, investors' renewed affinity for risk was notable in the fixed income markets as well, where non-Treasury assets made a robust recovery. One of the major themes in 2009 was the reversal of the flight-to-quality trade. High yield, one of the most battered areas during the financial crisis, emerged as the strongest-performing fixed income sector in both the taxable and tax-exempt space. Despite weak fundamentals, the municipal market produced solid returns as technical conditions remained supportive of the asset class. Municipal bond mutual funds enjoyed strong inflows and tax-exempt issuance remained low thanks to the ever-increasing popularity of the Build America Bond program. Nevertheless, state and local fiscal woes and bankruptcy fears remain firmly in the spotlight, and bear close monitoring.

At the same time, yields on money market securities declined throughout the reporting period and remain near all-time lows, with the Federal Open Market Committee reiterating that economic circumstances are likely to necessitate an accommodative interest rate stance for an extended period. Investor assets in money market funds declined from the peak registered in early 2009, but remain above levels registered prior to the financial crisis that began in 2007.

Against this backdrop, the major market averages posted the following returns:

| Total Returns as of February 28, 2010 | 6-month | 12-month |
|--|----------------|-----------------|
| US equities (S&P 500 Index) | 9.32% | 53.62% |
| Small cap US equities (Russell 2000 Index) | 10.59 | 63.95 |
| International equities (MSCI Europe, Australasia, Far East Index) | 0.72 | 54.58 |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index) | 0.07 | 0.20 |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index) | 0.07 | (1.54) |
| Taxable fixed income (Barclays Capital US Aggregate Bond Index) | 3.19 | 9.32 |
| Tax-exempt fixed income (Barclays Capital Municipal Bond Index) | 4.13 | 9.98 |
| High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index) | 13.86 | 55.20 |

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

The market continues to show signs of improvement, but questions about the strength and sustainability of the recovery abound. Through periods of uncertainty, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional market

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perspective and investment insight, visit www.blackrock.com/shareholdermagazine, where you will find the most recent issue of our award-winning *Shareholder*[®] magazine, as well as its quarterly companion newsletter, *Shareholder Perspectives*. As always, we thank you for entrusting BlackRock with your investments, and we look forward to your continued partnership in the months and years ahead.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of February 28, 2010

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 objectives by investing primarily in a diversified portfolio of fixed-income securities that are rated below investment grade by the established rating services (Ba or lower by Moody's Investors Service, Inc. (Moody's)) or BB or lower by Standard & Poor's Corporation (S&P's)) or are unrated securities of comparable quality.

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

Performance

For the 12 months ended February 28, 2010, the Fund returned 99.76% based on market price and 79.91% 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 86.36% on a market price basis and 68.03% on a NAV basis. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. During the period, we found particularly good value in the automotive segment, which represented the Fund's largest sector overweight. As a group, automotive holdings performed quite well and, thus, were key contributors to performance. In addition, investments in select special situations or distressed credits (including several in the automotive sector) enhanced results. On a credit basis, the Fund's underweight position in BB credits and overweight in the lower-quality ratings and nonrated credits were additive. On the other hand, the Fund held a 13% position in floating rate loan interests, which hindered performance as the sector underperformed high yield during the period. The Fund also maintained relatively low levels of leverage (at year end, 24% of the Fund's total managed assets), which detracted from performance versus the Lipper competitors, who maintained leverage closer to the 33% regulatory limit.

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

Fund Information

| | |
|---|---------------|
| Symbol on New York Stock Exchange (NYSE) | COY |
| Initial Offering Date | June 25, 1993 |
| Yield on Closing Market Price as of February 28, 2010 (\$6.88) ¹ | 10.64% |
| Current Monthly Distribution per Share ² | \$0.061 |
| Current Annualized Distribution per Share ² | \$0.732 |
| Leverage as of February 28, 2010 ³ | 24% |

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.

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A change in the distribution rate was declared on March 1, 2010. The Monthly Distribution per Common Share was decreased to \$0.051. The Yield on Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change.

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

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

| | 2/28/10 | 2/28/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 6.88 | \$ 3.91 | 75.96% | \$ 7.10 | \$ 3.20 |
| Net Asset Value | \$ 6.64 | \$ 4.19 | 58.47% | \$ 6.74 | \$ 3.97 |

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

| | 2/28/10 | 2/28/09 |
|---------------------------------------|---------|---------|
| Corporate Bonds | 82% | 82% |
| Floating Rate Loan Interests | 13 | 16 |
| Common Stocks | 3 | 1 |
| Other Interests | 2 | |
| Non-Agency Mortgage-Backed Securities | | 1 |

Credit Quality Allocations⁴

| | 2/28/10 | 2/28/09 |
|-----------|---------|---------|
| BBB/Baa | 3% | 4% |
| BB/Ba | 30 | 31 |
| B | 46 | 47 |
| CCC/Caa | 12 | 12 |
| CC/Ca | 1 | 1 |
| D | 1 | |
| Not Rated | 7 | 5 |

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

Fund Summary as of February 28, 2010

BlackRock Corporate High Yield Fund III, Inc.

Investment Objective

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

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

Performance

For the 12 months ended February 28, 2010, the Fund returned 111.12% based on market price and 86.65% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 86.36% on a market price basis and 68.03% 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. During the period, we found particularly good value in the automotive segment, which represented the Fund's largest sector overweight. As a group, automotive holdings performed quite well and, thus, were key contributors to performance. In addition, investments in select special situations or distressed credits (including several in the automotive sector) enhanced results. On a credit basis, the Fund's underweight position in BB credits and overweight in the lower-quality ratings and nonrated credits were additive. On the other hand, the Fund held a 13% position in floating rate loan interests, which hindered performance as the sector underperformed high yield during the period. The Fund also maintained relatively low levels of leverage (at year end, 23% of the Fund's total managed assets), which detracted from performance versus the Lipper competitors, who maintained leverage closer to the 33% regulatory limit.

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Fund Information

| | |
|---|------------------|
| Symbol on NYSE | CYE |
| Initial Offering Date | January 30, 1998 |
| Yield on Closing Market Price as of February 28, 2010 (\$6.67) ¹ | 9.90% |
| Current Monthly Distribution per Share ² | \$0.055 |
| Current Annualized Distribution per Share ² | \$0.660 |
| Leverage as of February 28, 2010 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

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A change in the distribution rate was declared on March 1, 2010. The Monthly Distribution per Common Share was decreased to \$0.050. The Yield on Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change.

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

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

| | 2/28/10 | 2/28/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 6.67 | \$ 3.57 | 86.83% | \$ 6.78 | \$ 3.05 |
| Net Asset Value | \$ 6.69 | \$ 4.05 | 65.19% | \$ 6.78 | \$ 3.83 |

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

| | 2/28/10 | 2/28/09 |
|---------------------------------------|---------|---------|
| Corporate Bonds | 81% | 82% |
| Floating Rate Loan Interests | 13 | 16 |
| Common Stocks | 4 | 1 |
| Other Interests | 2 | |
| Non-Agency Mortgage-Backed Securities | | 1 |

Credit Quality Allocations⁴

| | 2/28/10 | 2/28/09 |
|-----------|---------|---------|
| AAA/Aaa | % | 1% |
| BBB/Baa | 3 | 5 |
| BB/Ba | 29 | 30 |
| B | 47 | 46 |
| CCC/Caa | 12 | 14 |
| CC/Ca | | 1 |
| D | 1 | |
| Not Rated | 8 | 3 |

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

Fund Summary as of February 28, 2010

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 (Baa or lower by Moody's or BBB or lower by S&P's) or unrated debt instruments of comparable quality.

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

Performance

For the 12 months ended February 28, 2010, the Fund returned 114.32% based on market price and 87.82% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 86.36% on a market price basis and 68.03% on a NAV basis. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. Unlike most of the other funds in its Lipper category, the Fund is a hybrid that invests in both high yield and bank loans. During the period, approximately 47% of the Fund was invested in floating rate loan interests, with 42% in high yield and the remainder in common stock, convertibles and investment-grade bonds. The Fund continued to outperform its Lipper category, even though loans underperformed high yield over the 12 months. Contributing positively to performance were the Fund's overweight positions in autos and several distressed credits and special situations, as well as our underweight in health care. On an individual security and credit rating basis, we tended to be overweight in the lower-quality tiers, nonrated and higher-beta credits, which hurt the Fund's performance in 2008, but has benefited the Fund since. On the other hand, the Fund maintained relatively conservative sector positioning, which had a negative impact on the Fund's performance in the continuation of the market's sharp rebound from 2008; still, we believe the Fund's positioning is the correct stance for the medium term. The Fund also maintained relatively low levels of leverage (at year end, 14% of the Fund's total managed assets), which has been a detractor in a strong market environment.

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Fund Information

| | |
|---|----------------|
| Symbol on NYSE | DSU |
| Initial Offering Date | March 27, 1998 |
| Yield on Closing Market Price as of February 28, 2010 (\$3.91) ¹ | 9.51% |
| Current Monthly Distribution per Share ² | \$0.031 |
| Current Annualized Distribution per Share ² | \$0.372 |
| Leverage as of February 28, 2010 ³ | 14% |

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- 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 rate is not constant and is subject to change.
- ³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

| | 2/28/10 | 2/28/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 3.91 | \$ 2.07 | 88.89% | \$ 3.91 | \$ 1.63 |
| Net Asset Value | \$ 3.89 | \$ 2.35 | 65.53% | \$ 3.90 | \$ 2.21 |

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

| | 2/28/10 | 2/28/09 |
|---------------------------------------|---------|---------|
| Corporate Bonds | 49% | 53% |
| Floating Rate Loan Interests | 47 | 43 |
| Common Stocks | 4 | 3 |
| Non-Agency Mortgage-Backed Securities | | 1 |

Credit Quality Allocations⁴

| | 2/28/10 | 2/28/09 |
|-----------|---------|---------|
| BBB/Baa | 5% | 9% |
| BB/Ba | 27 | |
| B | 44 | 59 |
| CCC/Caa | 11 | 21 |
| CC/Ca | | 4 |
| D | 1 | 1 |
| Not Rated | 12 | 6 |

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

Fund Summary as of February 28, 2010

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

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

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

Performance

For the 12 months ended February 28, 2010, the Fund returned 99.15% based on market price and 62.08% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 98.84% on a market price basis and 55.06% on a NAV basis. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. During the period, approximately 20% of the Fund was invested in high yield bonds, which contributed positively to performance as high yield outperformed floating rate loan interests. Overweight positions in the automotive sector and a few special situations and distressed credits also helped the Fund's results, as did an underweight in health care. On the other hand, the Fund generally favored less economically sensitive sectors and higher-quality credits, which detracted from performance as these issues underperformed lower-rated issues and those sectors with greater economic sensitivity. In addition, the Fund maintained relatively conservative levels of leverage (at year end, 15% of the Fund's total managed assets), which was a detractor versus the Lipper competitors, who maintained leverage closer to the 33% regulatory limit.

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 NYSE | FRB |
| Initial Offering Date | July 30, 2004 |
| Yield on Closing Market Price as of February 28, 2010 (\$15.01) ¹ | 6.00% |
| Current Monthly Distribution per Share ² | \$0.075 |
| Current Annualized Distribution per Share ² | \$0.900 |
| Leverage as of February 28, 2010 ³ | 15% |

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 rate is not constant and is subject to change.

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

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

| | 2/28/10 | 2/28/09 | Change | High | Low |
|-----------------|----------|---------|--------|----------|---------|
| Market Price | \$ 15.01 | \$ 8.28 | 81.28% | \$ 15.10 | \$ 7.16 |
| Net Asset Value | \$ 13.16 | \$ 8.92 | 47.53% | \$ 13.21 | \$ 8.58 |

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

| | 2/28/10 | 2/28/09 |
|---------------------------------------|---------|---------|
| Floating Rate Loan Interests | 73% | 71% |
| Corporate Bonds | 26 | 28 |
| Other Interests | 1 | |
| Non-Agency Mortgage-Backed Securities | | 1 |

Credit Quality Allocations⁴

| | 2/28/10 | 2/28/09 |
|-----------|---------|---------|
| BBB/Baa | 6% | 15% |
| BB/Ba | 34 | 8 |
| B | 38 | 57 |
| CCC/Caa | 10 | 15 |
| CC/Ca | 1 | 2 |
| D | 2 | 1 |
| Not Rated | 9 | 2 |

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

Fund Summary as of February 28, 2010

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

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

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

Performance

For the 12 months ended February 28, 2010, the Fund returned 95.61% based on market price and 68.90% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 86.36% on a market price basis and 68.03% on a NAV basis. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. Unlike most of the other funds in its Lipper category, the Fund is a hybrid that invests in both high yield and bank loans. During the period, approximately 46% of the Fund was invested in floating rate loan interests, with 48% in high yield and the remainder in common stock, convertibles and investment-grade bonds. The Fund outperformed its Lipper category, even though loans underperformed high yield over the 12 months. Contributing positively to performance were our overweight positions in autos and several distressed credits and special situations, as well as the Fund's underweight in health care. On an individual security and credit rating basis, the Fund tended to be overweight in the lower-quality tiers, nonrated and higher-beta credits, which hurt performance in 2008, but has benefited the Fund since. On the other hand, the Fund maintained relatively conservative sector positioning, which had a negative impact on performance in the continuation of the market's sharp rebound from 2008; still, we believe the Fund's positioning is the correct stance for the medium term. We also maintained relatively low levels of leverage (at year end, 16% of the Fund's total assets), which has been a detractor in a strong market environment.

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 NYSE | ARK |
| Initial Offering Date | April 30, 1993 |
| Yield on Closing Market Price as of February 28, 2010 (\$3.94) ¹ | 7.61% |
| Current Monthly Distribution per Common Share ² | \$0.025 |
| Current Annualized Distribution per Common Share ² | \$0.300 |
| Leverage as of February 28, 2010 ³ | 16% |

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- ¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- ² The distribution is not constant and is subject to change.
- ³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 9.

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

| | 2/28/10 | 2/28/09 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 3.94 | \$ 2.21 | 78.28% | \$ 3.97 | \$ 1.78 |
| Net Asset Value | \$ 3.91 | \$ 2.54 | 53.94% | \$ 3.93 | \$ 2.41 |

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

| | 2/28/10 | 2/28/09 |
|---------------------------------------|---------|---------|
| Corporate Bonds | 52% | 55% |
| Floating Rate Loan Interests | 46 | 44 |
| Common Stocks | 2 | |
| Non-Agency Mortgage-Backed Securities | | 1 |

Credit Quality Allocations⁴

| | 2/28/10 | 2/28/09 |
|-----------|---------|---------|
| BBB/Baa | 5% | 2% |
| BB/Ba | 33 | 22 |
| B | 43 | 59 |
| CCC/Caa | 11 | 8 |
| CC/Ca | | 3 |
| D | 1 | 1 |
| Not Rated | 7 | 5 |

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

The Benefits and Risks of Leveraging

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

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

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

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

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

Furthermore, the value of the Fund's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Fund's borrowings 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 borrowings.

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

Under the Investment Company Act of 1940, the Funds are permitted to borrow through a credit facility up to 33 % of their total managed assets. As of February 28, 2010, the Funds had outstanding leverage from credit facility borrowings as a percentage of their total managed assets as follows:

| | Percent of Leverage |
|-----|------------------------|
| COY | 24% |
| CYE | 23% |

| | |
|-----|-----|
| DSU | 14% |
| FRB | 15% |
| ARK | 16% |

Derivative Financial Instruments

The Funds may invest in various derivative instruments, including swaps, foreign currency exchange contracts and options, as specified in Note 2 of the Notes to Financial Statements, which constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, equity, credit and/or foreign currency exchange rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative instrument.

The Funds' 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 a Fund to sell or purchase portfolio securities at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment or may cause a Fund 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, 2010

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

| Common Stocks | Shares | Value |
|--|---------|------------|
| Auto Components 0.1% | | |
| Lear Corp. (a) | 3,958 | \$ 274,171 |
| Building Products 0.7% | | |
| Masonite Worldwide Holdings (a) | 35,518 | 1,491,756 |
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. (a) | 269,000 | 433,090 |
| Chemicals 0.0% | | |
| Wellman Holdings, Inc. (a) | 1,425 | 356 |
| Communications Equipment 0.9% | | |
| Brocade Communications Systems, Inc. (a) | 45,000 | 261,900 |
| Loral Space & Communications Ltd. (a) | 58,901 | 1,916,050 |
| | | 2,177,950 |
| Construction Materials 0.0% | | |
| Nortek, Inc. (a) | 2,020 | 74,740 |
| Containers & Packaging 0.2% | | |
| Rock-Tenn Co., Class A | 12,000 | 502,080 |
| Smurfit Kappa Plc (a) | 3,634 | 29,954 |
| | | 532,034 |
| Diversified Financial Services 0.4% | | |
| Bank of America Corp. | 60,000 | 999,600 |
| Diversified Telecommunication Services 0.5% | | |
| Qwest Communications International, Inc. | 229,998 | 1,048,791 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (a) | 67,974 | 4,826 |
| SunPower Corp., Class B (a) | 352 | 5,748 |
| | | 10,574 |
| Food Products 0.0% | | |
| Pilgrims Pride Corp. (a) | 6,449 | 58,170 |
| Household Durables 0.2% | | |
| Beazer Homes USA, Inc. (a) | 22,188 | 92,302 |
| Pulte Homes, Inc. (a) | 28,000 | 303,240 |

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| | | |
|---|---------|-----------|
| | | 395,542 |
| Machinery 0.1% | | |
| Accuride Corp. (a) | 84,388 | 109,704 |
| Accuride Corp. Restricted Shares (a) | 84,389 | 109,706 |
| | | 219,410 |
| Media 0.3% | | |
| Gannett Co., Inc. | 45,000 | 681,750 |
| Paper & Forest Products 0.1% | | |
| Ainsworth Lumber Co. Ltd. (a) | 37,144 | 78,016 |
| Ainsworth Lumber Co. Ltd. (a)(b) | 41,686 | 87,555 |
| Western Forest Products, Inc. (a) | 147,968 | 30,938 |
| Western Forest Products, Inc. (a)(b) | 41,528 | 8,683 |
| | | 205,192 |
| Wireless Telecommunication Services 0.3% | | |
| FiberTower Corp. (a) | 76,542 | 315,354 |
| SBA Communications Corp., Class A (a) | 8,500 | 300,560 |
| | | 615,914 |
| Total Common Stocks 4.0% | | 9,219,040 |

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Airlines 2.4% | | |
| American Airlines, Inc., 10.50%, 10/15/12 (b) | USD 940 | \$ 963,500 |
| American Airlines Pass Through Trust, Series 2001-02, 7.86%, 4/01/13 | 390 | 392,925 |
| Continental Airlines, Inc.: | | |
| Series 1997-4-B, 6.90%, 7/02/18 | 503 | 462,977 |
| Series 2001-1-C, 7.03%, 12/15/12 | 270 | 262,771 |
| Series 2003-RJ, 7.88%, 1/02/20 | 389 | 345,822 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 975 | 1,004,250 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 2,000 | 2,120,000 |
| | | 5,552,245 |
| Auto Components 0.8% | | |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | 41 | 40,674 |
| The Goodyear Tire & Rubber Co.: | | |
| 7.86%, 8/15/11 | 1,125 | 1,164,375 |
| 8.63%, 12/01/11 | 612 | 634,950 |
| | | 1,839,999 |
| Biotechnology 0.3% | | |
| QHP Pharma, 10.25%, 3/15/15 (b) | 700 | 714,616 |

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Building Products 1.1%

| | | |
|--|-------|-----------|
| Associated Materials LLC, 9.88%, 11/15/16 | 660 | 699,600 |
| Building Materials Corp. of America, 7.00%, 2/15/20 (b) | 570 | 570,000 |
| Goodman Global Group, Inc., 12.86%, 12/15/14 (b)(c) | 280 | 162,400 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 1,050 | 1,065,750 |
| | | 2,497,750 |

Capital Markets 0.4%

| | | |
|--|-----|-----------|
| E*Trade Financial Corp., 3.43% 8/31/19 (b)(c)(d) | 226 | 343,520 |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b) | 904 | 543,530 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(e) | 385 | 85,094 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(e) | 248 | 43,018 |
| | | 1,015,162 |

Chemicals 2.8%

| | | |
|--|---------|-----------|
| American Pacific Corp., 9.00%, 2/01/15 | 800 | 790,000 |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b) | 215 | 223,063 |
| Hexion Finance Escrow LLC, 8.88%, 2/01/18 (b) | 1,685 | 1,575,475 |
| Hexion U.S. Finance Corp., 9.75%, 11/15/14 | 285 | 269,325 |
| Huntsman International LLC (b): | | |
| 6.88%, 11/15/13 | EUR 260 | 330,133 |
| 5.50%, 6/30/16 | USD 510 | 448,800 |
| Innophos, Inc., 8.88%, 8/15/14 | 740 | 760,350 |
| MacDermid, Inc., 9.50%, 4/15/17 (b) | 1,180 | 1,180,000 |
| Wellman Holdings, Inc. (d): | | |
| Second Lien Subordinate Note, 10.00%, 1/29/19 (b) | 790 | 790,000 |
| Third Lien Subordinate Note, 5.00%, 1/29/19 (e) | 252 | 126,361 |
| | | 6,493,507 |

Portfolio Abbreviations

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

| | |
|------------|-----------------|
| CAD | Canadian Dollar |
| EUR | Euro |
| GBP | British Pound |
| USD | US Dollar |

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 |
|--|-----|--------------|------------|
| Commercial Services & Supplies 3.2% | | | |
| ACCO Brands Corp., 10.63%, 3/15/15 (b) | USD | 480 | \$ 521,760 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b) | | 555 | 593,850 |
| Scientific Games International, Inc., 9.25%, 6/15/19 | | 785 | 830,137 |
| Waste Services, Inc., 9.50%, 4/15/14 | | 2,800 | 2,877,000 |
| West Corp.: 9.50%, 10/15/14 | | 400 | 397,000 |
| 11.00%, 10/15/16 | | 2,040 | 2,045,100 |
| | | | 7,264,847 |
| Construction Materials 1.2% | | | |
| Nortek, Inc., 11.00%, 12/01/13 | | 2,029 | 2,130,426 |
| Texas Industries, Inc., 7.25%, 7/15/13 | | 720 | 700,200 |
| | | | 2,830,626 |
| Consumer Finance 0.5% | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | | 640 | 636,800 |
| Ford Motor Credit Co. LLC: 3.00%, 1/13/12 (f) | | 195 | 182,813 |
| 7.80%, 6/01/12 | | 200 | 202,114 |
| 8.00%, 12/15/16 | | 170 | 170,703 |
| | | | 1,192,430 |
| Containers & Packaging 4.1% | | | |
| Berry Plastics Escrow LLC, 8.88%, 9/15/14 (b) | | 440 | 423,500 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | | 1,000 | 962,500 |
| Crown European Holdings SA, 6.25%, 9/01/11 | EUR | 73 | 101,389 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | USD | 810 | 850,500 |
| Impress Holdings BV, 3.38%, 9/15/13 (b)(f) | | 390 | 363,675 |
| Owens-Brockway Glass Container, Inc.: 8.25%, 5/15/13 | | 925 | 938,875 |
| 6.75%, 12/01/14 | EUR | 152 | 206,972 |
| Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b) | USD | 1,010 | 804,212 |
| Pregis Corp., 12.38%, 10/15/13 | | 1,130 | 1,121,525 |
| Rock-Tenn Co., 8.20%, 8/15/11 | | 1,875 | 2,020,312 |
| Smurfit Kappa Acquisitions (b): 7.25%, 11/15/17 | EUR | 465 | 620,507 |
| 7.75%, 11/15/19 | | 440 | 596,133 |
| Solo Cup Co., 10.50%, 11/01/13 | USD | 450 | 471,375 |

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| | | | | |
|--|-----|-------|----------------------|--------------|
| | | | | 9,481,475 |
| Diversified Consumer Services 1.2% | | | | |
| Service Corp. International, 7.00%, 6/15/17 | | 2,800 | | 2,744,000 |
| Diversified Financial Services 8.7% | | | | |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 490 | | 530,425 |
| CIT Group, Inc., 7.00%, 5/01/17 | | 6,615 | | 5,846,006 |
| FCE Bank Plc: | | | | |
| 7.88%, 2/15/11 | GBP | 1,150 | | 1,766,681 |
| 7.13%, 1/16/12 | EUR | 1,450 | | 1,957,026 |
| 7.13%, 1/15/13 | | 550 | | 733,933 |
| GMAC LLC: | | | | |
| 7.25%, 3/02/11 | USD | 578 | | 583,058 |
| 6.88%, 9/15/11 | | 500 | | 500,000 |
| 6.88%, 8/28/12 | | 600 | | 594,000 |
| 2.45%, 12/01/14 (f) | | 441 | | 377,274 |
| 6.75%, 12/01/14 | | 950 | | 907,250 |
| 8.30%, 2/12/15 (b) | | 2,140 | | 2,158,725 |
| 8.00%, 11/01/31 | | 1,200 | | 1,107,000 |
| | | | Par (000) | Value |
| Corporate Bonds | | | | |
| Diversified Financial Services (concluded) | | | | |
| Leucadia National Corp., 8.13%, 9/15/15 | USD | 1,250 | \$ | 1,268,750 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | | 1,340 | | 1,356,750 |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (b) | EUR | 350 | | 475,393 |
| | | | | 20,162,271 |
| Diversified Telecommunication Services 3.9% | | | | |
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12 | USD | 1,000 | | 960,000 |
| GCI, Inc., 8.63%, 11/15/19 (b) | | 1,100 | | 1,117,875 |
| Level 3 Financing, Inc., 10.00%, 2/01/18 (b) | | 630 | | 578,025 |
| Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b) | | 200 | | 214,000 |
| Qwest Communications International, Inc.: | | | | |
| 7.50%, 2/15/14 | | 1,890 | | 1,908,900 |
| 8.00%, 10/01/15 (b) | | 500 | | 517,500 |
| Series B, 7.50%, 2/15/14 | | 1,645 | | 1,661,450 |
| Qwest Corp.: | | | | |
| 7.63%, 6/15/15 | | 500 | | 534,375 |
| 8.38%, 5/01/16 | | 650 | | 711,750 |
| Windstream Corp., 8.13%, 8/01/13 | | 700 | | 728,000 |
| | | | | 8,931,875 |
| Electric Utilities 1.3% | | | | |
| Intergen NV, 9.00%, 6/30/17 (b) | | 385 | | 392,700 |
| NSG Holdings LLC, 7.75%, 12/15/25 (b) | | 965 | | 834,725 |
| Tenaska Alabama Partners LP, 7.00%, 6/30/21 (b) | | 1,684 | | 1,687,163 |
| | | | | 2,914,588 |

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| | | |
|--|-------|-----------|
| Electronic Equipment, Instruments & Components 0.1% | | |
| Jabil Circuit, Inc., 7.75%, 7/15/16 | 280 | 289,800 |
| Energy Equipment & Services 1.4% | | |
| Compagnie Générale de Géophysique-Veritas: | | |
| 7.50%, 5/15/15 | 195 | 191,100 |
| 7.75%, 5/15/17 | 300 | 294,000 |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b) | 1,715 | 1,706,425 |
| North American Energy Alliance LLC, 10.88%, 6/01/16 (b) | 625 | 662,500 |
| North American Energy Partners, Inc., 8.75%, 12/01/11 | 355 | 353,225 |
| | | 3,207,250 |
| Food & Staples Retailing 0.8% | | |
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) | 750 | 675,000 |
| Duane Reade, Inc., 11.75%, 8/01/15 | 160 | 201,600 |
| Rite Aid Corp.: | | |
| 9.75%, 6/12/16 | 380 | 405,650 |
| 10.25%, 10/15/19 | 580 | 613,350 |
| | | 1,895,600 |
| Food Products 0.7% | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | 200 | 202,000 |
| Reddy Ice Corp., 11.25%, 3/15/15 (b)(g) | 410 | 410,000 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | 760 | 822,700 |
| TreeHouse Foods, Inc., 7.75%, 3/01/18 (g) | 150 | 153,938 |
| | | 1,588,638 |

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 |
|--|-----|--------------|--------------|
| Health Care Equipment & Supplies 1.3% | | | |
| DJO Finance LLC: | | | |
| 10.88%, 11/15/14 | USD | 1,605 | \$ 1,717,350 |
| 10.88%, 11/15/14 (b) | | 560 | 599,200 |
| Hologic, Inc., 2.00%, 12/15/37 (d)(h) | | 910 | 778,050 |
| | | | 3,094,600 |
| Health Care Providers & Services 3.6% | | | |
| Community Health Systems, Inc., Series WI, 8.88%, 7/15/15 | | | |
| | | 1,360 | 1,407,600 |
| HCA, Inc., 9.13%, 11/15/14 | | 1,645 | 1,729,306 |
| LifePoint Hospitals, Inc., 3.50%, 5/15/14 (d) | | 100 | 91,625 |
| Tenet Healthcare Corp. (b): | | | |
| 9.00%, 5/01/15 | | 1,502 | 1,573,345 |
| 10.00%, 5/01/18 | | 622 | 684,200 |
| 8.88%, 7/01/19 | | 1,215 | 1,281,825 |
| Vanguard Health Holding Co. LLC, 8.00%, 2/01/18 (b) | | 1,450 | 1,424,625 |
| | | | 8,192,526 |
| Health Care Technology 0.8% | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (b) | | 1,650 | 1,897,500 |
| Hotels, Restaurants & Leisure 3.8% | | | |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(b)(i) | | | |
| | | 412 | 24,720 |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17 | | 1,025 | 1,063,437 |
| Icahn Enterprises LP, 8.00%, 1/15/18 (b) | | 2,200 | 2,068,000 |
| Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/10 (a)(i) | | 1,425 | 691,125 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(i) | | 1,175 | 296,687 |
| MGM Mirage: | | | |
| 13.00%, 11/15/13 | | 1,045 | 1,191,300 |
| 10.38%, 5/15/14 (b) | | 235 | 249,100 |
| 11.13%, 11/15/17 (b) | | 780 | 842,400 |
| Pinnacle Entertainment, Inc., 8.63%, 8/01/17 (b) | | 640 | 608,000 |
| San Pasqual Casino, 8.00%, 9/15/13 (b) | | 925 | 878,750 |
| Scientific Games Corp., 0.75%, 12/01/24 (d)(h) | | 270 | 262,238 |
| Shingle Springs Tribal Gaming Authority, 9.38%, 6/15/15 (b) | | 45 | 35,775 |
| Travelport LLC: | | | |
| 4.88%, 9/01/14 (f) | | 145 | 134,850 |
| 9.88%, 9/01/14 | | 190 | 194,275 |
| | | 315 | 197 |

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Tropicana Entertainment LLC, Series WI, 9.63%,
12/15/14 (a)(i)

| | | |
|--|-----|-----------|
| Virgin River Casino Corp., 9.00%, 1/15/12 (a)(i) | 805 | 152,950 |
| | | 8,693,804 |

Household Durables 2.5%

| | | |
|--|-------|-----------|
| Beazer Homes USA, Inc., 12.00%, 10/15/17 (b) | 1,425 | 1,588,875 |
| Jarden Corp., 8.00%, 5/01/16 | 240 | 250,800 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 1,620 | 1,692,900 |
| KB Home: | | |
| 6.38%, 8/15/11 | 29 | 29,508 |
| 9.10%, 9/15/17 | 205 | 212,687 |
| Standard Pacific Corp.: | | |
| 6.25%, 4/01/14 | 485 | 436,500 |
| 7.00%, 8/15/15 | 325 | 292,500 |
| 10.75%, 9/15/16 | 1,130 | 1,178,025 |
| | | 5,681,795 |

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

Household Products 0.1%

| | | | | |
|---|-----|-----|----|---------|
| Libbey Glass, Inc., 10.00%, 2/15/15 (b) | USD | 125 | \$ | 129,375 |
|---|-----|-----|----|---------|

IT Services 1.5%

| | | |
|---|-------|-----------|
| Alliance Data Systems Corp., 1.75%, 8/01/13 (d) | 1,585 | 1,466,125 |
| First Data Corp.: | | |
| 9.88%, 9/24/15 (b) | 15 | 12,975 |
| 9.88%, 9/24/15 | 1,500 | 1,282,500 |
| 11.25%, 3/31/16 | 760 | 623,200 |
| | | 3,384,800 |

Independent Power Producers & Energy Traders 3.8%

| | | |
|--|-------|-----------|
| The AES Corp., 8.75%, 5/15/13 (b) | 994 | 1,011,395 |
| AES Eastern Energy LP, Series 99-B, 9.67%, 1/02/29 | 575 | 623,156 |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | 1,190 | 1,204,875 |
| Energy Future Holdings Corp.: | | |
| 10.88%, 11/01/17 | 400 | 303,000 |
| 11.25%, 11/01/17 (e) | 2,738 | 1,916,516 |
| 10.00%, 1/15/20 (b) | 1,715 | 1,749,300 |
| NRG Energy, Inc., 7.25%, 2/01/14 | 2,010 | 2,025,075 |
| | | 8,833,317 |

Industrial Conglomerates 2.6%

| | | |
|----------------------|-------|-----------|
| Sequa Corp. (b): | | |
| 11.75%, 12/01/15 | 2,190 | 2,146,200 |
| 13.50%, 12/01/15 (e) | 3,759 | 3,768,149 |
| | | 5,914,349 |

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| | | |
|---|-------|-----------|
| Insurance 0.9% | | |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 1,600 | 1,628,000 |
| USI Holdings Corp., 4.13%, 11/15/14 (b)(f) | 630 | 521,325 |
| | | 2,149,325 |
| Internet & Catalog Retail 0.2% | | |
| NetFlix, Inc., 8.50%, 11/15/17 (g) | 330 | 345,675 |
| Internet Software & Services 0.3% | | |
| Equinix, Inc, 8.13%, 3/01/18 | 570 | 570,000 |
| Leisure Equipment & Products 1.0% | | |
| Brunswick Corp., 11.25%, 11/01/16 (b) | 1,870 | 2,080,375 |
| Easton-Bell Sports, Inc., 9.75%, 12/01/16 (b) | 265 | 274,938 |
| | | 2,355,313 |
| Life Sciences Tools & Services 0.1% | | |
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16 (b) | 200 | 209,000 |
| Machinery 1.2% | | |
| AGY Holding Corp., 11.00%, 11/15/14 | 900 | 720,000 |
| Accuride Corp., 7.50%, 2/26/20 (d)(e) | 9 | 14,773 |
| Navistar International Corp.: | | |
| 3.00%, 10/15/14 (d) | 480 | 490,800 |
| 8.25%, 11/01/21 | 1,000 | 1,015,000 |
| RBS Global, Inc., 8.88%, 9/01/16 | 420 | 380,100 |
| Titan International, Inc., 5.63%, 1/15/17 (b)(d) | 220 | 231,550 |
| | | 2,852,223 |
| Marine 1.1% | | |
| Horizon Lines, Inc., 4.25%, 8/15/12 (d) | 1,985 | 1,642,587 |
| Navios Maritime Holdings, Inc., 8.88%, 11/01/17 (b) | 470 | 478,225 |
| Trico Shipping AS, 11.88%, 11/01/14 (b) | 310 | 300,313 |
| | | 2,421,125 |

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 14.0% | | | |
| Affinion Group, Inc., 10.13%, 10/15/13 | USD | 2,255 | \$ 2,277,550 |
| CCH II LLC, 13.50%, 11/30/16 | | 502 | 593,417 |
| CCO Holdings LLC, 8.75%, 11/15/13 | | 665 | 674,975 |
| CMP Susquehanna Corp., 3.20%, 5/15/14 (b) | | 150 | 3,000 |
| COX Enterprises, Inc.: | | | |
| Loan Close 2, 12.00%, 8/15/18 | | 600 | 600,000 |
| Loan Close 3, 12.00%, 8/15/18 | | 700 | 700,000 |
| Shares Loan, 12.00%, 8/15/18 | | 700 | 700,000 |
| CSC Holdings, Inc., 8.50%, 4/15/14 (b) | | 370 | 388,963 |
| Cablevision Systems Corp., Series B, 8.00%, 4/15/12 | | 1,465 | 1,543,744 |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(e) | | 555 | 579,975 |
| Charter Communications Operating, LLC (b): | | | |
| 10.00%, 4/30/12 | | 500 | 517,500 |
| 10.38%, 4/30/14 | | 660 | 669,900 |
| Clear Channel Worldwide Holdings, Inc. (b): | | | |
| Series A, 9.25%, 12/15/17 | | 779 | 794,580 |
| Series B, 9.25%, 12/15/17 | | 3,710 | 3,812,025 |
| DISH DBS Corp., 7.00%, 10/01/13 | | 90 | 92,025 |
| Gannett Co., Inc., 8.75%, 11/15/14 (b) | | 665 | 695,756 |
| Harland Clarke Holdings Corp.: | | | |
| 6.00%, 5/15/15 (f) | | 330 | 262,350 |
| 9.50%, 5/15/15 | | 390 | 355,875 |
| Intelsat Corp., 9.25%, 6/15/16 | | 2,420 | 2,504,700 |
| Intelsat Subsidiary Holding Co. Ltd., 8.88%, 1/15/15 (b) | | 250 | 253,750 |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(d) | | 410 | 489,437 |
| Liberty Media Corp., 3.13%, 3/30/23 (d) | | 1,023 | 1,046,017 |
| Lighthouse International Co. SA: | | | |
| 8.00%, 4/30/14 | EUR | 519 | 441,687 |
| 8.00%, 4/30/14 (b) | | 163 | 138,719 |
| Lions Gate Entertainment, Inc., 10.25%, 11/01/16 (b) | USD | 345 | 345,863 |
| McClatchy Co., 11.50%, 2/15/17 (b) | | 240 | 234,000 |
| Network Communications, Inc., 10.75%, 12/01/13 | | 20 | 9,200 |
| Nielsen Finance LLC: | | | |
| 11.63%, 2/01/14 | | 70 | 77,963 |
| 10.00%, 8/01/14 | | 1,740 | 1,805,250 |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(d)(i) | | 812 | 771,181 |
| Rainbow National Services LLC (b): | | | |
| 8.75%, 9/01/12 | | 410 | 418,200 |
| 10.38%, 9/01/14 | | 1,496 | 1,572,670 |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b) | EUR | 800 | 1,008,388 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b) | USD | 3,245 | 2,957,006 |
| UPC Germany GmbH (b): | | | |
| 8.13%, 12/01/17 | | 500 | 500,000 |
| 8.13%, 12/01/17 | EUR | 522 | 717,892 |

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| | | | |
|------------------------------------|-----|-----|------------|
| 9.63%, 12/01/19 | | 930 | 1,279,003 |
| UPC Holding BV, 9.88%, 4/15/18 (b) | USD | 500 | 520,000 |
| | | | 32,352,561 |

Metals & Mining 5.2%

| | | | |
|--|--|-------|-----------|
| Aleris International, Inc. (a)(i): | | | |
| 9.00%, 12/15/14 | | 950 | 2,375 |
| 10.00%, 12/15/16 | | 800 | 17,000 |
| Drummond Co., Inc.: | | | |
| 9.00%, 10/15/14 (b) | | 800 | 800,000 |
| 7.38%, 2/15/16 | | 215 | 200,488 |
| FMG Finance Property Ltd. (b): | | | |
| 10.00%, 9/01/13 | | 500 | 527,500 |
| 10.63%, 9/01/16 | | 1,100 | 1,226,500 |
| Foundation PA Coal Co., 7.25%, 8/01/14 | | 1,850 | 1,850,000 |

| Corporate Bonds | | Par (000) | | Value |
|---|-----|--------------|----|------------|
| Metals & Mining (concluded) | | | | |
| GoldCorp., Inc., 2.00%, 8/01/14 (b)(d) | USD | 180 | \$ | 201,600 |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b) | | 1,160 | | 1,162,900 |
| Murray Energy Corp., 10.25%, 10/15/15 (b) | | 795 | | 795,994 |
| New World Resources NV, 7.38%, 5/15/15 | EUR | 610 | | 739,243 |
| Novelis, Inc.: | | | | |
| 7.25%, 2/15/15 | USD | 1,440 | | 1,335,600 |
| 11.50%, 2/15/15 | | 405 | | 430,312 |
| Ryerson, Inc.: | | | | |
| 7.62%, 11/01/14 (f) | | 380 | | 339,150 |
| 12.00%, 11/01/15 | | 245 | | 251,738 |
| Steel Dynamics, Inc., 7.38%, 11/01/12 | | 440 | | 447,700 |
| Teck Resources Ltd.: | | | | |
| 10.25%, 5/15/16 | | 285 | | 339,862 |
| 10.75%, 5/15/19 | | 640 | | 787,200 |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b) | | 600 | | 633,000 |
| | | | | 12,088,162 |

Multiline Retail 1.3%

| | | | | |
|-----------------------------|--|-------|--|-----------|
| Dollar General Corp.: | | | | |
| 10.63%, 7/15/15 | | 140 | | 153,300 |
| 11.88%, 7/15/17 (e) | | 2,257 | | 2,623,762 |
| Saks, Inc., 9.88%, 10/01/11 | | 275 | | 285,313 |
| | | | | 3,062,375 |

Oil, Gas & Consumable Fuels 7.4%

| | | | | |
|--|--|-------|--|-----------|
| Arch Coal, Inc., 8.75%, 8/01/16 (b) | | | | |
| | | 290 | | 300,150 |
| Atlas Energy Operating Co. LLC: | | | | |
| 12.13%, 8/01/17 | | 450 | | 506,250 |
| 10.75%, 2/01/18 | | 240 | | 259,800 |
| Berry Petroleum Co., 8.25%, 11/01/16 | | 470 | | 471,175 |
| Bill Barrett Corp., 9.88%, 7/15/16 | | 225 | | 238,219 |
| Chesapeake Energy Corp., 2.25%, 12/15/38 (d) | | 775 | | 575,437 |
| Connacher Oil and Gas Ltd. (b): | | | | |
| 11.75%, 7/15/14 | | 165 | | 181,500 |
| 10.25%, 12/15/15 | | 1,075 | | 1,036,031 |
| Crosstex Energy LP, 8.88%, 2/15/18 (b) | | 910 | | 923,650 |

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| | | |
|---|-------|------------|
| Denbury Resources, Inc., 8.25%, 2/15/20 | 800 | 828,000 |
| Encore Acquisition Co., 6.25%, 4/15/14 | 1,850 | 1,863,875 |
| Forest Oil Corp., 7.25%, 6/15/19 | 440 | 431,200 |
| Massey Energy Co., 3.25%, 8/01/15 (d) | 1,675 | 1,507,500 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)(g) | 1,875 | 1,875,000 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b) | 1,250 | 1,271,875 |
| Petrohawk Energy Corp.: | | |
| 10.50%, 8/01/14 | 530 | 575,050 |
| 7.88%, 6/01/15 | 450 | 450,000 |
| Range Resources Corp., 8.00%, 5/15/19 | 400 | 419,000 |
| Roseton-Danskammer 2001, Series B, 7.67%, 11/08/16 | 1,760 | 1,698,400 |
| Sabine Pass LNG LP, 7.50%, 11/30/16 | 350 | 307,125 |
| SandRidge Energy, Inc.: | | |
| 8.63%, 4/01/15 (e) | 120 | 118,200 |
| 9.88%, 5/15/16 (b) | 500 | 516,250 |
| 8.00%, 6/01/18 (b) | 125 | 119,688 |
| Teekay Shipping Corp., 8.50%, 1/15/20 | 610 | 619,150 |
| | | 17,092,525 |

Paper & Forest Products 4.0%

| | | |
|---|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(e) | 328 | 244,714 |
| Boise Paper Holdings LLC, 9.00%, 11/01/17 (b) | 355 | 365,650 |
| Clearwater Paper Corp., 10.63%, 6/15/16 (b) | 370 | 410,700 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b) | 1,525 | 1,608,875 |
| Glatfelter, 7.13%, 5/01/16 (b) | 190 | 182,400 |

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 |
|--|-----|--------------|------------|
| Paper & Forest Products (concluded) | | | |
| NewPage Corp.: | | | |
| 10.00%, 5/01/12 | USD | 740 | \$ 425,500 |
| 11.38%, 12/31/14 | | 5,385 | 5,142,675 |
| Verso Paper Holdings LLC: | | | |
| 11.50%, 7/01/14 (b) | | 320 | 336,000 |
| Series B, 4.00%, 8/01/14 (f) | | 260 | 209,950 |
| Series B, 9.13%, 8/01/14 | | 305 | 280,600 |
| | | | 9,207,064 |
| Pharmaceuticals 1.4% | | | |
| Angiotech Pharmaceuticals, Inc., 4.00%, 12/01/13 (f) | | | |
| | | 995 | 805,950 |
| Elan Corp. Plc, 8.75%, 10/15/16 (b) | | 695 | 674,150 |
| Elan Finance Plc, 8.88%, 12/01/13 | | 90 | 91,350 |
| Novasep Holding SAS, 9.63%, 12/15/16 (b) | EUR | 893 | 1,124,762 |
| Valeant Pharmaceuticals International, 8.38%, 6/15/16 (b) | USD | 515 | 533,025 |
| | | | 3,229,237 |
| Real Estate Investment Trusts (REITs) 0.5% | | | |
| iStar Financial, Inc., 5.65%, 9/15/11 | | | |
| | | 1,500 | 1,170,000 |
| Real Estate Management & Development 0.5% | | | |
| Forest City Enterprises, Inc., 7.63%, 6/01/15 | | | |
| | | 1,325 | 1,192,500 |
| Semiconductors & Semiconductor Equipment 1.0% | | | |
| Advanced Micro Devices, Inc., 8.13%, 12/15/17 (b) | | | |
| | | 1,140 | 1,154,250 |
| Spansion, Inc., 3.79%, 6/01/13 (a)(b)(i) | | 1,135 | 1,123,650 |
| | | | 2,277,900 |
| Software 0.0% | | | |
| BMS Holdings, Inc., 7.89%, 2/15/12 (b)(e) | | | |
| | | 426 | 8,512 |
| Specialty Retail 1.5% | | | |
| Asbury Automotive Group, Inc., 7.63%, 3/15/17 | | | |
| | | 330 | 311,438 |
| General Nutrition Centers, Inc., 10.75%, 3/15/15 | | 550 | 556,188 |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (d)(h) | | 985 | 770,762 |
| Limited Brands, Inc., 8.50%, 6/15/19 | | 745 | 798,081 |
| United Auto Group, Inc., 7.75%, 12/15/16 | | 1,030 | 982,362 |
| | | | 3,418,831 |

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Textiles, Apparel & Luxury Goods 1.6%

| | | | |
|------------------------------------|-----|-------|-----------|
| Levi Strauss & Co., 8.63%, 4/01/13 | EUR | 1,750 | 2,394,812 |
| Quiksilver, Inc., 6.88%, 4/15/15 | USD | 1,490 | 1,270,225 |
| | | | 3,665,037 |

Wireless Telecommunication Services 5.3%

| | | | |
|---|--|-------|------------|
| Cricket Communications, Inc.: | | | |
| 9.38%, 11/01/14 | | 955 | 950,225 |
| 10.00%, 7/15/15 | | 1,795 | 1,817,438 |
| 7.75%, 5/15/16 | | 210 | 213,413 |
| Digicel Group Ltd. (b): | | | |
| 8.88%, 1/15/15 | | 1,285 | 1,227,175 |
| 9.13%, 1/15/15 (e) | | 1,911 | 1,862,866 |
| FiberTower Corp., 9.00%, 1/01/16 (e) | | 284 | 230,144 |
| iPCS, Inc., 2.37%, 5/01/13 (f) | | 760 | 699,200 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | | 2,255 | 2,249,362 |
| Nextel Communications, Inc.: | | | |
| Series D, 7.38%, 8/01/15 | | 60 | 55,350 |
| Series E, 6.88%, 10/31/13 | | 1,770 | 1,699,200 |
| Series F, 5.95%, 3/15/14 | | 100 | 90,750 |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b) | | 265 | 233,200 |
| Sprint Capital Corp., 6.88%, 11/15/28 | | 1,200 | 909,000 |
| | | | 12,237,323 |

Total Corporate Bonds 103.4%

238,343,433

| Floating Rate Loan Interests (f) | | Par (000) | | Value |
|--|-----|--------------|----|-----------|
| Aerospace & Defense 0.1% | | | | |
| Hawker Beechcraft Acquisition Co. LLC, Incremental Term Loan, 10.50%, 3/26/14 | USD | 274 | \$ | 250,482 |
| Auto Components 1.0% | | | | |
| Allison Transmission, Inc., Term Loan, 2.98% 3.00%, 8/07/14 | | 2,216 | | 2,029,556 |
| Dana Holding Corp., Term Advance, 4.48% 6.50%, 1/30/15 | | 399 | | 388,763 |
| | | | | 2,418,319 |
| Automobiles 2.7% | | | | |
| Ford Motor Co., Tranche B-1 Term Loan, 3.24% 3.26%, 12/15/13 | | 6,641 | | 6,203,454 |
| Building Products 1.3% | | | | |
| CPG International I, Inc., Term Loan, 5.23%, 2/28/11 | | 2,955 | | 2,954,774 |
| Capital Markets 0.1% | | | | |
| Marsico Parent Co., LLC, Term Loan, 5.25% 5.31%, 12/15/14 | | 381 | | 241,724 |
| Chemicals 1.1% | | | | |

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| | | |
|--|-------|------------------|
| PQ Corp., Term Loan (First Lien), 3.48% 3.50%, 7/30/14 | 739 | 675,956 |
| Solutia Inc., Loan, 7.25%, 2/28/14 | 304 | 308,132 |
| Tronox Worldwide LLC, Tranche B-1 Term Loan, 9.00%, 6/24/10 | 1,400 | 1,436,680 |
| | | <u>2,420,768</u> |

Construction & Engineering 0.8%

| | | |
|---|-------|-----------|
| Safway, Last Out, Term Loan, 15.63%, 12/14/17 | 1,750 | 1,750,000 |
|---|-------|-----------|

Diversified Telecommunication Services 2.0%

| | | |
|--|-----------|-----------|
| Wind Finance SL SA, Facility (Second Lien), 7.68%, 12/17/14 | EUR 3,350 | 4,543,237 |
|--|-----------|-----------|

Food & Staples Retailing 0.5%

| | | |
|--|-----------|-----------|
| Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15 | USD 1,200 | 1,243,200 |
|--|-----------|-----------|

Hotels, Restaurants & Leisure 1.2%

| | | |
|---|-------|-----------|
| Travelport LLC (fka Travelport Inc.), Loan, 8.28%, 3/27/12 | 2,994 | 2,739,623 |
|---|-------|-----------|

IT Services 0.0%

| | | |
|--|----|--------|
| First Data Corp., Initial Tranche B-1 Term Loan, 2.98%, 9/24/14 | 99 | 86,682 |
|--|----|--------|

Independent Power Producers & Energy Traders 1.2%

| | | |
|---|-------|------------------|
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-1 Term Loan, 3.73% 3.75%, 10/10/14 | 206 | 165,845 |
| Initial Tranche B-2 Term Loan, 3.73% 3.75%, 10/10/14 | 648 | 520,967 |
| Initial Tranche B-3 Term Loan, 3.73% 3.75%, 10/10/14 | 2,571 | 2,056,999 |
| | | <u>2,743,811</u> |

Machinery 0.2%

| | | |
|---|-----|---------|
| Accuride Corp., Term Loan, 9.75%, 6/30/13 | 550 | 548,854 |
|---|-----|---------|

Media 2.3%

| | | |
|---|-------|-----------|
| Affinion Group Holdings, Inc., Loan, 8.39%, 3/01/12 | 436 | 412,302 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 1,478 | 1,462,725 |
| HMH Publishing Co., Ltd.: | | |
| Mezzanine, 1.26%, 11/14/14 | 487 | 60,093 |
| Tranche A Term Loan, 5.23%, 6/12/14 | 1,435 | 1,207,459 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Floating Rate Loan Interests (f) | | Par (000) | Value |
|--|-----|--------------|-------------------|
| Media (concluded) | | | |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | USD | 1,250 | \$ 1,335,938 |
| Virgin Media Investment Holdings Ltd., C Facility, 3.58%, 3/03/13 | GBP | 240 | 341,862 |
| Worldcolor Press Inc. and Worldcolor (USA) Corp. (fka Quebecor World, Inc.), Advance, 9.00%, 7/23/12 | USD | 498 | 503,176 |
| | | | <u>5,323,555</u> |
| Multiline Retail 0.6% | | | |
| Hema Holding BV, Mezzanine, 8.24% 8.92%, 1/29/17 | EUR | 1,018 | 1,004,451 |
| The Neiman Marcus Group, Inc., Term Loan, 6.25%, 4/06/13 | USD | 348 | 312,381 |
| | | | <u>1,316,832</u> |
| Oil, Gas & Consumable Fuels 0.7% | | | |
| Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18 | | 2,175 | 1,631,030 |
| Paper & Forest Products 0.3% | | | |
| Verso Paper Finance Holdings LLC, PIK Loan, 7.25%, 2/01/13 (e) | | 1,199 | 659,462 |
| Real Estate Management & Development 0.2% | | | |
| Realogy Corp.: | | | |
| Initial Term B Loan, 3.25%, 10/10/13 | | 375 | 330,849 |
| Synthetic Letter of Credit, 0.08%, 10/10/13 | | 118 | 104,479 |
| | | | <u>435,328</u> |
| Specialty Retail 0.3% | | | |
| Claire s Stores, Inc., Term Loan B, 3.00%, 5/29/14 | | 264 | 217,886 |
| Michaels Stores, Inc. B-1 Term Loan, 2.50% 2.56%, 10/31/13 | | 349 | 314,406 |
| Pedalgreen Ltd. PIK Loan Facility, 0.00%, 11/30/15 (e) | GBP | 119 | 166,949 |
| | | | <u>699,241</u> |
| Total Floating Rate Loan Interests 16.6% | | | <u>38,210,376</u> |

| Other Interests (j) | | Beneficial Interest (000) |
|--|-----|---------------------------------|
| Auto Components 1.8% | | |
| Delphi Debtor in Possession Holding Co. LLP, Class B Membership Interests | USD | (k) 4,209,089 |
| Media 0.0% | | |
| Adelphia Escrow | | 700 70 |
| Adelphia Recovery Trust | | 878 3,511 |
| | | 3,581 |
| Total Other Interests 1.8% | | 4,212,670 |

| Preferred Stocks | Shares | 3,581 |
|--|--------|-------|
| Media 0.0% | | |
| CMP Susquehanna Radio Holdings Corp. (a)(b)(f) | 34,982 | |
| Total Preferred Stocks 0.0% | | |

| Warrants (l) | Shares | Value |
|---|--------|-------|
| Construction & Engineering 0.0% | | |
| Safway US LLC (expires 12/14/17) | 321 | \$ 1 |
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (expires 1/16/14) | 29,930 | |
| Media 0.0% | | |
| CMP Susquehanna Radio Holdings Corp. (expires 3/26/19) (b) | 39,975 | |
| New Vision Holdings LLC (expires 9/30/14) | 14,965 | 150 |
| | | 150 |
| Oil, Gas & Consumable Fuels 0.0% | | |
| Turbo Cayman Ltd. (no expiration) | 1 | |
| Total Warrants 0.0% | | 151 |

| | |
|---|-------------|
| Total Long-Term Investments (Cost \$296,237,011) 125.8% | 289,985,670 |
|---|-------------|

Short-Term Securities

| | | |
|--|-----------|-----------|
| BlackRock Liquidity Funds, TempCash, Institutional Class, 0.12% (m)(n) | 4,931,674 | 4,931,674 |
| Total Short-Term Securities (Cost \$4,931,674) 2.1% | | 4,931,674 |

Options Purchased

Contracts

| | | |
|--|----|-------|
| Over-the-Counter Call Options 0.0% | | |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/01/19, Broker Goldman Sachs Bank USA | 17 | 3,230 |
| Total Options Purchased (Cost \$16,622) 0.0% | | 3,230 |

| | |
|---|-----------------------|
| Total Investments (Cost \$301,185,307*) 127.9% | 294,920,574 |
| Liabilities in Excess of Other Assets (27.9)% | (64,328,036) |
| Net Assets 100.0% | <u>\$ 230,592,538</u> |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 302,371,946 |
| Gross unrealized appreciation | \$ 13,143,585 |
| Gross unrealized depreciation | (20,594,957) |
| Net unrealized depreciation | \$ (7,451,372) |

- (a) Non-income producing security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) Convertible security.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (f) Variable rate security. Rate shown is as of report date.
- (g) When-issued security. Unsettled when-issued security transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|---------------------------------------|--------------|----------------------------|
| Citigroup Global | \$ 345,675 | |
| JPMorgan Securities | \$ 410,000 | |
| Morgan Stanley Capital Services, Inc. | \$ 1,875,000 | |
| Wells Fargo Bank | \$ 153,938 | \$ 3,938 |

- (h) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (i) Issuer filed for bankruptcy and/or is in default of interest payments.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Amount is less than \$1,000.
- (l)

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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.

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

| Affiliate | Net Activity | Income |
|--|-----------------|----------|
| BlackRock Liquidity Funds, TempCash, Institutional Class | \$ 4,931,674 | \$ 8,170 |
| BlackRock Liquidity Series, LLC Cash Sweep Series | \$ (7,111,263) | \$ 905 |

- (n) 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, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|---|--------------------|--|
| EUR 304,000 | USD 414,608 | Citibank NA | 3/03/10 | \$ (669) |
| EUR 1,467,800 | USD 2,023,491 | Citibank NA | 3/24/10 | (24,948) |
| USD 21,425,096 | EUR 14,828,500 | Citibank NA | 3/24/10 | 1,234,740 |
| USD 756,103 | EUR 541,500 | Citibank NA | 3/24/10 | 18,800 |
| USD 321,195 | GBP 204,500 | Citibank NA | 4/21/10 | 9,497 |
| USD 2,349,986 | GBP 1,451,500 | Morgan Stanley Capital Services, Inc. | 4/21/10 | 137,617 |
| USD 181,633 | CAD 190,000 | Goldman Sachs International | 4/21/10 | 1,076 |
| Total | | | | \$ 1,376,113 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2010 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|-----------------------|----------------------|---|-------------------|-----------------------------|--|
| iStar Financial, Inc. | 5.00% | Morgan Stanley Capital Services, Inc. | September 2011 | USD 1,500 | \$ (15,610) |

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| | | | | | | |
|--------------------------------------|-------|---------------------------------------|----------------|-----|-------|---------------------|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | December 2011 | USD | 475 | (3,057) |
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | December 2013 | USD | 925 | (32,364) |
| Louisiana-Pacific Corp. | 5.00% | JPMorgan Chase Bank NA | March 2014 | USD | 500 | (131,515) |
| Macy's, Inc. | 8.05% | Goldman Sachs Bank USA | March 2014 | USD | 600 | (143,867) |
| Centex Corp. | 1.00% | Deutsche Bank AG | September 2014 | USD | 175 | 973 |
| Limited Brands, Inc. | 1.00% | Goldman Sachs Bank USA | September 2014 | USD | 1,000 | (35,054) |
| Limited Brands, Inc. | 1.00% | JPMorgan Chase Bank NA | September 2014 | USD | 50 | (1,717) |
| American Axle and Manufacturing Inc. | 5.00% | Deutsche Bank AG | December 2014 | USD | 375 | (2,807) |
| Boston Scientific Corp. | 1.00% | Goldman Sachs Bank USA | December 2014 | USD | 500 | 919 |
| Brunswick Corp. | 5.00% | Morgan Stanley Capital Services, Inc. | December 2016 | USD | 1,500 | 13,409 |
| Total | | | | | | \$ (350,690) |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund, Inc. (COY)

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2010 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|------------------------------|--------------------|-----------------------------|------------|----------------------------|------------------------------------|--|
| Advanced Micro Devices, Inc. | 5.00% | JPMorgan Chase Bank NA | March 2015 | B | USD 550 | \$ 2,053 |
| Realogy Corp. | 5.00% | Credit Suisse International | March 2015 | C | USD 100 | 1,285 |
| Realogy Corp. | 5.00% | JPMorgan Chase Bank NA | March 2015 | C | USD 450 | (14,983) |
| Standard Pacific Corp. | 5.00% | Goldman Sachs International | March 2015 | CCC | USD 250 | (224) |
| Total | | | | | | \$ (11,869) |

¹ Using S&P's rating of the issuer.

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

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 assets and liabilities

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

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

The inputs or methodologies 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 tables summarize the inputs used as of February 28, 2010 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | | | |
|------------------------------|---------------------------|-----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 8,807,025 | \$ 336,919 | \$ 75,096 | \$ 9,219,040 |
| Corporate Bonds | | 234,382,073 | 3,961,360 | 238,343,433 |
| Floating Rate Loan Interests | | 18,991,565 | 19,218,811 | 38,210,376 |
| Other Interests | | | 4,212,670 | 4,212,670 |
| Warrants | | 1 | 150 | 151 |
| Short-Term Securities | 4,931,674 | | | 4,931,674 |
| Total | \$ 13,738,699 | \$ 253,710,558 | \$ 27,468,087 | \$ 294,917,344 |

| Valuation Inputs | Other Financial Instruments ¹ | | | |
|------------------|--|---------------------|--------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | \$ 1,423,599 | | \$ 1,423,599 |
| Liabilities | | (406,815) | \$ (51,643) | (458,458) |
| Total | | \$ 1,016,784 | \$ (51,643) | \$ 965,141 |

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

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

| | Investments in Securities | | | | | |
|---|---------------------------|---------------------|------------------------------|---------------------|---------------|----------------------|
| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Warrants | Total |
| Balance, as of February 28, 2009 | \$ 356 | \$ 1,404,473 | \$ 14,962,760 | \$ 3,582 | | \$ 16,371,171 |
| Accrued discounts/premiums | | | | | | |
| Realized gain (loss) | | (5,465) | (4,784,296) | | | (4,789,761) |
| Change in unrealized appreciation/depreciation ² | | 282,192 | 15,063,883 | | | 15,346,075 |
| Net purchases (sales) | | 6,342 | (7,162,942) | | | (7,156,600) |
| Net transfers in (out) of Level 3 | 74,740 | 2,273,818 | 1,139,406 | 4,209,088 | \$ 150 | 7,697,202 |
| Balance, as of February 28, 2010 | \$ 75,096 | \$ 3,961,360 | \$ 19,218,811 | \$ 4,212,670 | \$ 150 | \$ 27,468,087 |

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² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on February 28, 2010 was \$6,741,424.

The following table is a reconciliation of Level 3 other financial instruments for which significant unobservable inputs were used to determine fair value:

| | Other Financial Instruments³ |
|---|--|
| Balance, as of February 28, 2009 | |
| Accrued discounts/premiums | |
| Realized gain (loss) | |
| Change in unrealized appreciation/depreciation ⁴ | \$ (51,643) |
| Net purchases (sales) | |
| Net transfers in/out of Level 3 | |
| Balance, as of February 28, 2010 | \$ (51,643) |

³ Other financial instruments are unfunded loan commitments.

⁴ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on the securities still held at February 28, 2010 was \$(51,643).

See Notes to Financial Statements.

Schedule of Investments February 28, 2010

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

| Common Stocks | Shares | Value |
|--|---------|------------|
| Auto Components 0.2% | | |
| Lear Corp. (a) | 6,665 | \$ 461,685 |
| Building Products 0.6% | | |
| Masonite Worldwide Holdings (a) | 34,575 | 1,452,150 |
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. (a) | 296,000 | 476,560 |
| Chemicals 0.1% | | |
| Solutia, Inc. (a) | 8,000 | 112,560 |
| Wellman Holdings, Inc. (a) | 1,522 | 381 |
| | | 112,941 |
| Communications Equipment 1.0% | | |
| Brocade Communications Systems, Inc. (a) | 50,000 | 291,000 |
| Loral Space & Communications Ltd. (a) | 64,095 | 2,085,010 |
| | | 2,376,010 |
| Construction Materials 0.0% | | |
| Nortek, Inc. (a) | 2,145 | 79,365 |
| Containers & Packaging 0.2% | | |
| Rock-Tenn Co., Class A | 13,000 | 543,920 |
| Diversified Financial Services 0.4% | | |
| Bank of America Corp. | 65,000 | 1,082,900 |
| Citigroup, Inc. (a) | 1 | 3 |
| | | 1,082,903 |
| Diversified Telecommunication Services 0.5% | | |
| Qwest Communications International, Inc. | 247,855 | 1,130,219 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (a) | 70,784 | 5,025 |
| SunPower Corp., Class B (a) | 778 | 12,705 |
| | | 17,730 |
| Food Products 0.0% | | |
| Pilgrims Pride Corp. (a) | 6,334 | 57,133 |

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| | | |
|---|---------|------------|
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. (a) | 1,099 | 6,209 |
| Household Durables 0.4% | | |
| Beazer Homes USA, Inc. (a) | 139,500 | 580,320 |
| Pulte Homes, Inc. (a) | 30,000 | 324,900 |
| Standard-Pacific Corp. (a) | 15,000 | 63,300 |
| | | 968,520 |
| Machinery 0.1% | | |
| Accuride Corp. (a) | 90,983 | 118,278 |
| Accuride Corp. Restricted Shares (a) | 90,983 | 118,278 |
| | | 236,556 |
| Media 0.3% | | |
| Gannett Co., Inc. | 56,000 | 848,400 |
| Paper & Forest Products 0.2% | | |
| Ainsworth Lumber Co. Ltd. (a) | 125,117 | 262,791 |
| Ainsworth Lumber Co. Ltd. (a)(b) | 140,415 | 294,922 |
| Western Forest Products, Inc. (a) | 158,023 | 33,041 |
| Western Forest Products, Inc. (a)(b) | 45,762 | 9,568 |
| | | 600,322 |
| Software 0.1% | | |
| TiVo, Inc. (a) | 31,000 | 293,880 |
| Wireless Telecommunication Services 0.3% | | |
| FiberTower Corp. (a) | 76,542 | 315,353 |
| SBA Communications Corp., Class A (a) | 8,500 | 300,560 |
| | | 615,913 |
| Total Common Stocks 4.6% | | 11,360,416 |

| Corporate Bonds | | Par (000) | | Value |
|---|-----|--------------|----|-----------|
| Airlines 2.4% | | | | |
| American Airlines, Inc., 10.50%, 10/15/12 (b) | USD | 1,080 | \$ | 1,107,000 |
| American Airlines Pass Through Trust, Series 2001-02, 7.86%, 4/01/13 | | 400 | | 403,000 |
| Continental Airlines, Inc.: | | | | |
| Series 1997-4-B, 6.90%, 7/02/18 (c) | | 522 | | 480,124 |
| Series 2001-1-C, 7.03%, 12/15/12 | | 302 | | 294,485 |
| Series 2003-RJ, 7.88%, 1/02/20 | | 440 | | 391,931 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | | 1,100 | | 1,133,000 |
| United Air Lines, Inc., 12.75%, 7/15/12 | | 2,100 | | 2,226,000 |
| | | | | 6,035,540 |

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| | | |
|--|---------|-----------|
| Auto Components 1.7% | | |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | 91 | 91,104 |
| The Goodyear Tire & Rubber Co.: | | |
| 7.86%, 8/15/11 | 1,200 | 1,242,000 |
| 8.63%, 12/01/11 | 552 | 572,700 |
| Icahn Enterprises LP (b): | | |
| 4.00%, 8/15/13 (d)(e) | 255 | 224,069 |
| 8.00%, 1/15/18 | 2,360 | 2,218,400 |
| | | 4,348,273 |
| Biotechnology 0.3% | | |
| QHP Pharma, 10.25%, 3/15/15 (b) | 710 | 724,825 |
| Building Products 1.1% | | |
| Associated Materials LLC, 9.88%, 11/15/16 | 720 | 763,200 |
| Building Materials Corp. of America, 7.00%, 2/15/20 (b) | 620 | 620,000 |
| Goodman Global Group, Inc., 12.86%, 12/15/14 (b)(f) | 290 | 168,200 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 1,090 | 1,106,350 |
| | | 2,657,750 |
| Capital Markets 0.7% | | |
| E*Trade Financial Corp. (e)(f): | | |
| 3.39%, 8/31/19 (b) | 244 | 370,880 |
| Series A, 3.64%, 8/31/19 | 7 | 10,640 |
| MU Finance Plc, 8.75%, 2/01/17 (b) | GBP 422 | 595,209 |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b) | USD 963 | 579,004 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(g) | 411 | 90,851 |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(g) | 269 | 46,759 |
| | | 1,693,343 |
| Chemicals 2.8% | | |
| American Pacific Corp., 9.00%, 2/01/15 | 880 | 869,000 |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b) | 230 | 238,625 |
| Hexion Finance Escrow LLC, 8.88%, 2/01/18 (b) | 1,820 | 1,701,700 |
| Hexion U.S. Finance Corp., 9.75%, 11/15/14 | 310 | 292,950 |
| Huntsman International LLC (b): | | |
| 6.88%, 11/15/13 | EUR 280 | 355,528 |
| 5.50%, 6/30/16 | USD 545 | 479,600 |
| Innophos, Inc., 8.88%, 8/15/14 | 825 | 847,688 |
| MacDermid, Inc., 9.50%, 4/15/17 (b) | 1,260 | 1,260,000 |
| Wellman Holdings, Inc. (e): | | |
| Second Lien Subordinate Note, 10.00%, 1/29/19 (b) | 844 | 844,000 |
| Third Lien Subordinate Note, 5.00%, 1/29/19 (g) | 269 | 134,759 |
| | | 7,023,850 |

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 |
|--|-----|--------------|-----------|
| Commercial Banks 0.1% | | | |
| Glitnir Banki HF (a)(h): | | | |
| 4.38%, 2/05/10 | USD | 50 | \$ 17,702 |
| 4.15%, 4/20/10 (b) | | 111 | 28,860 |
| Series EMTN, 5.07%, 1/27/10 | EUR | 50 | 17,701 |
| Series EMTN, 3.00%, 6/30/10 | | 45 | 15,625 |
| Series GMTN, 6.38%, 9/25/12 (b) | USD | 500 | 130,000 |
| | | | 209,888 |
| Commercial Services & Supplies 3.0% | | | |
| ACCO Brands Corp., 10.63%, 3/15/15 (b) | | 250 | 271,750 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b) | | 585 | 625,950 |
| Scientific Games International, Inc., 9.25%, 6/15/19 | | 855 | 904,162 |
| Waste Services, Inc., 9.50%, 4/15/14 | | 3,000 | 3,082,500 |
| West Corp.: 9.50%, 10/15/14 | | 435 | 431,738 |
| 11.00%, 10/15/16 | | 2,245 | 2,250,612 |
| | | | 7,566,712 |
| Construction Materials 1.2% | | | |
| Nortek, Inc., 11.00%, 12/01/13 | | 2,155 | 2,262,260 |
| Texas Industries, Inc., 7.25%, 7/15/13 | | 785 | 763,412 |
| | | | 3,025,672 |
| Consumer Finance 0.5% | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | | 680 | 676,600 |
| Ford Motor Credit Co. LLC: 3.00%, 1/13/12 (d) | | 215 | 201,562 |
| 7.80%, 6/01/12 | | 200 | 202,114 |
| 8.00%, 12/15/16 | | 180 | 180,745 |
| | | | 1,261,021 |
| Containers & Packaging 4.0% | | | |
| Berry Plastics Escrow LLC, 8.88%, 9/15/14 (b) | | 470 | 452,375 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | | 1,050 | 1,010,625 |
| Crown European Holdings SA, 6.25%, 9/01/11 | EUR | 75 | 104,167 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | USD | 840 | 882,000 |
| Impress Holdings BV, 3.38%, 9/15/13 (b)(d) | | 420 | 391,650 |
| Owens-Brockway Glass Container, Inc.: 8.25%, 5/15/13 | | 1,000 | 1,015,000 |

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| | | | |
|--|-----|-------|------------|
| 6.75%, 12/01/14 | EUR | 155 | 211,057 |
| Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b) | USD | 1,090 | 867,912 |
| Pregis Corp., 12.38%, 10/15/13 | | 1,200 | 1,191,000 |
| Rock-Tenn Co., 8.20%, 8/15/11 | | 2,000 | 2,155,000 |
| Smurfit Kappa Acquisitions (b): | | | |
| 7.25%, 11/15/17 | EUR | 495 | 660,539 |
| 7.75%, 11/15/19 | | 470 | 636,778 |
| Solo Cup Co., 10.50%, 11/01/13 | USD | 475 | 497,563 |
| | | | 10,075,666 |

Diversified Consumer Services 1.2%

| | | | |
|---|--|-------|-----------|
| Service Corp. International, 7.00%, 6/15/17 | | 3,000 | 2,940,000 |
|---|--|-------|-----------|

Diversified Financial Services 8.6%

| | | | |
|---|-----|-------|-----------|
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 520 | 562,900 |
| CIT Group, Inc.: | | | |
| 7.00%, 5/01/16 | | 1,341 | 1,187,215 |
| 7.00%, 5/01/17 | | 5,740 | 5,072,796 |
| FCE Bank Plc: | | | |
| 7.88%, 2/15/11 | GBP | 700 | 1,075,371 |
| 7.13%, 1/16/12 | EUR | 1,800 | 2,429,412 |
| 7.13%, 1/15/13 | | 1,050 | 1,401,144 |

| Corporate Bonds | | Par (000) | Value |
|---|-----|--------------|------------|
| Diversified Financial Services (concluded) | | | |
| GMAC LLC: | | | |
| 7.25%, 3/02/11 | USD | 464 | \$ 468,060 |
| 6.88%, 9/15/11 | | 500 | 500,000 |
| 6.88%, 8/28/12 | | 600 | 594,000 |
| 2.45%, 12/01/14 (d) | | 464 | 396,950 |
| 6.75%, 12/01/14 | | 1,020 | 974,100 |
| 8.30%, 2/12/15 (b) | | 2,160 | 2,178,900 |
| 8.00%, 11/01/31 | | 1,140 | 1,051,650 |
| General Motors Acceptance Corp. of Canada Ltd., 6.00%, 5/25/10 | CAD | 300 | 281,502 |
| Leucadia National Corp., 8.13%, 9/15/15 | USD | 1,325 | 1,344,875 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | | 1,460 | 1,478,250 |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (b) | EUR | 400 | 543,306 |
| | | | 21,540,431 |

Diversified Telecommunication Services 3.8%

| | | | |
|--|-----|-------|-----------|
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12 | USD | 1,035 | 993,600 |
| GCI, Inc., 8.63%, 11/15/19 (b) | | 1,200 | 1,219,500 |
| Level 3 Financing, Inc., 10.00%, 2/01/18 (b) | | 680 | 623,900 |
| Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b) | | 215 | 230,050 |
| Qwest Communications International, Inc.: | | | |
| 7.50%, 2/15/14 | | 2,020 | 2,040,200 |
| 8.00%, 10/01/15 (b) | | 600 | 621,000 |
| Series B, 7.50%, 2/15/14 | | 1,730 | 1,747,300 |
| Qwest Corp.: | | | |

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| | | |
|----------------------------------|-----|-----------|
| 7.63%, 6/15/15 | 525 | 561,094 |
| 8.38%, 5/01/16 | 680 | 744,600 |
| Windstream Corp., 8.13%, 8/01/13 | 760 | 790,400 |
| | | 9,571,644 |

Electric Utilities 1.2%

| | | |
|---|-------|-----------|
| Intergen NV, 9.00%, 6/30/17 (b) | 420 | 428,400 |
| NSG Holdings LLC, 7.75%, 12/15/25 (b) | 1,030 | 890,950 |
| Tenaska Alabama Partners LP, 7.00%, 6/30/21 (b) | 1,810 | 1,813,700 |
| | | 3,133,050 |

Electronic Equipment, Instruments & Components 0.1%

| | | |
|-------------------------------------|-----|---------|
| Jabil Circuit, Inc., 7.75%, 7/15/16 | 295 | 305,325 |
|-------------------------------------|-----|---------|

Energy Equipment & Services 1.4%

| | | |
|--|-------|-----------|
| Compagnie Générale de Géophysique-Veritas: | | |
| 7.50%, 5/15/15 | 215 | 210,700 |
| 7.75%, 5/15/17 | 320 | 313,600 |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b) | 1,835 | 1,825,825 |
| North American Energy Alliance LLC, 10.88%, 6/01/16 (b) | 665 | 704,900 |
| North American Energy Partners, Inc., 8.75%, 12/01/11 | 375 | 373,125 |
| | | 3,428,150 |

Food & Staples Retailing 0.8%

| | | |
|---|-----|-----------|
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) | 800 | 720,000 |
| Duane Reade, Inc., 11.75%, 8/01/15 | 165 | 207,900 |
| Rite Aid Corp.: | | |
| 9.75%, 6/12/16 | 410 | 437,675 |
| 10.25%, 10/15/19 | 670 | 708,525 |
| | | 2,074,100 |

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 |
|--|-----|--------------|------------|
| Food Products 0.7% | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | USD | 220 | \$ 222,200 |
| Reddy Ice Corp., 11.25%, 3/15/15 (b)(i) | | 440 | 440,000 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | | 780 | 844,350 |
| TreeHouse Foods, Inc., 7.75%, 3/01/18 (i) | | 160 | 164,200 |
| | | | 1,670,750 |
| Health Care Equipment & Supplies 1.3% | | | |
| DJO Finance LLC: | | | |
| 10.88%, 11/15/14 | | 1,670 | 1,786,900 |
| 10.88%, 11/15/14 (b) | | 600 | 642,000 |
| Hologic, Inc., 2.00%, 12/15/37 (e)(j) | | 955 | 816,525 |
| | | | 3,245,425 |
| Health Care Providers & Services 3.5% | | | |
| Community Health Systems, Inc., Series WI, | | | |
| 8.88%, 7/15/15 | | 1,460 | 1,511,100 |
| HCA, Inc., 9.13%, 11/15/14 | | 1,785 | 1,876,481 |
| LifePoint Hospitals, Inc., 3.50%, 5/15/14 (e) | | 110 | 100,788 |
| Tenet Healthcare Corp. (b): | | | |
| 9.00%, 5/01/15 | | 1,564 | 1,638,290 |
| 10.00%, 5/01/18 | | 644 | 708,400 |
| 8.88%, 7/01/19 | | 1,289 | 1,359,895 |
| Vanguard Health Holding Co.II LLC, 8.00%, 2/01/18 (b) | | 1,555 | 1,527,787 |
| | | | 8,722,741 |
| Health Care Technology 0.8% | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (b) | | 1,770 | 2,035,500 |
| Hotels, Restaurants & Leisure 2.9% | | | |
| Greektown Holdings, LLC, 10.75%, | | | |
| 12/01/13 (a)(b)(h) | | 439 | 26,340 |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17 | | 1,100 | 1,141,250 |
| Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/10 (a)(h) | | 1,550 | 751,750 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(h) | | 1,290 | 325,725 |
| MGM Mirage: | | | |
| 13.00%, 11/15/13 | | 1,155 | 1,316,700 |
| 10.38%, 5/15/14 (b) | | 255 | 270,300 |
| 11.13%, 11/15/17 (b) | | 820 | 885,600 |
| Pinnacle Entertainment, Inc., 8.63%, 8/01/17 (b) | | 685 | 650,750 |

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| | | |
|---|-----|-----------|
| San Pasqual Casino, 8.00%, 9/15/13 (b) | 975 | 926,250 |
| Scientific Games Corp., 0.75%, 12/01/24 (e)(j) | 280 | 271,950 |
| Shingle Springs Tribal Gaming Authority, 9.38%, 6/15/15 (b) | 60 | 47,700 |
| Travelport LLC: 4.88%, 9/01/14 (d) | 160 | 148,800 |
| 9.88%, 9/01/14 | 210 | 214,725 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(h) | 305 | 191 |
| Virgin River Casino Corp., 9.00%, 1/15/12 (a)(g) | 940 | 178,600 |
| | | <hr/> |
| | | 7,156,631 |

Household Durables 2.3%

| | | |
|--|-------|-----------|
| Beazer Homes USA, Inc., 12.00%, 10/15/17 (b) | 1,345 | 1,499,675 |
| Jarden Corp., 8.00%, 5/01/16 | 275 | 287,375 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 1,725 | 1,802,625 |
| KB Home: 6.38%, 8/15/11 | 29 | 29,508 |
| 9.10%, 9/15/17 | 215 | 223,062 |
| Standard Pacific Corp.: 6.25%, 4/01/14 | 365 | 328,500 |
| 7.00%, 8/15/15 | 265 | 238,500 |
| 10.75%, 9/15/16 | 1,225 | 1,277,062 |
| | | <hr/> |
| | | 5,686,307 |

| Corporate Bonds | | Par (000) | | Value |
|---|-----|--------------|----|-----------|
| Household Products 0.1% | | | | |
| Libbey Glass, Inc., 10.00%, 2/15/15 (b) | USD | 135 | \$ | 139,725 |
| IT Services 1.4% | | | | |
| Alliance Data Systems Corp., 1.75%, 8/01/13 (e) | | 1,645 | | 1,521,625 |
| First Data Corp.: 9.88%, 9/24/15 | | 1,600 | | 1,368,000 |
| 9.88%, 9/24/15 (b) | | 20 | | 17,300 |
| 11.25%, 3/31/16 | | 810 | | 664,200 |
| | | | | <hr/> |
| | | | | 3,571,125 |

Independent Power Producers & Energy Traders 3.8%

| | | | | |
|--|--|-------|--|-----------|
| The AES Corp., 8.75%, 5/15/13 (b) | | 1,070 | | 1,088,725 |
| AES Eastern Energy LP, Series 99-B, 9.67%, 1/02/29 | | 610 | | 661,088 |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | | 1,260 | | 1,275,750 |
| Energy Future Holdings Corp.: 10.88%, 11/01/17 | | 430 | | 325,725 |
| 11.25%, 11/01/17 (g) | | 2,944 | | 2,060,646 |
| 10.00%, 1/15/20 (b) | | 1,875 | | 1,912,500 |
| NRG Energy, Inc., 7.25%, 2/01/14 | | 2,115 | | 2,130,862 |
| | | | | <hr/> |
| | | | | 9,455,296 |

Industrial Conglomerates 2.5%

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| | | |
|--|-------|-----------|
| Sequa Corp. (b): | | |
| 11.75%, 12/01/15 | 2,340 | 2,293,200 |
| 13.50%, 12/01/15 (g) | 3,954 | 3,963,896 |
| | | 6,257,096 |
| Insurance 0.9% | | |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 1,700 | 1,729,750 |
| USI Holdings Corp., 4.13%, 11/15/14 (b)(d) | 680 | 562,700 |
| | | 2,292,450 |
| Internet & Catalog Retail 0.1% | | |
| NetFlix, Inc., 8.50%, 11/15/17 | 355 | 371,863 |
| Internet Software & Services 0.3% | | |
| Equinix, Inc, 8.13%, 3/01/18 (i) | 620 | 620,000 |
| Leisure Equipment & Products 0.6% | | |
| Brunswick Corp., 11.25%, 11/01/16 (b) | 995 | 1,106,938 |
| Easton-Bell Sports, Inc., 9.75%, 12/01/16 (b) | 280 | 290,500 |
| | | 1,397,438 |
| Life Sciences Tools & Services 0.1% | | |
| Bio-Rad Laboratories, Inc., 8.00%, 9/15/16 (b) | 175 | 182,875 |
| Machinery 1.2% | | |
| AGY Holding Corp., 11.00%, 11/15/14 | 980 | 784,000 |
| Accuride Corp., 7.50%, 2/26/20 (e)(g) | 9 | 15,927 |
| Navistar International Corp.: | | |
| 3.00%, 10/15/14 (e) | 510 | 521,475 |
| 8.25%, 11/01/21 | 1,000 | 1,015,000 |
| RBS Global, Inc., 8.88%, 9/01/16 | 450 | 407,250 |
| Titan International, Inc., 5.63%, 1/15/17 (b)(e) | 240 | 252,600 |
| | | 2,996,252 |
| Marine 1.1% | | |
| Horizon Lines, Inc., 4.25%, 8/15/12 (e) | 2,230 | 1,845,325 |
| Navios Maritime Holdings, Inc., 8.88%, 11/01/17 (b) | 500 | 508,750 |
| Trico Shipping AS, 11.88%, 11/01/14 (b) | 330 | 319,688 |
| | | 2,673,763 |

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 13.7% | | | |
| Affinion Group, Inc., 10.13%, 10/15/13 | USD | 2,460 | \$ 2,484,600 |
| CCH II LLC, 13.50%, 11/30/16 | | 543 | 641,063 |
| CCO Holdings LLC, 8.75%, 11/15/13 | | 555 | 563,325 |
| CMP Susquehanna Corp., 3.20%, 5/15/14 (b) | | 160 | 3,200 |
| COX Enterprises, Inc.: | | | |
| Loan Close 2, 12.00%, 8/15/18 | | 630 | 630,000 |
| Loan Close 3, 12.00%, 8/15/18 | | 735 | 735,000 |
| Shares Loan, 12.00%, 8/15/18 | | 735 | 735,000 |
| CSC Holdings, Inc., 8.50%, 4/15/14 (b) | | 390 | 409,988 |
| Cablevision Systems Corp., Series B, 8.00%, 4/15/12 | | 1,515 | 1,596,431 |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(g) | | 610 | 637,450 |
| Charter Communications Operating, LLC (b): | | | |
| 10.00%, 4/30/12 | | 500 | 517,500 |
| 10.38%, 4/30/14 | | 670 | 680,050 |
| Clear Channel Worldwide Holdings, Inc. (b): | | | |
| Series A, 9.25%, 12/15/17 | | 835 | 851,700 |
| Series B, 9.25%, 12/15/17 | | 3,985 | 4,094,587 |
| DISH DBS Corp., 7.00%, 10/01/13 | | 90 | 92,025 |
| Gannett Co., Inc., 8.75%, 11/15/14 (b) | | 600 | 627,750 |
| Harland Clarke Holdings Corp.: | | | |
| 6.00%, 5/15/15 (d) | | 350 | 278,250 |
| 9.50%, 5/15/15 | | 420 | 383,250 |
| Intelsat Corp., 9.25%, 6/15/16 | | 2,450 | 2,535,750 |
| Intelsat Subsidiary Holding Co. Ltd., 8.88%, 1/15/15 (b) | | 260 | 263,900 |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(e) | | 440 | 525,250 |
| Liberty Media Corp., 3.13%, 3/30/23 (e) | | 1,113 | 1,138,043 |
| Lighthouse International Co. SA: | | | |
| 8.00%, 4/30/14 | EUR | 546 | 464,665 |
| 8.00%, 4/30/14 (b) | | 177 | 150,633 |
| Lions Gate Entertainment, Inc., 10.25%, 11/01/16 (b) | USD | 370 | 370,925 |
| McClatchy Co., 11.50%, 2/15/17 (b) | | 260 | 253,500 |
| Network Communications, Inc., 10.75%, 12/01/13 | | 30 | 13,800 |
| Nielsen Finance LLC: | | | |
| 11.63%, 2/01/14 | | 180 | 200,475 |
| 10.00%, 8/01/14 | | 1,890 | 1,960,875 |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(e)(h) | | 850 | 807,410 |
| Rainbow National Services LLC (b): | | | |
| 8.75%, 9/01/12 | | 440 | 448,800 |
| 10.38%, 9/01/14 | | 1,582 | 1,663,078 |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b) | EUR | 864 | 1,089,059 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b) | USD | 3,465 | 3,157,481 |
| UPC Germany GmbH (b): | | | |
| 8.13%, 12/01/17 | | 600 | 600,000 |
| 8.13%, 12/01/17 | EUR | 566 | 778,404 |
| 9.63%, 12/01/19 | | 995 | 1,368,396 |

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| | | | |
|------------------------------------|-----|-----|------------|
| UPC Holding BV, 9.88%, 4/15/18 (b) | USD | 500 | 520,000 |
| | | | 34,271,613 |

Metals & Mining 5.1%

| | | | |
|------------------------------------|--|-------|-----------|
| Aleris International, Inc. (a)(h): | | | |
| 9.00%, 12/15/14 | | 1,035 | 2,588 |
| 10.00%, 12/15/16 | | 800 | 17,000 |
| Drummond Co., Inc.: | | | |
| 9.00%, 10/15/14 (b) | | 875 | 875,000 |
| 7.38%, 2/15/16 | | 225 | 209,813 |
| FMG Finance Property Ltd. (b): | | | |
| 10.00%, 9/01/13 | | 535 | 564,425 |
| 10.63%, 9/01/16 | | 1,180 | 1,315,700 |

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

Metals & Mining (concluded)

| | | | |
|---|-----|-------|--------------|
| Foundation PA Coal Co., 7.25%, 8/01/14 | USD | 1,975 | \$ 1,975,000 |
| GoldCorp., Inc., 2.00%, 8/01/14 (b)(e) | | 190 | 212,800 |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b) | | 1,245 | 1,248,112 |
| Murray Energy Corp., 10.25%, 10/15/15 (b) | | 845 | 846,056 |
| New World Resources NV, 7.38%, 5/15/15 | EUR | 625 | 757,421 |
| Novelis, Inc.: | | | |
| 7.25%, 2/15/15 | USD | 1,515 | 1,405,162 |
| 11.50%, 2/15/15 | | 430 | 456,875 |
| Ryerson, Inc.: | | | |
| 7.62%, 11/01/14 (d) | | 400 | 357,000 |
| 12.00%, 11/01/15 | | 265 | 272,288 |
| Steel Dynamics, Inc., 7.38%, 11/01/12 | | 460 | 468,050 |
| Teck Resources Ltd.: | | | |
| 10.25%, 5/15/16 | | 300 | 357,750 |
| 10.75%, 5/15/19 | | 670 | 824,100 |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b) | | 640 | 675,200 |
| | | | 12,840,340 |

Multiline Retail 1.3%

| | | | |
|-----------------------------|--|-------|-----------|
| Dollar General Corp.: | | | |
| 10.63%, 7/15/15 | | 148 | 162,060 |
| 11.88%, 7/15/17 (g) | | 2,431 | 2,826,037 |
| Saks, Inc., 9.88%, 10/01/11 | | 295 | 306,063 |
| | | | 3,294,160 |

Oil, Gas & Consumable Fuels 7.3%

| | | | |
|--|--|-------|-----------|
| Arch Coal, Inc., 8.75%, 8/01/16 (b) | | 310 | 320,850 |
| Atlas Energy Operating Co. LLC: | | | |
| 12.13%, 8/01/17 | | 500 | 562,500 |
| 10.75%, 2/01/18 | | 260 | 281,450 |
| Berry Petroleum Co., 8.25%, 11/01/16 | | 510 | 511,275 |
| Bill Barrett Corp., 9.88%, 7/15/16 | | 240 | 254,100 |
| Chesapeake Energy Corp., 2.25%, 12/15/38 (e) | | 800 | 594,000 |
| Connacher Oil and Gas Ltd. (b): | | | |
| 11.75%, 7/15/14 | | 175 | 192,500 |
| 10.25%, 12/15/15 | | 1,145 | 1,103,494 |
| Crosstex Energy LP, 8.88%, 2/15/18 (b) | | 990 | 1,004,850 |
| Denbury Resources, Inc., 8.25%, 2/15/20 | | 900 | 931,500 |

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| | | |
|---|-------|------------|
| Encore Acquisition Co., 6.25%, 4/15/14 | 2,000 | 2,015,000 |
| Forest Oil Corp., 7.25%, 6/15/19 | 470 | 460,600 |
| Massey Energy Co., 3.25%, 8/01/15 (e) | 1,750 | 1,575,000 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)(i) | 2,030 | 2,030,000 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b) | 1,340 | 1,363,450 |
| Petrohawk Energy Corp.: | | |
| 10.50%, 8/01/14 | 555 | 602,175 |
| 7.88%, 6/01/15 | 460 | 460,000 |
| Range Resources Corp., 8.00%, 5/15/19 | 400 | 419,000 |
| Roseton-Danskammer 2001, Series B, 7.67%, 11/08/16 | 1,895 | 1,828,675 |
| Sabine Pass LNG LP, 7.50%, 11/30/16 | 390 | 342,225 |
| SandRidge Energy, Inc.: | | |
| 8.63%, 4/01/15 (g) | 120 | 118,200 |
| 9.88%, 5/15/16 (b) | 500 | 516,250 |
| 8.00%, 6/01/18 (b) | 135 | 129,262 |
| Teekay Shipping Corp., 8.50%, 1/15/20 | 660 | 669,900 |
| | | 18,286,256 |

Paper & Forest Products 4.2%

| | | |
|---|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(g) | 1,106 | 824,310 |
| Boise Paper Holdings LLC, 9.00%, 11/01/17 (b) | 380 | 391,400 |
| Clearwater Paper Corp., 10.63%, 6/15/16 (b) | 390 | 432,900 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b) | 1,600 | 1,688,000 |
| Glatfelter, 7.13%, 5/01/16 (b) | 210 | 201,600 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | | Par (000) | Value |
|--|-----|--------------|------------|
| Paper & Forest Products (concluded) | | | |
| NewPage Corp.: | | | |
| 10.00%, 5/01/12 | USD | 785 | \$ 451,375 |
| 11.38%, 12/31/14 | | 5,810 | 5,548,550 |
| Verso Paper Holdings LLC: | | | |
| 11.50%, 7/01/14 (b) | | 335 | 351,750 |
| Series B, 4.00%, 8/01/14 (d) | | 280 | 226,100 |
| Series B, 9.13%, 8/01/14 | | 325 | 299,000 |
| | | | 10,414,985 |
| Pharmaceuticals 1.4% | | | |
| Angiotech Pharmaceuticals, Inc., 4.00%, 12/01/13 (d) | | 1,050 | 850,500 |
| Elan Corp. Plc, 8.75%, 10/15/16 (b) | | 740 | 717,800 |
| Elan Finance Plc, 8.88%, 12/01/13 | | 105 | 106,575 |
| Novasep Holding SAS, 9.63%, 12/15/16 (b) | EUR | 958 | 1,206,631 |
| Valeant Pharmaceuticals International, 8.38%, 6/15/16 (b) | USD | 545 | 564,075 |
| | | | 3,445,581 |
| Real Estate Management & Development 0.5% | | | |
| Forest City Enterprises, Inc., 7.63%, 6/01/15 | | 1,425 | 1,282,500 |
| Semiconductors & Semiconductor Equipment 1.0% | | | |
| Advanced Micro Devices, Inc., 8.13%, 12/15/17 (b) | | 1,250 | 1,265,625 |
| Spansion, Inc., 3.79%, 6/01/13 (a)(b)(h) | | 1,215 | 1,202,850 |
| | | | 2,468,475 |
| Software 0.0% | | | |
| BMS Holdings, Inc., 7.89%, 2/15/12 (b)(d)(g) | | 456 | 9,120 |
| Specialty Retail 1.5% | | | |
| Asbury Automotive Group, Inc., 7.63%, 3/15/17 | | 350 | 330,313 |
| General Nutrition Centers, Inc., 10.75%, 3/15/15 | | 595 | 601,694 |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (e)(j) | | 1,055 | 825,537 |
| Limited Brands, Inc., 8.50%, 6/15/19 | | 785 | 840,931 |
| United Auto Group, Inc., 7.75%, 12/15/16 | | 1,110 | 1,058,662 |
| | | | 3,657,137 |
| Textiles, Apparel & Luxury Goods 1.5% | | | |

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| | | | |
|------------------------------------|-----|-------|-----------|
| Levi Strauss & Co., 8.63%, 4/01/13 | EUR | 1,850 | 2,531,658 |
| Quiksilver, Inc., 6.88%, 4/15/15 | USD | 1,350 | 1,150,875 |
| | | | 3,682,533 |

Wireless Telecommunication Services 5.4%

| | | | |
|---|--|-------|------------|
| Cricket Communications, Inc.: | | | |
| 9.38%, 11/01/14 | | 995 | 990,025 |
| 10.00%, 7/15/15 | | 1,890 | 1,913,625 |
| 7.75%, 5/15/16 | | 220 | 223,575 |
| Digicel Group Ltd. (b): | | | |
| 8.88%, 1/15/15 | | 1,370 | 1,308,350 |
| 9.13%, 1/15/15 (g) | | 1,983 | 1,933,425 |
| FiberTower Corp., 9.00%, 1/01/16 | | 284 | 230,144 |
| iPCS, Inc., 2.37%, 5/01/13 (d) | | 815 | 749,800 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | | 2,285 | 2,279,287 |
| NII Holdings, Inc., 2.75%, 8/15/25 (e) | | 770 | 777,700 |
| Nextel Communications, Inc.: | | | |
| Series D, 7.38%, 8/01/15 | | 60 | 55,350 |
| Series E, 6.88%, 10/31/13 | | 1,840 | 1,766,400 |
| Series F, 5.95%, 3/15/14 | | 110 | 99,825 |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b) | | 275 | 242,000 |
| Sprint Capital Corp., 6.88%, 11/15/28 | | 1,270 | 962,025 |
| | | | 13,531,531 |

Total Corporate Bonds 101.4% 253,274,708

| Floating Rate Loan Interests (d) | Par (000) | Value |
|--|--------------|------------|
| Aerospace & Defense 0.1% | | |
| Hawker Beechcraft Acquisition Co. LLC, Incremental Term Loan, 10.50%, 3/26/14 | USD 274 | \$ 250,482 |
| Auto Components 1.0% | | |
| Allison Transmission, Inc., Term Loan, 2.98% 3.00%, 8/07/14 | 2,266 | 2,075,223 |
| Dana Holding Corp., Term Advance, 4.48% 6.50%, 1/30/15 | 401 | 390,756 |
| | | 2,465,979 |
| Automobiles 2.7% | | |
| Ford Motor Co., Tranche B-1 Term Loan, 3.24% 3.26%, 12/15/13 | 7,191 | 6,717,246 |
| Building Products 1.3% | | |
| CPG International I, Inc., Term Loan, 5.23%, 2/28/11 | 3,250 | 3,250,251 |
| Capital Markets 0.1% | | |
| Marsico Parent Co., LLC, Term Loan, 5.25% 5.31%, 12/15/14 | 381 | 241,724 |
| Chemicals 1.1% | | |

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| | | |
|--|-----------|-----------|
| PQ Corp., Term Loan (First Lien), 3.48% 3.50%, 7/30/14 | 739 | 675,956 |
| Solutia Inc., Loan, 7.25%, 2/28/14 | 359 | 364,156 |
| Tronox Worldwide LLC: Tranche B-1 Term Loan, 9.00%, 6/24/10 | 1,261 | 1,294,219 |
| Tranche B-2 Term Loan, 9.00%, 6/24/10 | 339 | 347,701 |
| | | 2,682,032 |
| Construction & Engineering 0.8% | | |
| Safeway Services LLC Second Out Term Loan, 9.00%, 12/14/17 | 2,000 | 2,000,000 |
| Consumer Finance 0.7% | | |
| Chrysler Financial Services Americas LLC Term Loan (First Lien), 4.24%, 8/03/12 | 1,760 | 1,737,762 |
| Diversified Telecommunication Services 1.9% | | |
| Wind Finance SL SA, Facility (Second Lien), 7.67%, 12/17/14 | EUR 3,460 | 4,692,418 |
| Food & Staples Retailing 0.5% | | |
| Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15 | USD 1,250 | 1,295,000 |
| Hotels, Restaurants & Leisure 1.2% | | |
| Travelport LLC (fka Travelport, Inc.), Loan, 8.25%, 3/27/12 | 3,198 | 2,926,337 |
| IT Services 0.1% | | |
| First Data Corp., Initial Tranche B-1 Term Loan, 2.98%, 9/24/14 | 347 | 303,387 |
| Independent Power Producers & Energy Traders 1.2% | | |
| Texas Competitive Electric Holdings Co., LLC (TXU): Initial Tranche B-1 Term Loan, 3.73% 3.75%, 10/10/14 | 216 | 173,742 |
| Initial Tranche B-2 Term Loan, 3.73% 3.75%, 10/10/14 | 656 | 527,672 |
| Initial Tranche B-3 Term Loan, 3.73% 3.75%, 10/10/14 | 2,821 | 2,257,000 |
| | | 2,958,414 |
| Media 2.3% | | |
| Affinion Group Holdings, Inc., Loan, 8.39%, 3/01/12 | 436 | 412,302 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 1,724 | 1,706,513 |
| HMH Publishing Co. Ltd.: Mezzanine, 1.26%, 11/14/14 | 570 | 70,241 |
| Tranche A Term Loan, 5.48%, 6/12/14 | 1,557 | 1,309,580 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Floating Rate Loan Interests (d) | Par (000) | Value |
|--|--------------|------------|
| Media (concluded) | | |
| NVT Networks, LLC Exit Term Loan, 13.00%, 10/01/12 | USD 61 | \$61,276 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | 1,200 | 1,282,500 |
| Protostar Ltd., Debtor in Possession Term Loan, 18.00%, 3/15/10 | 170 | 169,940 |
| Virgin Media Investment Holdings Ltd., C Facility, 3.57%, 3/03/13 | GBP 255 | 363,229 |
| Worldcolor Press Inc. and Worldcolor (USA) Corp. (fka Quebecor World, Inc.), Advance, 9.00%, 7/23/12 | USD 498 | 503,176 |
| | | 5,878,757 |
| Multiline Retail 0.1% | | |
| The Neiman Marcus Group, Inc., Term Loan, 2.26%, 4/06/13 | 378 | 339,160 |
| Oil, Gas & Consumable Fuels 0.7% | | |
| Turbo Beta Ltd., Dollar Facility, 12.00%, 3/15/18 | 2,278 | 1,708,698 |
| Paper & Forest Products 0.3% | | |
| Verso Paper Finance Holdings LLC, PIK Loan, 7.25%, 2/01/13 (g) | 1,296 | 712,711 |
| Real Estate Management & Development 0.2% | | |
| Realogy Corp.: | | |
| Initial Term B Loan, 3.25%, 10/10/13 | 400 | 352,616 |
| Synthetic Letter of Credit, 0.08%, 10/10/13 | 128 | 113,185 |
| | | 465,801 |
| Specialty Retail 0.3% | | |
| Claire's Stores, Inc., Term B Loan, 3.00%, 5/29/14 | 279 | 230,219 |
| Michaels Stores, Inc., B-1 Term Loan, 2.50% 2.56%, 10/31/13 | 374 | 336,864 |
| Pedalgreen Ltd., PIK Loan Facility, 0.00%, 11/30/15 (g) | GBP 233 | 326,444 |
| | | 893,527 |
| Total Floating Rate Loan Interests 16.6% | | 41,519,686 |

| Other Interests (k) | Beneficial Interest (000) | |
|---|---------------------------|---------------|
| Auto Components 1.9% | | |
| Delphi Debtor in Possession Holding Co. LLP, Class B Membership Interests (a) | USD | (1) 4,695,239 |
| Lear Corp. Escrow (a) | | 460 6,900 |
| | | 4,702,139 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets, Inc. (a) | | 575 58 |
| Media 0.0% | | |
| Adelphia Escrow (a) | | 750 75 |
| Adelphia Recovery Trust (a) | | 941 3,762 |
| | | 3,837 |
| Total Other Interests 1.9% | | 4,706,034 |

| Preferred Stocks | Shares | |
|--|--------|-----------|
| Diversified Financial Services 0.9% | | |
| Citigroup, Inc. (e) | 16,700 | 1,791,242 |
| GMAC, Inc. (b) | 590 | 417,591 |
| | | 2,208,833 |

| Preferred Stocks | Shares | Value |
|--|--------|------------|
| Household Durables 0.1% | | |
| Beazer Homes USA, Inc. (e) | 10,132 | \$ 238,735 |
| Media 0.0% | | |
| CMP Susquehanna Radio Holdings Corp. (a)(b)(d) | 37,314 | 1 |
| Total Preferred Stocks 1.0% | | 2,447,569 |

Warrants (m)

| |
|--|
| Construction & Engineering 0.0% |
|--|

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| | | |
|--|-----------|--------------|
| Safway US LLC (Expires 12/14/17) | 367 | |
| Containers & Packaging 0.0% | | |
| MDP Acquisitions Plc (Expires 10/01/13) | 700 | 29,996 |
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (Expires 1/16/14) | 32,042 | |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14) | 485 | 5 |
| Media 0.0% | | |
| CMP Susquehanna Radio Holdings Corp. (Expires 3/26/19) (b) | 42,640 | 1 |
| New Vision Holdings LLC (Expires 9/30/14) | 22,447 | 224 |
| | | 225 |
| Oil, Gas & Consumable Fuels 0.0% | | |
| Turbo Cayman Ltd. (No Expiration) | 1 | |
| Total Warrants 0.0% | | 30,226 |
| Total Long-Term Investments (Cost \$320,023,321) 125.5% | | 313,338,639 |
| Short-Term Securities | | |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.09% (n)(o) | 3,276,755 | 3,276,755 |
| Total Short-Term Securities (Cost \$3,276,755) 1.3% | | 3,276,755 |
| Contracts | | |
| Options Purchased | | |
| Over-the-Counter Call Options 0.0% | | |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/01/19, Broker Goldman Sachs Bank USA | 19 | 3,610 |
| Total Options Purchased (Cost \$18,578) 0.0% | | 3,610 |
| Total Investments (Cost \$323,318,654*) 126.8% | | 316,619,004 |
| Liabilities in Excess of Other Assets (26.8)% | | (66,898,435) |

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Net Assets 100.0%

\$ 249,720,569

See Notes to Financial Statements.

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Schedule of Investments (continued)

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

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 324,491,999 |
| Gross unrealized appreciation | \$ 14,881,448 |
| Gross unrealized depreciation | (22,754,443) |
| Net unrealized depreciation | \$ (7,872,995) |

- (a) Non-income producing security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) All or a portion of security has been pledged as collateral in connection with swaps.
- (d) Variable rate security. Rate shown is as of report date.
- (e) Convertible security.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) When-issued security. Unsettled when-issued security transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|---------------------------------------|--------------|----------------------------|
| Citigroup Global | \$ 620,000 | |
| JPMorgan Securities | \$ 440,000 | |
| Morgan Stanley Capital Services, Inc. | \$ 2,030,000 | |
| Wells Fargo Bank | \$ 164,200 | \$ 4,200 |

- (j) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (l) Amount is less than \$1,000.

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- (m) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (n) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Income |
|--|----------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | \$ 3,276,755 | \$ 6,161 |
| BlackRock Liquidity Series, LLC Cash Sweep Series | \$ (8,370,522) | \$ 2,506 |

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

Foreign currency exchange contracts as of February 28, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|----------------|---------------------------------------|-----------------|--|
| EUR 341,000 | USD 465,087 | Citibank NA | 3/03/10 | \$ (767) |
| EUR 1,097,900 | USD 1,513,552 | Citibank NA | 3/24/10 | (18,661) |
| USD 22,814,703 | EUR 15,795,000 | Citibank NA | 3/24/10 | 1,308,369 |
| USD 549,200 | CAD 574,500 | Goldman Sachs International | 4/21/10 | 3,252 |
| USD 94,238 | GBP 60,000 | Citibank NA | 4/21/10 | 2,786 |
| USD 667,914 | GBP 414,000 | Deutsche Bank AG | 4/21/10 | 36,897 |
| USD 1,790,620 | GBP 1,106,000 | Morgan Stanley Capital Services, Inc. | 4/21/10 | 104,860 |
| Total | | | | \$ 1,436,736 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2010 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------------------|----------------|-----------------------------|---------------|-----------------------|--|
| Beazer Homes USA, Inc. | 5.00 % | Credit Suisse International | December 2011 | USD 500 | \$ (8,468) |
| K. Hovnanian Enterprises, Inc. | 5.00 % | Goldman Sachs Bank USA | December 2011 | USD 510 | (3,283) |
| K. Hovnanian Enterprises, Inc. | 5.00 % | Goldman Sachs Bank USA | December 2013 | USD 1,000 | (34,988) |

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| | | | | | | |
|--------------------------------------|--------|------------------------|----------------|-----|-----|---------------------|
| Louisiana-Pacific Corp. | 5.00 % | JPMorgan Chase Bank NA | March 2014 | USD | 500 | (131,515) |
| Brunswick Corp. | 5.00 % | Goldman Sachs Bank USA | September 2014 | USD | 200 | (5,653) |
| Centex Corp. | 1.00 % | Deutsche Bank AG | September 2014 | USD | 188 | 1,043 |
| Limited Brands, Inc. | 1.00 % | Goldman Sachs Bank USA | September 2014 | USD | 850 | (29,796) |
| Limited Brands, Inc. | 1.00 % | JPMorgan Chase Bank NA | September 2014 | USD | 100 | (3,435) |
| American Axle and Manufacturing Inc. | 5.00 % | Deutsche Bank AG | December 2014 | USD | 375 | (2,807) |
| Boston Scientific Corp. | 1.00 % | Goldman Sachs Bank USA | December 2014 | USD | 525 | 965 |
| Total | | | | | | \$ (217,937) |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2010 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|------------------------------|--------------------|-----------------------------|------------|----------------------------|------------------------------------|--|
| Advanced Micro Devices, Inc. | 5.00% | JPMorgan Chase Bank NA | March 2015 | B | USD 600 | \$ 2,241 |
| Realty Corp. | 5.00% | Credit Suisse International | March 2015 | C | USD 100 | 1,285 |
| Realty Corp. | 5.00% | JPMorgan Chase Bank NA | March 2015 | C | USD 475 | (15,335) |
| Standard Pacific Corp. | 5.00% | Goldman Sachs International | March 2015 | CCC | USD 275 | (246) |
| Total | | | | | | \$ (12,055) |

¹ Using S&P's rating of the issuer.

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

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

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 assets and liabilities

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

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

The inputs or methodologies 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 tables summarize the inputs used as of February 28, 2010 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | | | |
|------------------------------|---------------------------|-----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 10,749,192 | \$ 531,478 | \$ 79,746 | \$ 11,360,416 |
| Corporate Bonds | | 249,028,689 | 4,246,019 | 253,274,708 |
| Floating Rate Loan Interests | | 20,383,700 | 21,135,986 | 41,519,686 |
| Other Interests | | 6,901 | 4,699,133 | 4,706,034 |
| Preferred Stocks | 1,791,242 | 656,326 | 1 | 2,447,569 |
| Warrants | | 29,996 | 230 | 30,226 |
| Short-Term Securities | 3,276,755 | | | 3,276,755 |
| Total | \$ 15,817,189 | \$ 270,637,090 | \$ 30,161,115 | \$ 316,615,394 |

| Valuation Inputs | Other Financial Instruments ¹ | | | |
|------------------|--|---------------------|---------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | \$ 1,465,308 | \$ 95 | \$ 1,465,403 |
| Liabilities | | (254,954) | (115,674) | (370,628) |
| Total | | \$ 1,210,354 | \$ (115,579) | \$ 1,094,775 |

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

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

| | Investments in Securities | | | | | | |
|---|---------------------------|---------------------|------------------------------|---------------------|------------------|---------------|----------------------|
| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Preferred Stocks | Warrants | Total |
| Balance, as of February 28, 2009 | \$ 381 | \$ 1,607,922 | \$ 16,334,395 | \$ 3,837 | | | \$ 17,946,535 |
| Accrued discounts/premiums | | | | | | | |
| Realized gain (loss) | | (9,744) | (5,723,498) | | | | (5,733,242) |
| Change in unrealized appreciation/depreciation ² | | 327,640 | 18,944,871 | | \$ 1 | | 19,272,512 |
| Net purchases (sales) | | 6,293 | (8,381,378) | | | | (8,375,085) |
| Net transfers in (out) of Level 3 | 79,365 | 2,313,908 | (38,404) | 4,695,296 | | \$ 230 | 7,050,395 |
| Balance, as of February 28, 2010 | \$ 79,746 | \$ 4,246,019 | \$ 21,135,986 | \$ 4,699,133 | \$ 1 | \$ 230 | \$ 30,161,115 |

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held at February 28, 2010 was \$9,380,836.

The following table is a reconciliation of Level 3 other financial instruments for which significant unobservable inputs were used to determine fair value:

| | Other Financial Instruments ³ | | |
|---|--|---------------------|---------------------|
| | Assets | Liabilities | Total |
| Balance, as of February 28, 2009 | | | |
| Accrued discounts/premiums | | | |
| Realized gain (loss) | | | |
| Change in unrealized appreciation/depreciation ⁴ | \$ 95 | \$ (115,674) | \$ (115,579) |
| Net purchases (sales) | | | |
| Net transfers in (out) of Level 3 | | | |
| Balance, as of February 28, 2010 | \$ 95 | \$ (115,674) | \$ (115,579) |

³ Other financial instruments are unfunded loan commitments.

⁴ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on the securities still held at February 28, 2010 was \$(115,579).

See Notes to Financial Statements.

Schedule of Investments February 28, 2010

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

| Common Stocks | Shares | Value |
|---|-----------|------------|
| Auto Components 0.1% | | |
| Lear Corp. (a) | 6,842 | \$ 473,946 |
| Building Products 0.7% | | |
| Masonite Worldwide Holdings (a) | 71,958 | 3,022,236 |
| Neenah Enterprises Inc. (a) | 144,858 | 2,897 |
| | | 3,025,133 |
| Chemicals 0.1% | | |
| GEO Specialty Chemicals, Inc. (a) | 339,340 | 130,273 |
| Wellman Holdings, Inc. (a) | 5,373 | 1,343 |
| | | 131,616 |
| Communications Equipment 0.9% | | |
| Loral Space & Communications Ltd. (a) | 116,985 | 3,805,522 |
| Construction Materials 0.0% | | |
| Nortek, Inc. (a) | 2,970 | 109,890 |
| Containers & Packaging 1.3% | | |
| Smurfit Kappa Plc (a) | 36,342 | 299,552 |
| Viskase Cos., Inc. (a) | 1,428,423 | 4,999,480 |
| | | 5,299,032 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (a) | 286,757 | 20,360 |
| SunPower Corp., Class B (a) | 4,892 | 79,886 |
| | | 100,246 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. (a) | 2,753 | 15,554 |
| HRP Corp., Class B (a)(b)(c) | 5,000 | 50 |
| Lodgian, Inc. (a) | 27,787 | 68,912 |
| | | 84,516 |
| Paper & Forest Products 1.3% | | |
| Ainsworth Lumber Co. Ltd. (a) | 1,190,019 | 2,499,470 |
| Ainsworth Lumber Co. Ltd. (a)(b) | 1,335,501 | 2,805,034 |
| Western Forest Products, Inc. (a)(b) | 211,149 | 44,148 |

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5,348,652

| | | |
|---------------------------------|---------|------------|
| Software 0.0% | | |
| Euramax International (a) | 2,337 | 70,119 |
| Specialty Retail 0.0% | | |
| Movie Gallery, Inc. (a) | 503,737 | 35,262 |
| Total Common Stocks 4.4% | | 18,483,934 |

| Corporate Bonds | | Par (000) | |
|--|-----|--------------|-----------|
| Aerospace & Defense 0.5% | | | |
| TransDigm, Inc., 7.75%, 7/15/14 (b) | USD | 2,000 | 2,000,000 |
| Airlines 0.5% | | | |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | | 1,000 | 1,030,000 |
| United Air Lines, Inc., 12.75%, 7/15/12 | | 800 | 848,000 |
| | | | 1,878,000 |

| Corporate Bonds | | Par (000) | Value |
|---|-----|--------------|------------|
| Auto Components 0.2% | | | |
| The Goodyear Tire & Rubber Co., 8.63%, 12/01/11 | USD | 900 | \$ 933,750 |
| Venture Holdings Co. LLC (a)(d): 12.00%, 6/01/09 | | 4,450 | |
| Series B, 9.50%, 7/01/05 (e) | | 1,800 | 180 |
| | | | 933,930 |

| | | | |
|---------------------------------|--|-----|---------|
| Biotechnology 0.1% | | | |
| QHP Pharma, 10.25%, 3/15/15 (b) | | 590 | 602,319 |

| | | | |
|--|--|-------|------------|
| Building Products 2.6% | | | |
| Building Materials Corp. of America, 7.00%, 2/15/20 (b) | | 1,300 | 1,300,000 |
| CPG International I, Inc.: 7.18%, 7/01/12 (f) | | 7,500 | 7,125,000 |
| 10.50%, 7/01/13 | | 1,300 | 1,274,000 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | | 1,050 | 1,065,750 |
| | | | 10,764,750 |

| | | | |
|--|-----|-----|-----------|
| Capital Markets 0.5% | | | |
| E*Trade Financial Corp., 4.00%, 8/31/19 (b)(g) | | 593 | 901,360 |
| MU Finance Plc, 8.75%, 2/01/17 (b) | GBP | 698 | 984,493 |
| | | | 1,885,853 |

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Chemicals 2.9%

| | | | |
|--|-----|-------|------------|
| American Pacific Corp., 9.00%, 2/01/15 (b) | USD | 1,490 | 1,471,375 |
| GEO Specialty Chemicals, Inc. (b): | | | |
| 7.50%, 3/31/15 (c)(h) | | 4,171 | 2,711,012 |
| 10.00%, 3/31/15 (f) | | 4,106 | 2,668,640 |
| Hexion Finance Escrow LLC, 8.88%, 2/01/18 (b) | | 975 | 911,625 |
| Huntsman International LLC, 5.50%, 6/30/16 (b) | | 900 | 792,000 |
| Wellman Holdings, Inc. (h): | | | |
| Second Lien Subordinate Note, 10.00%, 1/29/19 (b) | | 2,978 | 2,978,000 |
| Third Lien Subordinate Note, 5.00%, 1/29/19 (c) | | 953 | 476,964 |
| | | | 12,009,616 |

Commercial Banks 0.1%

| | | | |
|-----------------------------|-----|-------|---------|
| Glitnir Banki HF (a)(d): | | | |
| 4.15%, 4/20/10 (b) | | 184 | 47,840 |
| 6.38%, 9/25/12 (b) | | 1,115 | 289,900 |
| Series EMTN, 5.07%, 1/27/10 | EUR | 50 | 17,701 |
| Series EMTN, 3.00%, 6/30/10 | | 75 | 26,042 |
| Series GMTN, 4.38%, 2/05/10 | | 85 | 30,093 |
| | | | 411,576 |

Commercial Services & Supplies 1.0%

| | | | |
|---|-----|-------|-----------|
| ACCO Brands Corp., 10.63%, 3/15/15 (b) | USD | 660 | 717,420 |
| Clean Harbors, Inc., 7.63%, 8/15/16 | | 1,200 | 1,212,000 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b) | | 970 | 1,037,900 |
| The Geo Group, Inc., 7.75%, 10/15/17 (b) | | 850 | 860,625 |
| West Corp., 9.50%, 10/15/14 | | 340 | 337,450 |
| | | | 4,165,395 |

Communications Equipment 0.0%

| | | | |
|---|--|-----|---------|
| Brocade Communications Systems, Inc., 6.88%, 1/15/20 (b) | | 165 | 168,300 |
|---|--|-----|---------|

Construction Materials 0.8%

| | | | |
|--------------------------------|--|-------|-----------|
| Nortek, Inc., 11.00%, 12/01/13 | | 2,983 | 3,132,359 |
|--------------------------------|--|-------|-----------|

Consumer Finance 0.9%

| | | | |
|--|--|-------|-----------|
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | | 570 | 567,150 |
| Ford Motor Credit Co. LLC, 3.24% 3.26%, 1/13/12 (f) | | 2,680 | 2,512,500 |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b) | | 725 | 743,125 |
| | | | 3,822,775 |

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 |
|--|-----|--------------|--------------|
| Containers & Packaging 2.9% | | | |
| Berry Plastics Escrow LLC, 8.25%, 11/15/15 (b) | USD | 2,100 | \$ 2,094,750 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | | 215 | 206,937 |
| Beverage Packaging Holdings Luxembourg II SA, 8.00%, 12/15/16 | EUR | 500 | 650,191 |
| Crown Americas LLC, 7.63%, 5/15/17 (b) | USD | 710 | 738,400 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | | 975 | 1,023,750 |
| Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b) | | 1,920 | 1,528,800 |
| Smurfit Kappa Acquisitions (b): 7.25%, 11/15/17 | EUR | 830 | 1,107,571 |
| 7.75%, 11/15/19 | | 785 | 1,063,555 |
| Smurfit Kappa Funding Plc, 7.75%, 4/01/15 | USD | 3,325 | 3,225,250 |
| Solo Cup Co., 10.50%, 11/01/13 | | 440 | 460,900 |
| | | | 12,100,104 |
| Diversified Financial Services 4.9% | | | |
| Archimedes Funding III Ltd., 5.50%, 11/29/11 (b) | | 5,744 | 2,584,661 |
| CIT Group, Inc., 7.00%, 5/01/17 | | 4,750 | 4,197,812 |
| FCE Bank Plc, 7.13%, 1/16/12 | EUR | 3,250 | 4,386,438 |
| GMAC Inc., 5.38%, 6/06/11 | | 436 | 578,840 |
| GMAC LLC: 7.25%, 3/02/11 | USD | 148 | 149,295 |
| 6.88%, 9/15/11 | | 900 | 900,000 |
| 6.88%, 8/28/12 | | 750 | 742,500 |
| 6.75%, 12/01/14 | | 2,480 | 2,368,400 |
| 8.30%, 2/12/15 (b) | | 700 | 706,125 |
| 8.00%, 11/01/31 | | 1,530 | 1,411,425 |
| Preferred Term Securities VI, Ltd., 2.05%, 7/01/32 (a)(b) | | 35,000 | 1,750 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | | 1,400 | 1,417,500 |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (b) | EUR | 650 | 882,872 |
| Saturns Investments Europe Plc, 6.19%, 6/09/14 | USD | 480 | 336,000 |
| | | | 20,663,618 |
| Diversified Telecommunication Services 2.3% | | | |
| Cincinnati Bell, Inc., 8.25%, 10/15/17 | | 1,600 | 1,600,000 |
| Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b) | | 390 | 417,300 |
| PAETEC Holding Corp.: 8.88%, 6/30/17 | | 349 | 351,618 |
| 8.88%, 6/30/17 (b) | | 2 | 1,889 |
| Qwest Corp., 8.38%, 5/01/16 | | 4,000 | 4,380,000 |

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| | | | | |
|---|-----|------------------|----|--------------|
| Windstream Corp., 7.88%, 11/01/17 | | 3,100 | | 3,030,250 |
| | | | | 9,781,057 |
| Electric Utilities 0.3% | | | | |
| NSG Holdings LLC, 7.75%, 12/15/25 (b) | | 1,505 | | 1,301,825 |
| Electronic Equipment, Instruments & Components 0.0% | | | | |
| Muzak Holdings, LLC, 13.00%, 3/15/10 (a)(d) | | 2,675 | | 268 |
| Energy Equipment & Services 0.5% | | | | |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b) | | 2,000 | | 1,990,000 |
| Food & Staples Retailing 0.1% | | | | |
| Duane Reade, Inc., 11.75%, 8/01/15 | | 280 | | 352,800 |
| Food Products 0.9% | | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | | 900 | | 909,000 |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (b) | | 730 | | 731,825 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | | 1,850 | | 2,002,625 |
| | | | | 3,643,450 |
| Corporate Bonds | | | | |
| | | Par (000) | | Value |
| Health Care Equipment & Supplies 0.3% | | | | |
| DJO Finance LLC, 10.88%, 11/15/14 | USD | 1,345 | \$ | 1,439,150 |
| Health Care Providers & Services 2.1% | | | | |
| Community Health Systems, Inc., Series WI, 8.88%, 7/15/15 | | 3,010 | | 3,115,350 |
| DaVita, Inc., 7.25%, 3/15/15 | | 980 | | 983,675 |
| Tenet Healthcare Corp. (b): 9.00%, 5/01/15 | | 680 | | 712,300 |
| 8.88%, 7/01/19 | | 2,290 | | 2,415,950 |
| Vanguard Health Holding Co.II LLC, 8.00%, 2/01/18 (b) | | 1,470 | | 1,444,275 |
| | | | | 8,671,550 |
| Health Care Technology 0.8% | | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (b) | | 2,980 | | 3,427,000 |
| Hotels, Restaurants & Leisure 2.3% | | | | |
| HRP Myrtle Beach Holdings LLC, 14.50%, 4/01/14 (a)(b)(d) | | 6,892 | | 689 |
| HRP Myrtle Beach Operations LLC (a)(b)(d): 7.38%, 4/01/12 | | 5,000 | | 500 |
| 12.50%, 4/01/13 | | 5,000 | | 500 |
| Icahn Enterprises LP (b): 7.75%, 1/15/16 | | 1,500 | | 1,410,000 |
| 8.00%, 1/15/18 | | 3,000 | | 2,820,000 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(d) | | 2,560 | | 646,400 |

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| | | |
|---|-------|-----------|
| MGM Mirage: | | |
| 13.00%, 11/15/13 | 430 | 490,200 |
| 11.13%, 11/15/17 (b) | 1,340 | 1,447,200 |
| Shingle Springs Tribal Gaming Authority, 9.38%, 6/15/15 (b) | 380 | 302,100 |
| Snoqualmie Entertainment Authority, 4.14%, 2/01/14 (b)(f) | 1,015 | 690,200 |
| Travelport LLC, 4.88%, 9/01/14 (f) | 2,160 | 2,008,800 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(d) | 530 | 331 |
| | | 9,816,920 |

Household Durables 1.3%

| | | |
|--|-------|-----------|
| Beazer Homes USA, Inc., 12.00%, 10/15/17 (b) | 1,700 | 1,895,500 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 2,245 | 2,346,025 |
| KB Home, 6.38%, 8/15/11 | 180 | 183,150 |
| Standard Pacific Corp.: | | |
| 6.25%, 4/01/14 | 315 | 283,500 |
| 7.00%, 8/15/15 | 600 | 540,000 |
| | | 5,248,175 |

Household Products 0.1%

| | | |
|---|-----|---------|
| Libbey Glass, Inc., 10.00%, 2/15/15 (b) | 220 | 227,700 |
|---|-----|---------|

IT Services 0.4%

| | | |
|--|-------|-----------|
| First Data Corp.: | | |
| 9.88%, 9/24/15 | 145 | 125,425 |
| 11.25%, 3/31/16 | 605 | 496,100 |
| SunGard Data Systems, Inc., 4.88%, 1/15/14 | 1,265 | 1,181,194 |
| | | 1,802,719 |

Independent Power Producers & Energy Traders 2.9%

| | | |
|--|-------|-----------|
| The AES Corp., 8.75%, 5/15/13 (b) | 625 | 635,938 |
| AES Eastern Energy LP, Series 99-B, 9.67%, 1/02/29 | 1,010 | 1,094,587 |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | 1,750 | 1,771,875 |

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 |
|---|-----|--------------|--------------|
| Independent Power Producers & Energy Traders (concluded) | | | |
| Energy Future Holdings Corp.: | | | |
| 11.25%, 11/01/17 (c) | USD | 1,835 | \$ 1,284,864 |
| 10.00%, 1/15/20 (b) | | 1,200 | 1,224,000 |
| NRG Energy, Inc.: | | | |
| 7.25%, 2/01/14 | | 5,500 | 5,541,250 |
| 8.50%, 6/15/19 | | 800 | 799,000 |
| | | | 12,351,514 |
| Industrial Conglomerates 1.6% | | | |
| Sequa Corp. (b): | | | |
| 11.75%, 12/01/15 | | 2,850 | 2,793,000 |
| 13.50%, 12/01/15 (c) | | 4,023 | 4,032,902 |
| | | | 6,825,902 |
| Insurance 0.9% | | | |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | | | |
| | | 2,500 | 2,543,750 |
| USI Holdings Corp., 4.13%, 11/15/14 (b)(f) | | | |
| | | 1,630 | 1,348,825 |
| | | | 3,892,575 |
| Leisure Equipment & Products 0.3% | | | |
| Brunswick Corp., 11.25%, 11/01/16 (b) | | | |
| | | 1,225 | 1,362,813 |
| Machinery 1.9% | | | |
| ESCO Corp., 4.13%, 12/15/13 (b)(f) | | | |
| | | 3,070 | 2,716,950 |
| Navistar International Corp., 5.21% 8.47%, 11/01/21 | | | |
| | | 2,000 | 2,030,000 |
| RBS Global, Inc., 8.88%, 9/01/16 | | | |
| | | 1,685 | 1,524,925 |
| Titan International, Inc., 8.00%, 1/15/12 | | | |
| | | 1,530 | 1,522,350 |
| | | | 7,794,225 |
| Marine 0.2% | | | |
| Navios Maritime Holdings, Inc., 8.88%, 11/01/17 (b) | | | |
| | | 840 | 854,700 |
| Media 6.9% | | | |
| Affinion Group, Inc., 10.13%, 10/15/13 | | | |
| | | 2,010 | 2,030,100 |
| CSC Holdings, Inc., 8.50%, 4/15/14 (b) | | | |
| | | 680 | 714,850 |
| Canadian Satellite Radio Holdings, Inc., 12.75%, 2/15/14 | | | |
| | | 5,000 | 3,000,000 |
| | | 4,021 | 4,126,785 |

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| | | | |
|--|-----|-------|------------|
| Clear Channel Worldwide Holdings, Inc., 9.25%, 12/15/17 (b) | | | |
| DISH DBS Corp., 7.00%, 10/01/13 | | 2,000 | 2,045,000 |
| Intelsat Corp., 9.25%, 8/15/14 | | 4,500 | 4,635,000 |
| Network Communications, Inc., 10.75%, 12/01/13 | | 20 | 9,200 |
| Nielsen Finance LLC, 11.63%, 2/01/14 | | 3,700 | 4,120,875 |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b) | EUR | 1,435 | 1,808,796 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b) | USD | 3,680 | 3,353,400 |
| UPC Germany GmbH, 8.13%, 12/01/17 (b) | | 3,000 | 3,000,000 |
| | | | 28,844,006 |

Metals & Mining 1.9%

| | | | |
|---|--|-------|-----------|
| Aleris International, Inc. (a)(d): 9.00%, 12/15/14 | | 1,100 | 2,750 |
| 10.00%, 12/15/16 | | 1,500 | 31,875 |
| Murray Energy Corp., 10.25%, 10/15/15 (b) | | 790 | 790,988 |
| RathGibson, Inc., 11.25%, 2/15/14 (a)(d) | | 4,440 | 1,426,350 |
| Ryerson, Inc., 7.62%, 11/01/14 (f)(i) | | 3,595 | 3,208,537 |
| Teck Resources Ltd., 10.75%, 5/15/19 | | 1,875 | 2,306,250 |
| | | | 7,766,750 |

| Corporate Bonds | | Par (000) | Value |
|---|-----|--------------|--------------|
| Multiline Retail 0.6% | | | |
| Dollar General Corp., 11.88%, 7/15/17 (c) | USD | 1,775 | \$ 2,063,437 |
| Saks, Inc., 9.88%, 10/01/11 | | 235 | 243,813 |
| | | | 2,307,250 |

Oil, Gas & Consumable Fuels 2.5%

| | | | |
|--|--|-------|------------|
| Arch Coal, Inc., 8.75%, 8/01/16 (b) | | 1,250 | 1,293,750 |
| Atlas Energy Operating Co. LLC: 12.13%, 8/01/17 | | 1,440 | 1,620,000 |
| 10.75%, 2/01/18 | | 355 | 384,288 |
| Crosstex Energy LP, 8.88%, 2/15/18 (b) | | 620 | 629,300 |
| Denbury Resources, Inc.: 9.75%, 3/01/16 | | 925 | 996,687 |
| 8.25%, 2/15/20 | | 670 | 693,450 |
| El Paso Corp., 7.00%, 6/15/17 | | 1,500 | 1,504,603 |
| Forest Oil Corp.: 8.50%, 2/15/14 (b) | | 470 | 485,275 |
| 7.25%, 6/15/19 | | 150 | 147,000 |
| Massey Energy Co., 6.88%, 12/15/13 | | 1,300 | 1,290,250 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b) | | 1,000 | 1,017,500 |
| Titan Petrochemicals Group Ltd., 8.50%, 3/18/12 (b) | | 1,760 | 440,000 |
| | | | 10,502,103 |

Paper & Forest Products 3.7%

| | | | |
|--|--|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c) | | 4,206 | 3,133,876 |
| Clearwater Paper Corp., 10.63%, 6/15/16 (b) | | 640 | 710,400 |

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| | | |
|---|-------|------------|
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b) | 2,950 | 3,112,250 |
| NewPage Corp.: | | |
| 10.00%, 5/01/12 | 820 | 471,500 |
| 11.38%, 12/31/14 | 6,745 | 6,441,475 |
| Verso Paper Holdings LLC: | | |
| 11.50%, 7/01/14 (b) | 550 | 577,500 |
| Series B, 4.00%, 8/01/14 (f) | 1,365 | 1,102,238 |
| | | 15,549,239 |

Pharmaceuticals 0.8%

| | | |
|---|---------|-----------|
| Angiotech Pharmaceuticals, Inc., 4.00%, 12/01/13 (f) | 1,770 | 1,433,700 |
| Elan Corp. Plc, 8.75%, 10/15/16 (b) | 965 | 936,050 |
| Novasep Holding SAS, 9.63%, 12/15/16 (b) | EUR 862 | 1,085,716 |
| | | 3,455,466 |

Real Estate Investment Trusts (REITs) 0.2%

| | | |
|---|-----------|-----------|
| Omega Healthcare Investors, Inc., 7.50%, 2/15/20 (b) | USD 1,010 | 1,020,100 |
|---|-----------|-----------|

Semiconductors & Semiconductor Equipment 1.1%

| | | |
|--|-------|-----------|
| Advanced Micro Devices, Inc., 8.13%, 12/15/17 (b) | 1,050 | 1,063,125 |
| STATS ChipPAC Ltd.: | | |
| 7.50%, 7/19/10 | 285 | 287,494 |
| 6.75%, 11/15/11 | 615 | 612,693 |
| Spansion, Inc., 3.79%, 6/01/13 (a)(b)(d) | 2,720 | 2,692,800 |
| | | 4,656,112 |

Software 0.1%

| | | |
|---|-------|---------|
| BMS Holdings, Inc., 7.89%, 2/15/12 (b)(c) | 1,702 | 34,037 |
| JDA Software Group, Inc., 8.00%, 12/15/14 (b) | 282 | 290,460 |
| | | 324,497 |

Specialty Retail 0.5%

| | | |
|--|-------|-----------|
| General Nutrition Centers, Inc., 10.75%, 3/15/15 | 910 | 920,238 |
| United Auto Group, Inc., 7.75%, 12/15/16 | 1,380 | 1,316,175 |
| | | 2,236,413 |

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 |
|--|-----|--------------|--------------|
| Textiles, Apparel & Luxury Goods 0.5% | | | |
| Levi Strauss & Co., 8.63%, 4/01/13 | EUR | 1,550 | \$ 2,121,119 |
| Wireless Telecommunication Services 2.6% | | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | USD | 3,250 | 3,302,812 |
| Digicel Group Ltd., 9.13%, 1/15/15 (b)(c) | | 4,248 | 4,141,800 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | | 2,860 | 2,852,850 |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b) | | 755 | 664,400 |
| | | | 10,961,862 |
| Total Corporate Bonds 58.5% | | | 245,067,855 |
| Floating Rate Loan Interests (f) | | | |
| Aerospace & Defense 0.1% | | | |
| Hawker Beechcraft Acquisition Co. LLC, Incremental Term Loan, 10.50%, 3/26/14 | | 474 | 432,650 |
| Airlines 0.5% | | | |
| Delta Air Lines, Inc., Credit-Linked Deposit Loan, 0.08% 2.25%, 4/30/12 | | 1,960 | 1,830,967 |
| Auto Components 2.1% | | | |
| Allison Transmission, Inc., Term Loan, 2.98% 3.00%, 8/07/14 | | 7,442 | 6,814,808 |
| Dana Holding Corp., Term Advance, 4.48% 6.50%, 1/30/15 | | 1,245 | 1,212,928 |
| The Goodyear Tire & Rubber Co., Loan (Second Lien), 2.34%, 4/30/14 | | 750 | 695,938 |
| Lear Corp. (Closing Date Loan & Delayed Draw Loan), 7.50%, 11/09/14 | | 225 | 225,467 |
| | | | 8,949,141 |
| Automobiles 1.0% | | | |
| Ford Motor Co.: | | | |
| Tranche B-1 Term Loan, 3.24% 3.26%, 12/15/13 | | 1,985 | 1,839,298 |
| Tranche B-2 Term Loan, 3.26%, 12/15/13 | | 2,244 | 2,080,031 |
| | | | 3,919,329 |

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Beverages 0.2%

| | | | |
|---|-----|-------|---------|
| Culligan International Co., Loan (Second Lien), 5.17%, 4/24/13 | EUR | 1,500 | 844,226 |
|---|-----|-------|---------|

Building Products 1.7%

| | | | |
|---|-----|-------|-----------|
| Building Materials Corp. of America: | | | |
| Second Lien Term Loan, 6.00%, 9/15/14 | | 2,425 | 2,386,200 |
| Term Loan Advance, 3.00%, 2/22/14 | USD | 2,052 | 1,997,782 |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | | 2,710 | 2,721,003 |
| | | | 7,104,985 |

Chemicals 3.1%

| | | | |
|--|--|-------|------------|
| Ashland Inc., Term B Borrowing, 7.65%, 5/13/14 | | 548 | 554,127 |
| Chemtura Corp., Term Facility, 6.00%, 1/26/11 | | 1,600 | 1,607,000 |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%, 10/29/14 | | 800 | 804,000 |
| Nalco Co., Term Loan, 6.50%, 5/13/16 | | 1,716 | 1,728,390 |
| PQ Corp., Term Loan (First Lien), 3.48% 3.50%, 7/30/14 | | 1,970 | 1,802,550 |
| Rockwood Specialties Group, Inc., Term Loan H, 6.00%, 5/15/14 | | 1,600 | 1,604,800 |
| Solutia Inc., Loan, 7.25%, 2/28/14 | | 2,384 | 2,415,505 |
| Tronox Worldwide: | | | |
| Tranche B-1 Term Loan, 9.00%, 6/24/10 | | 2,049 | 2,103,106 |
| Tranche B-2 Term Loan, 9.00%, 6/24/10 | | 551 | 565,014 |
| | | | 13,184,492 |

| Floating Rate Loan Interests (f) | | Par (000) | | Value |
|---|-----|--------------|----|-----------|
| Commercial Services & Supplies 1.5% | | | | |
| ARAMARK Corp., Facility Letter of Credit, 0.09%, 1/26/14 | USD | 116 | \$ | 111,093 |
| ARAMARK Corp., US Term Loan, 2.13%, 1/26/14 | | 1,771 | | 1,689,250 |
| Casella Waste Systems, Inc., Term B Loan, 7.00%, 4/09/14 | | 388 | | 390,475 |
| John Maneely Co., Term Loan, 3.50%, 12/09/13 | | 1,060 | | 993,291 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.23%, 4/02/14 | | 790 | | 696,395 |
| West Corp., Incremental Term B-3 Loan, 7.25%, 10/24/13 | | 2,240 | | 2,262,706 |
| | | | | 6,143,210 |

Construction & Engineering 0.7%

| | | | | |
|--|--|-------|--|-----------|
| Safeway Services, LLC, First Out Term Loan, 9.00%, 12/14/17 | | 2,750 | | 2,750,000 |
|--|--|-------|--|-----------|

Consumer Finance 1.4%

| | | | | |
|---|--|-------|--|-----------|
| Chrysler Financial Services Americas LLC, Term Loan (First Lien), 4.24% 6.25%, 8/03/12 | | 5,961 | | 5,884,582 |
|---|--|-------|--|-----------|

Containers & Packaging 0.8%

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| | | |
|---|-----------|-----------|
| Anchor Glass Term Loan B 6.00%, 2/18/16 | 1,300 | 1,295,938 |
| Berry Plastics Holding Corp., Term C Loan, 2.25%, 4/03/15 | 898 | 803,185 |
| Graham Packaging Co., LP, B Term Loan, 2.50%, 10/07/11 | 1,280 | 1,262,663 |
| | | 3,361,786 |
| Diversified Consumer Services 1.9% | | |
| Coinmach Service Corp., Term Loan, 3.26%, 11/14/14 | 5,158 | 4,461,579 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | 3,491 | 3,459,567 |
| | | 7,921,146 |
| Diversified Financial Services 1.0% | | |
| CIT Group, Inc., Tranche 2A Term Loan, 9.50%, 1/20/12 | 3,002 | 3,075,686 |
| Reynolds Group Holdings Inc., US Term Loan, 6.25%, 11/05/15 | 1,200 | 1,207,500 |
| | | 4,283,186 |
| Diversified Telecommunication Services 1.6% | | |
| Cavtel Holdings, LLC, Term Loan, 8.50%, 12/31/12 | 871 | 745,227 |
| Hawaiian Telcom Communications, Inc., Tranche C Term Loan, 4.75%, 5/30/14 | 4,594 | 3,456,770 |
| Integra Telecom Holdings, Inc., Term Loan (First Lien), 10.50%, 8/31/13 | 1,617 | 1,615,720 |
| US Telepacific Corp., Second Lien Term Loan, 7.75%, 7/25/15 | 775 | 776,453 |
| | | 6,594,170 |
| Electrical Equipment 0.1% | | |
| Generac Acquisition Corp., Term Loan (First Lien), 2.75%, 11/10/13 | 408 | 373,906 |
| Energy Equipment & Services 0.8% | | |
| Dresser, Inc.: | | |
| Term Loan B, 2.48% 2.50%, 5/04/15 | 162 | 151,218 |
| Term Loan (Second Lien), 6.00%, 5/04/15 | 1,463 | 1,368,157 |
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | 1,921 | 1,886,510 |
| | | 3,405,885 |
| Food & Staples Retailing 2.1% | | |
| AB Acquisitions UK Topco 2 Ltd. (fka Alliance Boots), Facility B1, 3.54%, 7/09/15 | GBP 1,700 | 2,322,156 |
| DSW Holdings, Inc. Loan, 4.25%, 3/02/12 | USD 800 | 704,000 |

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 (f) | | Par (000) | Value |
|--|-----|--------------|--------------|
| Food & Staples Retailing (concluded) | | | |
| Pilot Travel Centers, Term Loan B, 3.50%, 11/18/15 | USD | 2,500 | \$ 2,511,590 |
| Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15 | | 2,250 | 2,331,000 |
| SUPERVALU Inc., Term B Advance, 1.48%, 6/02/12 | | 1,084 | 1,051,009 |
| | | | 8,919,755 |
| Food Products 2.5% | | | |
| Dole Food Co., Inc.: | | | |
| Credit-Linked Deposit, 0.17%, 8/30/10 | | 288 | 288,238 |
| Term Loan B, 5.50%, 2/10/17 | | 1,088 | 1,088,780 |
| Term Loan C, 5.50%, 2/10/17 | | 2,612 | 2,613,071 |
| Tranche B Term Loan, 8.00%, 4/12/13 | | 501 | 501,262 |
| Pilgrim s Pride Corp., Term Loan A, 0.00%, 12/01/12 | | 1,000 | 985,000 |
| Pinnacle Foods Finance LLC, Tranche C Term Loan, 7.50%, 4/02/14 | | 3,200 | 3,213,142 |
| Solvest, Ltd. (Dole), Tranche C Term Loan, 8.00%, 4/12/13 | | 1,626 | 1,626,359 |
| | | | 10,315,852 |
| Health Care Equipment & Supplies 0.9% | | | |
| Biomet, Inc., Dollar Term Loan, 3.23% 3.25%, 3/25/15 | | 648 | 627,124 |
| DJO Finance LLC (ReAble Therapeutics Finance LLC), Term Loan, 3.23%, 5/20/14 | | 3,096 | 2,991,927 |
| | | | 3,619,051 |
| Health Care Providers & Services 2.9% | | | |
| CCS Medical, Inc. (Chronic Care), Loan Debtor In Possession, 15.00%, 3/31/10 | | 31 | 31,247 |
| CHS/Community Health Systems, Inc.: | | | |
| Delayed Draw Term Loan, 2.50%, 7/25/14 | | 181 | 168,725 |
| Term Loan, 2.50%, 7/25/14 | | 3,563 | 3,328,890 |
| DaVita Inc., Tranche B-1 Term Loan, 1.73% 1.76%, 10/05/12 | | 600 | 585,975 |
| Fresenius SE: | | | |
| Tranche B1 Term Loan, 6.75%, 9/10/14 | | 334 | 336,020 |
| Tranche B2 Term Loan, 6.75%, 9/10/14 | | 233 | 234,460 |
| HCA Inc., Tranche A-1 Term Loan, 1.75%, 11/16/12 | | 5,618 | 5,305,314 |
| Vanguard Health Holding Company II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | | 2,100 | 2,102,625 |

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| | | | | | |
|---|--|-----|--|------------------|--------------|
| | | | | | 12,093,256 |
| Health Care Technology 0.7% | | | | | |
| IMS Healthcare, Term Loan B, 5.25%, 2/16/16 | | | | 3,000 | 3,012,000 |
| Hotels, Restaurants & Leisure 4.2% | | | | | |
| Blackstone UTP Capital LLC, Loan, 7.75%, 11/06/14 | | | | 2,500 | 2,514,062 |
| Cedar Fair LP, Term Loan B, 4.00%, 2/04/16 | | | | 1,500 | 1,497,657 |
| Green Valley Ranch Gaming, LLC, Loan (Second Lien), 3.50%, 8/16/14 | | | | 750 | 75,000 |
| Harrah's Operating Co., Inc.: Term B-1 Loan, 3.25%, 1/28/15 | | | | 449 | 361,615 |
| Term B-2 Loan, 3.25%, 1/28/15 | | | | 565 | 455,917 |
| Term B-4 Loan, 9.50%, 10/31/16 | | | | 2,250 | 2,243,749 |
| QCE, LLC (Quiznos), Term Loan (First Lien), 2.56%, 5/05/13 | | | | 777 | 662,502 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | | | | 2,250 | 2,259,844 |
| Six Flags Theme Parks, Inc., Term Loan, 4.50%, 6/13/15 | | | | 5,500 | 5,449,125 |
| | | | | | |
| | | | | Par (000) | Value |
| Floating Rate Loan Interests (f) | | | | | |
| Hotels, Restaurants & Leisure (concluded) | | | | | |
| VML US Finance LLC (aka Venetian Macau): New Project Term Loan, 4.76%, 5/27/13 | | USD | | 834 | \$ 792,351 |
| Term B Delayed Draw Project Loan, 4.76%, 5/25/12 | | | | 1,067 | 1,013,111 |
| Term B Funded Project Loan, 4.76%, 5/27/13 | | | | 185 | 175,777 |
| | | | | | |
| | | | | | 17,500,710 |
| Household Durables 0.7% | | | | | |
| American Residential Services LLC, Term Loan (Second Lien), 10.00%, 4/17/15 | | | | 3,091 | 2,974,962 |
| IT Services 1.8% | | | | | |
| Audio Visual Services Group, Inc., Loan (Second Lien), 5.76%, 02/28/14 | | | | 1,077 | 107,704 |
| Ceridian Corp., US Term Loan, 3.23% 3.25%, 11/09/14 | | | | 2,935 | 2,566,444 |
| First Data Corp., Initial Tranche B-2 Term Loan, 3.00%, 9/24/14 | | | | 3,739 | 3,260,896 |
| RedPrairie Corp.: Tack-On Loan, 3.31%, 7/20/12 | | | | 242 | 234,574 |
| Term Loan B, 3.31%, 7/20/12 | | | | 724 | 702,651 |
| SunGard Data Systems Inc. (Solar Capital Corp.), Tranche B US Term Loan, 3.86% 3.87%, 2/28/16 | | | | 715 | 696,902 |
| | | | | | |
| | | | | | 7,569,171 |
| Independent Power Producers & Energy Traders 0.8% | | | | | |
| Dynegy Holdings Inc.: Term Letter of Credit Facility, 3.98%, 4/02/13 | | | | 925 | 903,014 |

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| | | |
|---|-------|-----------|
| Tranche B Term Loan, 3.98%, 4/02/13 | 75 | 72,692 |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-2 Term Loan, 3.73% 3.75%, 10/10/14 | 2,932 | 2,358,057 |
| Initial Tranche B-3 Term Loan, 3.73% 3.75%, 10/10/14 | 197 | 157,980 |
| | | 3,491,743 |
| Industrial Conglomerates 0.3% | | |
| Sequa Corp., Term Loan, 3.51% 3.94%, 12/03/14 | 1,394 | 1,274,633 |
| Insurance 0.1% | | |
| Alliant Holdings I, Inc., Term Loan, 3.25%, 8/21/14 | 594 | 560,516 |
| Internet & Catalog Retail 0.3% | | |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | 1,212 | 1,211,801 |
| Machinery 1.2% | | |
| Accuride Corp., Term Loan, 9.75%, 1/31/12 | 2,045 | 2,040,740 |
| Bucyrus International, Term Loan C, 4.50%, 1/26/16 | 1,500 | 1,507,950 |
| Oshkosh Truck Corp., Term B Loan, 6.25% 6.26%, 12/06/13 | 1,271 | 1,270,172 |
| | | 4,818,862 |
| Media 10.1% | | |
| Affinion Group Holdings, Inc., Loan, 8.39%, 3/01/12 | 3,062 | 2,893,179 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 2,539 | 2,513,500 |
| Cequel Communications, LLC, Tranche B PIK Facility (Second Lien), 6.25%, 5/05/14 | 2,978 | 2,982,616 |

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 (f) | | Par (000) | Value |
|--|-----|--------------|--------------|
| Media (concluded) | | | |
| Charter Communications Operating, LLC, New Term Loan, 2.23%, 3/06/14 | USD | 5,000 | \$ 4,663,860 |
| EB Sports Corp., Loan, 11.50%, 12/31/15 | | 1,398 | 1,300,251 |
| Ellis Communications KDOC, LLC, Loan, 10.00%, 12/30/11 | | 6,303 | 1,764,771 |
| HMH Publishing Co. Ltd.: | | | |
| Mezzanine, 1.25%, 11/14/14 | | 1,265 | 155,964 |
| Tranche A Term Loan, 5.48%, 6/12/14 | | 2,692 | 2,264,663 |
| Hanley-Wood, LLC (FSC Acquisition), Term Loan, 2.50%, 3/10/14 | | 744 | 332,449 |
| Lamar Media Corp.: | | | |
| Series B, Incremental Loan, 5.50% 5.75%, 9/28/12 | | 900 | 892,875 |
| Term Loan, 5.50% 5.75%, 9/28/12 | | 1,543 | 1,531,495 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG): | | | |
| Facility B1, 3.34%, 6/30/15 | EUR | 337 | 314,143 |
| Facility C1, 3.59%, 6/30/16 | | 674 | 628,285 |
| Mediacom Illinois, LLC (fka Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | USD | 998 | 996,243 |
| Multicultural Radio Broadcasting, Inc., Term Loan, 2.99%, 12/18/12 | | 380 | 301,625 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 4,250 | 4,542,188 |
| Penton Media, Inc., Loan (Second Lien), 9.25%, 2/01/14 (a)(d) | | 1,000 | 133,333 |
| Sinclair Television Group, Inc., Tranche B Term Loan, 6.50%, 10/29/15 | | 1,000 | 1,005,000 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 1,900 | 2,556,962 |
| Sunshine Acquisition Ltd. (aka HIT Entertainment), Term Facility, 2.50%, 3/20/12 | USD | 2,169 | 1,906,592 |
| UPC Financing Partnership Facility Term Loan, 3.93%, 12/30/16 | | 2,000 | 1,944,000 |
| Virgin Media Investment Holdings Ltd.: | | | |
| B7 Facility, 4.40%, 9/03/12 | GBP | 23 | 34,747 |
| C Facility, 4.40%, 9/03/12 | | 516 | 766,740 |
| C Facility, 3.58%, 7/17/13 | | 1,975 | 2,813,241 |
| Term Loan B, 3.57%, 9/03/12 | | 621 | 923,066 |
| Worldcolor Press Inc. and Worldcolor (USA) Corp. (fka Quebecor World, Inc.), Advance Term Loan, 9.00%, 7/23/12 | USD | 797 | 805,082 |
| Yell Group Plc, TPI Term Loan A, 7.12%, 8/09/11 | | 1,500 | 1,436,250 |
| | | | 42,403,120 |
| Metals & Mining 1.4% | | | |

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| | | |
|---|-------|-----------|
| Euramax International, Inc.: | | |
| Domestic Term Loan (Cash Pay), 10.00%, 6/29/13 | 1,286 | 1,042,012 |
| Domestic Term Loan, 3.00% 11.00%, 6/29/13 | 1,318 | 1,067,414 |
| RathGibson, Inc., Loan Debtor In Possession, 10.75%, 6/30/10 (c) | 3,665 | 3,665,418 |
| | | 5,774,844 |

| | | |
|--|-----|-----------|
| Multi-Utilities 0.6% | | |
| Energy Transfer Equity, LP, Term Loan, 1.98%, 11/01/12 | 750 | 739,682 |
| FirstLight Power Resources, Inc. (fka NE Energy, Inc.): | | |
| Synthetic Letter of Credit, 0.16%, 11/01/13 | 53 | 49,150 |
| Term Advance (Second Lien), 4.81%, 5/01/14 | 750 | 688,750 |
| Term B Advance (First Lien), 2.75%, 11/01/13 | 572 | 533,868 |
| USPF Holdings, LLC, Term Loan, 1.98%, 4/11/14 | 607 | 599,897 |
| | | 2,611,347 |

| Floating Rate Loan Interests (f) | Par (000) | Value |
|--|--------------|--------------|
| Multiline Retail 1.4% | | |
| Dollar General Corp., Tranche B-2 Term Loan, 2.98%, 7/07/14 | USD 2,179 | \$ 2,095,847 |
| Hema Holding BV, Facility D, 5.42%, 1/01/17 | EUR 2,900 | 3,316,994 |
| The Neiman Marcus Group Inc., Term Loan, 2.26%, 4/06/13 | USD 665 | 596,875 |
| | | 6,009,716 |

| | | |
|---|-------|-----------|
| Oil, Gas & Consumable Fuels 1.9% | | |
| Big West Oil, LLC: | | |
| Delayed Advance Loan, 4.50%, 5/15/14 | 1,117 | 1,094,558 |
| Initial Advance Loan, 4.50%, 5/15/14 | 888 | 870,391 |
| Initial Advance Loan, 9.75%, 1/26/15 | 1,500 | 1,507,500 |
| Turbo Beta Ltd., USD Mezzanine Facility, 14.50%, 3/15/18 | 6,110 | 4,582,418 |
| | | 8,054,867 |

| | | |
|---|-------|-----------|
| Paper & Forest Products 0.7% | | |
| Georgia-Pacific LLC, Term Loan B, | | |
| 2.25% 2.26%, 12/23/12 | 803 | 784,309 |
| Verso Paper Finance Holdings LLC, PIK Loan, 7.25%, 2/01/13 (c) | 4,069 | 2,237,803 |
| | | 3,022,112 |

| | | |
|---|-------|---------|
| Personal Products 0.3% | | |
| American Safety Razor Co., LLC: | | |
| Loan (Second Lien), 6.51%, 1/30/14 | 1,075 | 628,875 |
| Term Loan (First Lien), 2.75% 2.76%, 7/31/13 | 749 | 679,511 |

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| | | |
|--|-------|-------------|
| | | 1,308,386 |
| Pharmaceuticals 1.0% | | |
| Warner Chilcott Co., LLC, Term A Loan, 5.50%, 10/30/14 | 1,220 | 1,220,034 |
| Warner Chilcott Corp.: | | |
| Additional Term Loan, 5.75%, 4/30/15 | 930 | 930,253 |
| Term B-1 Loan, 5.75%, 4/30/15 | 610 | 609,751 |
| Term B-2 Loan, 5.75%, 4/30/15 | 1,342 | 1,341,452 |
| | | 4,101,490 |
| Professional Services 0.4% | | |
| Booz Allen Hamilton Inc., Term Loan C, 6.00%, 7/31/15 | 1,750 | 1,755,469 |
| Real Estate Management & Development 0.7% | | |
| Enclave, First Lien Term Loan, 6.14%, 3/01/12 (a)(d) | 4,000 | 434,252 |
| Georgian Towers, B7, 6.14%, 3/01/12 | 4,000 | 413,472 |
| Realogy Corp.: | | |
| Delayed Draw Term B Loan, 3.25%, 10/10/13 | 723 | 637,687 |
| Term Loan (Second Lien), 13.50%, 10/15/17 | 1,500 | 1,631,250 |
| | | 3,116,661 |
| Specialty Retail 0.8% | | |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan, 2.98%, 10/21/13 | 814 | 785,205 |
| Michaels Stores, Inc.: | | |
| B-1 Term Loan, 2.50% 2.56%, 10/31/13 | 1,202 | 1,082,146 |
| B-2 Term Loan, 4.75% 4.81%, 7/31/16 | 1,448 | 1,379,487 |
| | | 3,246,838 |
| Wireless Telecommunication Services 0.2% | | |
| MetroPCS Wireless, Inc., Tranche B Term Loan, 2.50%, 11/03/13 | 997 | 960,955 |
| Total Floating Rate Loan Interests 56.5% | | 236,711,778 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Other Interests (j) | | Beneficial Interest (000) | Value |
|--|-----|---------------------------------|-----------|
| Airlines 0.0% | | | |
| Delta Air Lines, Inc. Default 8.33% Escrow | USD | 5,505 | \$ 96,888 |
| Delta Air Lines, Inc. Default 10% Escrow | | 4,200 | 73,920 |
| | | | 170,808 |
| Auto Components 0.1% | | | |
| Intermet Liquidating Trust Class A | | 1,354 | 394,800 |
| Diversified Financial Services 0.3% | | | |
| J. G. Wentworth LLC Preferred Equity Interests | | 1 | 1,144,914 |
| Hotels, Restaurants & Leisure 0.0% | | | |
| Buffets, Inc. | | 1,440 | 144 |
| Household Durables 0.2% | | | |
| Stanley Martin Class B Membership Units | | 2 | 675,000 |
| Media 0.0% | | | |
| Adelphia Escrow | | 7,500 | 750 |
| Adelphia Preferred Escrow | | 5 | 1 |
| Adelphia Recovery Trust | | 9,406 | 37,624 |
| 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 0.6% | | | 2,424,308 |

Warrants (k)

Shares

| | | |
|--|---------|---|
| Building Products 0.0% | | |
| Neenah Enterprises Inc. (Expires 9/30/13) | 130,547 | 1 |
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (Expires 1/16/14) | 126,761 | 1 |
| Hotels, Restaurants & Leisure 0.0% | | |

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| | | |
|--|-----------|----------------|
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14) | 1,216 | 12 |
| Media 0.0% | | |
| Charter Communications (Expires 11/30/14) | 12,661 | 50,644 |
| Oil, Gas & Consumable Fuels 0.0% | | |
| Turbo Cayman Ltd. (No Expiration) | 4 | |
| Specialty Retail 0.0% | | |
| Movie Gallery, Inc. (Expires 5/15/15) | 62,323 | 31,162 |
| Total Warrants 0.0% | | 81,820 |
| Total Long-Term Investments (Cost \$596,533,280) 120.0% | | 502,769,695 |
| Short-Term Securities | | |
| BlackRock Liquidity Fund, TempFund, Institutional Class, 0.09% (1)(m) | 1,319,723 | 1,319,723 |
| Total Short-Term Securities (Cost \$1,319,723) 0.3% | | 1,319,723 |
| Total Investments (Cost \$597,853,003*) 120.3% | | 504,089,418 |
| Liabilities in Excess of Other Assets (20.3)% | | (84,867,430) |
| Net Assets 100.0% | | \$ 419,221,988 |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 597,507,666 |
| Gross unrealized appreciation | \$ 21,944,450 |
| Gross unrealized depreciation | (115,158,398) |
| Net unrealized depreciation | \$ (93,213,948) |

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

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- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) As a result of bankruptcy proceedings, the company did not repay the principal amount or accrued interest of the security upon maturity.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a zero-coupon bond. Rate shown is as of report date.
- (h) Convertible security.
- (i) All or a portion of security has been pledged as collateral in connection with swaps.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (l) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Income |
|--|-----------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | \$ 1,319,723 | \$ 7,984 |
| BlackRock Liquidity Series, LLC Cash Sweep Series | \$ (4,725,260) | \$ 735 |

- (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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of February 28, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) | | |
|-----------------------|------------------|--------------|--------------------|--|---------|---------------------|
| EUR | 105,400 | USD | 144,302 | Citibank NA | 3/24/10 | \$ (790) |
| USD | 24,007,201 | EUR | 16,660,000 | Citibank NA | 3/24/10 | 1,323,090 |
| GBP | 1,393,500 | USD | 2,186,698 | Citibank NA | 4/21/10 | (62,733) |
| USD | 2,685,774 | CAD | 2,809,500 | Goldman Sachs International | 4/21/10 | 15,904 |
| USD | 2,218,791 | GBP | 1,389,000 | Citibank NA | 4/21/10 | 101,684 |
| USD | 1,104,318 | GBP | 684,500 | Deutsche Bank AG | 4/21/10 | 61,006 |
| USD | 2,410,698 | GBP | 1,489,000 | Morgan Stanley Capital Services, Inc. | 4/21/10 | 141,172 |
| Total | | | | | | \$ 1,579,333 |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Debt Strategies Fund, Inc. (DSU)

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2010 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------------------|----------------|------------------------|----------------|-----------------------|--|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | December 2011 | USD 855 | \$ (5,503) |
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | December 2012 | USD 425 | 2,917 |
| Brunswick Corp. | 5.00% | Goldman Sachs Bank USA | September 2014 | USD 325 | (9,186) |
| Boston Scientific Corp. | 1.00% | Goldman Sachs Bank USA | December 2014 | USD 900 | 1,654 |
| Total | | | | | \$ (10,118) |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2010 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Depreciation |
|--------------------------------|--------------------|------------------|------------|----------------------------|------------------------------------|-------------------------|
| BAA Ferrovial Junior Term Loan | 2.00% | Deutsche Bank AG | March 2012 | A | GBP 900 | \$ (94,696) |

¹ Using S&P's rating of the issuer.² The maximum potential amount the Fund may pay should a negative credit take place as defined under the terms of the agreement.

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 assets and liabilities

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

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

The inputs or methodologies 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 tables summarize the inputs used as of February 28, 2010 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | | | |
|------------------------|---------------------------|-----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 15,067,673 | \$ 3,104,586 | \$ 311,675 | \$ 18,483,934 |
| Corporate Bonds | | 233,262,647 | 11,805,208 | 245,067,855 |
| Floating Rate | | | | |
| Loan Interests | | 178,228,733 | 58,483,045 | 236,711,778 |
| Other Interests | | 170,808 | 2,253,500 | 2,424,308 |
| Warrants | | 50,645 | 31,175 | 81,820 |
| Short-Term Securities | 1,319,723 | | | 1,319,723 |
| Total | \$ 16,387,396 | \$ 414,817,419 | \$ 72,884,603 | \$ 504,089,418 |

| Valuation Inputs | Other Financial Instruments ³ | | | |
|------------------|--|---------------------|--------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | \$ 1,647,427 | | \$ 1,647,427 |
| Liabilities | | (78,212) | \$ (94,696) | (172,908) |
| Total | | \$ 1,569,215 | \$ (94,696) | \$ 1,474,519 |

³ Other financial instruments are swaps, foreign currency exchange contracts and options. Swaps and foreign currency exchange contracts are shown at the unrealized appreciation/depreciation on the instrument and options are shown at market value.

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

| | Investments in Securities | | | | | |
|----------------------------------|---------------------------|-----------------|------------------------------|-----------------|-----------|----------------|
| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Warrants | Total |
| Balance, as of February 28, 2009 | \$ 131,666 | \$ 12,983,142 | \$ 92,859,804 | \$ 38,643 | \$ 31,161 | \$ 106,044,416 |
| Accrued discounts/premiums | | | | | | |
| Realized gain (loss) | | (1,313,777) | (38,579,562) | | | (39,893,339) |
| | | 1,072,125 | 74,319,010 | | | 75,391,135 |

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Change in unrealized appreciation/depreciation⁴

| | | | | | | |
|---|-------------------|----------------------|----------------------|---------------------|------------------|----------------------|
| Net purchases (sales) | | 18,392 | (64,102,827) | | | (64,084,435) |
| Net transfers in (out) of Level 3 | 180,009 | (954,674) | (6,013,380) | 2,214,857 | 14 | (4,573,174) |
| Balance, as of February 28, 2010 | \$ 311,675 | \$ 11,805,208 | \$ 58,483,045 | \$ 2,253,500 | \$ 31,175 | \$ 72,884,603 |

⁴ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on February 28, 2010 was \$19,573,307.

The following table is a reconciliation of Level 3 other financial instruments for which significant unobservable inputs were used to determine fair value:

| | Other Financial Instruments⁵ |
|---|--|
| Balance, as of February 28, 2009 | \$ (249,620) |
| Accrued discounts/premiums | |
| Realized gain (loss) | |
| Change in unrealized appreciation/depreciation ⁶ | 154,924 |
| Net purchases (sales) | |
| Net transfers in/out of Level 3 | |
| Balance, as of February 28, 2010 | \$ (94,696) |

⁵ Other financial instruments are swaps.

⁶ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on the securities still held at February 28, 2010 was \$154,924.

See Notes to Financial Statements.

Schedule of Investments February 28, 2010

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

| Common Stocks | Shares | Value |
|------------------------------------|--------|------------|
| Building Products 0.3% | | |
| Masonite Worldwide Holdings (a) | 10,036 | \$ 421,512 |
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. (a) | 10,732 | 4,120 |
| Wellman Holdings, Inc. (a) | 181 | 45 |
| | | 4,165 |
| Construction Materials 0.0% | | |
| Nortek, Inc. (a) | 710 | 26,270 |
| Electrical Equipment 0.1% | | |
| Medis Technologies Ltd. (a) | 13,053 | 927 |
| SunPower Corp., Class B (a) | 5,332 | 87,072 |
| | | 87,999 |
| Total Common Stocks 0.4% | | 539,946 |

| Corporate Bonds | | Par (000) | |
|--|-----|--------------|-----------|
| Airlines 0.2% | | | |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | USD | 300 | 309,000 |
| Auto Components 0.0% | | | |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | | 16 | 16,153 |
| Building Products 2.4% | | | |
| Building Materials Corp. of America, 7.00%, 2/15/20 (b) | | 425 | 425,000 |
| CPG International I, Inc., 7.18%, 7/01/12 (c) | | 3,000 | 2,850,000 |
| | | | 3,275,000 |
| Capital Markets 0.4% | | | |
| E*Trade Financial Corp., 4.00% 8/31/19 (b)(d)(e) | | 46 | 69,920 |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b) | | 593 | 356,541 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(f) | | 253 | 56,062 |
| | | 164 | 28,522 |

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| | | | |
|--|--|--|---------|
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(f) | | | 511,045 |
|--|--|--|---------|

Chemicals 0.7%

| | | | |
|---|-----|--|-----------|
| GEO Specialty Chemicals, Inc.: | | | |
| 7.50%, 3/31/15 (b)(d)(f) | 702 | | 456,366 |
| 10.00%, 3/31/15 | 690 | | 448,864 |
| Wellman Holdings, Inc., Third Lien Subordinate Note, 5.00%, 1/29/19 (d)(f) | 190 | | 95,287 |
| | | | 1,000,517 |

Commercial Services & Supplies 0.5%

| | | | |
|--|-----|--|---------|
| Clean Harbors, Inc., 7.63%, 8/15/16 | 400 | | 404,000 |
| The Geo Group, Inc., 7.75%, 10/15/17 (b) | 300 | | 303,750 |
| | | | 707,750 |

Communications Equipment 0.0%

| | | | |
|---|----|--|--------|
| Brocade Communications Systems, Inc., 6.88%, 1/15/20 (b) | 55 | | 56,100 |
|---|----|--|--------|

Construction Materials 0.5%

| | | | |
|--------------------------------|-----|--|---------|
| Nortek, Inc., 11.00%, 12/01/13 | 713 | | 748,813 |
|--------------------------------|-----|--|---------|

Consumer Finance 0.6%

| | | | |
|---|-----|--|---------|
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | 190 | | 189,050 |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b) | 675 | | 691,875 |
| | | | 880,925 |

| Corporate Bonds | | Par (000) | | Value |
|--|-----|--------------|----|-----------|
| Containers & Packaging 2.5% | | | | |
| Berry Plastics Escrow LLC, 8.25%, 11/15/15 (b) | USD | 900 | \$ | 897,750 |
| Clondalkin Acquisition BV, 2.25%, 12/15/13 (b)(c) | | 1,500 | | 1,338,750 |
| Crown European Holdings SA, 6.25%, 9/01/11 | EUR | 11 | | 15,278 |
| Owens Brockway Glass Container, Inc., 6.75%, 12/01/14 | | 113 | | 153,867 |
| Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b) | USD | 380 | | 302,575 |
| Smurfit Kappa Acquisitions (b): | | | | |
| 7.25%, 11/15/17 | EUR | 275 | | 366,966 |
| 7.75%, 11/15/19 | | 265 | | 359,035 |
| | | | | 3,434,221 |

Diversified Financial Services 2.6%

| | | | | |
|--|-----|-------|--|-----------|
| CIT Group, Inc., 7.00%, 5/01/17 | USD | 1,585 | | 1,400,744 |
| FCE Bank Plc, 7.13%, 1/16/12 | EUR | 400 | | 539,869 |
| GMAC, Inc., 8.30%, 2/12/15 (b) | USD | 950 | | 958,313 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | | 400 | | 405,000 |

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| | | | |
|--|-----|-------|-----------|
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (b) | EUR | 200 | 271,653 |
| | | | 3,575,579 |
| Diversified Telecommunication Services 1.7% | | | |
| Cincinnati Bell, Inc., 8.25%, 10/15/17 | USD | 600 | 600,000 |
| PAETEC Holding Corp., 8.88%, 6/30/17 | | 125 | 125,937 |
| Qwest Communications International, Inc., 8.00%, 10/01/15 (b) | | 300 | 310,500 |
| Qwest Corp., 8.38%, 5/01/16 | | 240 | 262,800 |
| Windstream Corp., 7.88%, 11/01/17 | | 1,000 | 977,500 |
| | | | 2,276,737 |
| Energy Equipment & Services 0.5% | | | |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b) | | 750 | 746,250 |
| Food & Staples Retailing 0.3% | | | |
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) | | 250 | 225,000 |
| Duane Reade, Inc., 11.75%, 8/01/15 | | 100 | 126,000 |
| | | | 351,000 |
| Food Products 1.0% | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | | 300 | 303,000 |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (b) | | 240 | 240,600 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | | 760 | 822,700 |
| | | | 1,366,300 |
| Health Care Equipment & Supplies 0.5% | | | |
| DJO Finance LLC, 10.88%, 11/15/14 | | 685 | 732,950 |
| Health Care Providers & Services 1.8% | | | |
| DaVita, Inc., 6.63%, 3/15/13 | | 455 | 456,137 |
| Tenet Healthcare Corp. (b): 9.00%, 5/01/15 | | 95 | 99,513 |
| 8.88%, 7/01/19 | | 1,335 | 1,408,425 |
| Vanguard Health Holding Co. II LLC, 8.00%, 2/01/18 (b) | | 485 | 476,512 |
| | | | 2,440,587 |
| Health Care Technology 0.8% | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (b) | | 980 | 1,127,000 |
| Hotels, Restaurants & Leisure 1.9% | | | |
| Icahn Enterprises LP (b): 7.75%, 1/15/16 | | 500 | 470,000 |
| 8.00%, 1/15/18 | | 1,000 | 940,000 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(g) | | 1,565 | 395,162 |
| Travelport LLC, 4.88%, 9/01/14 (c) | | 815 | 757,950 |
| | | | 2,563,112 |

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 |
|--|-----|--------------|-----------|
| Household Products 0.1% | | | |
| Libbey Glass, Inc., 10.00%, 2/15/15 (b) | USD | 75 | \$ 77,625 |
| IT Services 0.1% | | | |
| First Data Corp., 9.88%, 9/24/15 | | 225 | 194,625 |
| Independent Power Producers & Energy Traders 2.1% | | | |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | | 1,215 | 1,230,187 |
| NRG Energy, Inc., 7.25%, 2/01/14 | | 1,660 | 1,672,450 |
| | | | 2,902,637 |
| Industrial Conglomerates 0.9% | | | |
| Sequa Corp. (b): | | | |
| 11.75%, 12/01/15 | | 320 | 313,600 |
| 13.50%, 12/01/15 (f) | | 879 | 880,864 |
| | | | 1,194,464 |
| Marine 0.2% | | | |
| Navios Maritime Holdings, Inc., 8.88%, 11/01/17 (b) | | 280 | 284,900 |
| Media 3.2% | | | |
| Affinion Group, Inc., 10.13%, 10/15/13 | | 555 | 560,550 |
| CSC Holdings, Inc., 8.50%, 4/15/14 (b) | | 230 | 241,788 |
| Clear Channel Worldwide Holdings, Inc., 9.25%, 12/15/17 (b) | | 1,334 | 1,369,095 |
| DISH DBS Corp., 7.00%, 10/01/13 | | 525 | 536,812 |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b) | EUR | 473 | 596,209 |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b) | USD | 175 | 159,469 |
| UPC Germany GmbH, 8.13%, 12/01/17 (b) | | 1,000 | 1,000,000 |
| | | | 4,463,923 |
| Metals & Mining 0.4% | | | |
| FMG Finance Property Ltd., 4.25%, 9/01/11 (b)(c) | | 180 | 177,300 |
| Ryerson, Inc., 7.62%, 11/01/14 (c) | | 450 | 401,625 |
| | | | 578,925 |
| Multiline Retail 0.2% | | | |
| Dollar General Corp., 11.88%, 7/15/17 (f) | | 235 | 273,188 |

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| | | | |
|---|-------------|-----|----------------|
| Paper & Forest Products | 0.6% | | |
| NewPage Corp., 10.00%, 5/01/12 | | 610 | 350,750 |
| Verso Paper Holdings LLC, Series B, 4.00%, 8/01/14 (c) | | 495 | 399,713 |
| | | | <u>750,463</u> |

| | | | |
|---|-------------|-----|------------------|
| Pharmaceuticals | 0.8% | | |
| Angiotech Pharmaceuticals, Inc., 4.00%, 12/01/13 (c) | | 300 | 243,000 |
| Elan Finance Plc, 4.25%, 11/15/11 (c) | | 950 | 912,000 |
| | | | <u>1,155,000</u> |

| | | | |
|---|-------------|-----|---------|
| Real Estate Investment Trusts (REITs) | 0.2% | | |
| Omega Healthcare Investors, Inc., 7.50%, 2/15/20 (b) | | 330 | 333,300 |

| | | | |
|---|-------------|-----|------------------|
| Semiconductors & Semiconductor Equipment | 1.1% | | |
| Advanced Micro Devices, Inc., 8.13%, 12/15/17 (b) | | 345 | 349,313 |
| STATS ChipPAC Ltd.: | | | |
| 7.50%, 7/19/10 | | 95 | 95,831 |
| 6.75%, 11/15/11 | | 205 | 204,231 |
| Spansion, Inc., 3.79%, 6/01/13 (a)(b)(g) | | 915 | 905,850 |
| | | | <u>1,555,225</u> |

| Corporate Bonds | | Par (000) | | Value |
|---|--------------|--------------|----|-------------------|
| Software | 0.1% | | | |
| JDA Software Group, Inc., 8.00%, 12/15/14 (b) | | USD 94 | \$ | 96,820 |
| Wireless Telecommunication Services | 2.1% | | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | | 1,250 | | 1,270,312 |
| Digicel Group Ltd., 9.13%, 1/15/15 (b)(f) | | 1,249 | | 1,217,775 |
| iPCS, Inc., 2.37%, 5/01/13 (c) | | 500 | | 460,000 |
| | | | | <u>2,948,087</u> |
| Total Corporate Bonds | 31.0% | | | <u>42,928,221</u> |

Floating Rate Loan Interests (c)

| | | | |
|--|-------------|-----|---------|
| Aerospace & Defense | 1.0% | | |
| Hawker Beechcraft Acquisition Co. LLC: | | | |
| Letter of Credit Linked Deposit, 0.15%, 3/26/14 | | 31 | 22,554 |
| Term Loan, 2.25%, 3/26/14 | | 503 | 370,511 |
| TASC, Inc.: | | | |
| Tranche A Term Loan, 5.50%, 12/18/14 | | 340 | 341,417 |
| Tranche B Term Loan, 5.75%, 12/18/15 | | 660 | 664,400 |

1,398,882

Auto Components 3.5%

| | | | |
|--|-----|-------|-----------|
| Affinion Group Holdings, Inc., Tranche B Term Loan, 2.73%, 10/17/12 | | 350 | 339,675 |
| Allison Transmission, Inc., Term Loan, 2.98% 3.00%, 8/07/14 | | 2,604 | 2,385,243 |
| Dana Holding Corp., Term Advance, 4.48% 6.50%, 1/30/15 | | 683 | 665,724 |
| Exide Technologies, Term Loan, 3.91%, 5/15/12 | EUR | 175 | 214,461 |
| GPX International Tire Corp.: Payment In Kind Amendment Fee, 14.00%, 4/11/12 | USD | 18 | 9,300 |
| Tranche B Term Loan, 12.25%, 3/30/12 | | 1,141 | 570,273 |
| Lear Corp., Loan (Closing Date Loan & Delayed Draw Loan), 7.50%, 11/09/14 | | 703 | 704,584 |
| | | | 4,889,260 |

Automobiles 1.1%

| | | | |
|---|--|-------|-----------|
| Ford Motor Co.: Tranche B-1 Term Loan, 3.24% 3.26%, 12/15/13 | | 473 | 437,410 |
| Tranche B-2 Term Loan, 3.26%, 12/15/13 | | 1,097 | 1,014,313 |
| | | | 1,451,723 |

Beverages 0.2%

| | | | |
|---|-----|-----|---------|
| Culligan International Co., Loan (Second Lien), 5.18%, 4/24/13 | EUR | 500 | 281,409 |
|---|-----|-----|---------|

Building Products 2.7%

| | | | |
|---|-----|-------|-----------|
| Building Materials Corp. of America: Second Lien Term Loan, 6.00%, 9/15/14 | USD | 850 | 836,400 |
| Term Loan Advance, 3.00%, 2/22/14 | | 1,394 | 1,357,410 |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | | 1,270 | 1,274,704 |
| PGT Industries, Inc., Tranche A-2 Term Loan, 7.25%, 2/14/12 | | 290 | 252,428 |
| | | | 3,720,942 |

Chemicals 6.1%

| | | | |
|---|--|-----|---------|
| Ashland Inc., Term B Borrowing, 7.65%, 5/13/14 | | 370 | 374,036 |
| Chemtura Corp., Term Facility Debtor in Possession, 6.00%, 2/11/11 | | 800 | 803,500 |
| Edwards (Cayman Islands II) Ltd., Term Loan (First Lien), 2.25%, 5/31/14 | | 343 | 273,399 |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%, 10/29/14 | | 500 | 502,500 |

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 (c) | | Par (000) | Value |
|---|-----|--------------|------------|
| Chemicals (concluded) | | | |
| Huish Detergents Inc., Tranche B Term Loan, 2.01%, 4/26/14 | USD | 332 | \$ 318,982 |
| Matrix Acquisition Corp. (MacDermid, Inc.), Tranche C EURO Loan, 2.63%, 12/15/13 | EUR | 298 | 330,462 |
| Nalco Co., Term Loan, 6.50%, 5/13/16 | USD | 1,269 | 1,277,505 |
| PQ Corp., Original Term Loan (First Lien), 3.48% 3.50%, 7/30/14 | | 1,320 | 1,207,800 |
| Rockwood Specialties Group, Inc., Term Loan H, 6.00%, 5/15/14 | | 810 | 812,430 |
| Solutia Inc., Loan, 7.25%, 2/28/14 | | 1,605 | 1,625,620 |
| Tronox Worldwide LLC: | | | |
| Tranche B-1 Term Loan, 9.00%, 6/24/10 | | 709 | 727,998 |
| Tranche B-2 Term Loan, 9.00%, 6/24/10 | | 191 | 195,582 |
| | | | 8,449,814 |
| Commercial Services & Supplies 3.4% | | | |
| Advanced Disposal Services, Inc., Term B Loan, 6.00%, 1/14/15 | | 500 | 500,000 |
| ARAMARK Corp., Facility Letter of Credit, 0.09% 2.03%, 1/26/14 | | 50 | 47,784 |
| ARAMARK Corp., US Term Loan, 2.13%, 1/26/14 | | 762 | 726,590 |
| Casella Waste Systems, Inc., Term B Loan, 7.00%, 4/09/14 | | 497 | 500,609 |
| John Maneely Co., Term Loan, 3.50%, 12/09/13 | | 451 | 422,538 |
| Johnson Diversey, Inc., Tranche B Dollar, 5.50%, 11/24/15 | | 500 | 503,750 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.23%, 4/02/14 | | 975 | 859,625 |
| West Corp.: | | | |
| Incremental Term B-3 Loan, 7.25%, 10/24/13 | | 746 | 753,385 |
| Term B-2 Loan, 2.60% 2.63%, 10/24/13 | | 452 | 435,687 |
| | | | 4,749,968 |
| Construction & Engineering 1.2% | | | |
| Acqulex Corporation, Term B Loan, 9.35%, 12/16/13 | | 747 | 751,197 |
| Safeway Services, LLC, First Out, Term Loan, 9.00%, 12/14/17 | | 900 | 900,000 |
| | | | 1,651,197 |
| Consumer Finance 0.9% | | | |
| Chrysler Financial Services Americas LLC, Term Loan (First Lien), 4.24%, 8/03/12 | | 1,253 | 1,237,337 |

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Containers & Packaging 1.1%

| | | |
|---|-----|-----------|
| Anchor Glass, Term Loan B, 6.00%, 2/18/16 | 700 | 693,000 |
| Berry Plastics Holding Corp., Term C Loan, 2.25%, 4/03/15 | 549 | 490,835 |
| Graham Packaging Co., LP: Term Loan B, 2.50%, 10/07/11 | 46 | 45,266 |
| Term Loan C, 6.75%, 4/05/14 | 289 | 290,541 |
| | | 1,519,642 |

Diversified Consumer Services 2.4%

| | | |
|--|-------|-----------|
| Coinmach Service Corp., Term Loan, 3.26%, 11/14/14 | 1,474 | 1,274,737 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | 2,070 | 2,051,029 |
| | | 3,325,766 |

Diversified Financial Services 1.2%

| | | |
|---|-----|-----------|
| CIT Group, Inc., Tranche 2A Term Loan, 9.50%, 1/20/12 | 983 | 1,006,448 |
| Reynolds Group Holdings Inc., US Term Loan, 6.25%, 11/05/15 | 700 | 704,375 |
| | | 1,710,823 |

| Floating Rate Loan Interests (c) | Par (000) | Value |
|---|--------------|------------|
| Diversified Telecommunication Services 1.2% | | |
| Integra Telecom Holdings, Inc., Term Loan (First Lien), 10.50%, 8/31/13 | USD 598 | \$ 597,394 |
| Level 3 Communications Incremental Term Loan, 7.59%, 3/13/14 | 150 | 135,156 |
| US Telepacific Corp., Second Lien Term Loan, 7.75%, 7/25/15 | 250 | 250,469 |
| Wind Finance SL SA, Euro Facility (Second Lien), 7.67%, 12/17/14 | EUR 525 | 712,000 |
| | | 1,695,019 |

Electrical Equipment 0.6%

| | | |
|--|---------|---------|
| Baldor Electric Co., Term Loan, 5.25%, 1/31/14 | USD 681 | 681,791 |
| Generac Acquisition Corp., Term Loan (First Lien), 2.75%, 11/10/13 | 179 | 164,258 |
| | | 846,049 |

Energy Equipment & Services 0.7%

| | | |
|--|-----|---------|
| Dresser, Inc., Term Loan (Second Lien), 6.00%, 5/04/15 | 500 | 467,500 |
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | 497 | 487,932 |
| | | 955,432 |

Food & Staples Retailing 4.0%

| | | | |
|--|-----|-------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (fka Alliance Boots), Facility B1, 3.54%, 7/09/15 | GBP | 900 | 1,229,377 |
| Bolthouse Farms, Inc., Term Loan B, 3.75%, 2/04/16 | USD | 600 | 600,000 |
| DS Waters of America, Inc., Term Loan, 2.50%, 10/29/12 | | 458 | 428,574 |
| Pierre Foods, Term Loan B, 8.50%, 9/30/14 | | 342 | 341,145 |
| Pilot Travel Centers, Term Loan B, 3.50%, 11/18/15 | | 1,500 | 1,506,954 |
| Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15 | | 1,000 | 1,036,000 |
| SUPERVALU Inc., Term B Advance, 1.48%, 6/02/12 | | 363 | 351,802 |
| | | | 5,493,852 |

Food Products 4.6%

| | | | |
|--|--|-------|-----------|
| CII Investment, LLC (fka Cloverhill): | | | |
| Term Loan A, 8.50%, 10/14/14 | | 445 | 444,771 |
| Term Loan B, 8.50%, 10/14/14 | | 541 | 540,943 |
| Dole Food Co., Inc.: | | | |
| Credit-Linked Deposit, 0.17%, 8/30/10 | | 614 | 614,055 |
| Term Loan B, 3.50%, 2/10/17 | | 500 | 500,250 |
| Term Loan C, 5.50%, 2/10/17 | | 1,200 | 1,200,600 |
| Tranche B Term Loan, 8.00%, 4/12/13 | | 202 | 201,777 |
| Pilgrim s Pride Corp., Term Loan A, 5.29%, 12/01/12 | | 500 | 492,500 |
| Pinnacle Foods Finance LLC, Tranche C Term Loan, 7.50%, 4/02/14 | | 1,300 | 1,305,339 |
| Solvest, Ltd. (Dole), Tranche C Term Loan, 8.00%, 4/12/13 | | 1,084 | 1,083,541 |
| | | | 6,383,776 |

Health Care Equipment & Supplies 1.0%

| | | | |
|---|--|-----|-----------|
| Biomet, Inc., Dollar Term Loan, 3.23% 3.25%, 3/25/15 | | 994 | 961,243 |
| DJO Finance LLC (ReAble Therapeutics Financial LLC), Term Loan, 3.23%, 5/20/14 | | 442 | 427,418 |
| Hologic, Inc., Tranche B Term Loan, 3.50%, 3/29/13 | | 35 | 34,341 |
| | | | 1,423,002 |

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 (c) | Par (000) | Value |
|--|--------------|------------------|
| Health Care Providers & Services 4.3% | | |
| CHS/Community Health Systems, Inc.: | | |
| Delayed Draw Term Loan, 2.50%, 7/25/14 | USD 95 | \$ 88,705 |
| Funded Term Loan, 2.48% 2.50%, 7/25/14 | 1,798 | 1,679,975 |
| DaVita Inc., Tranche B-1 Term Loan, 1.73% 1.76%, 10/05/12 | 175 | 170,909 |
| Fresenius SE: | | |
| Tranche B1 Term Loan, 6.75%, 9/10/14 | 692 | 695,183 |
| Tranche B2 Term Loan, 6.75%, 9/10/14 | 419 | 420,975 |
| HCA Inc.: | | |
| Tranche A-1 Term Loan, 1.75%, 11/16/12 | 926 | 874,874 |
| Tranche B-1 Term Loan, 2.50%, 11/18/13 | 924 | 876,700 |
| Vanguard Health Holding Company II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 1,100 | 1,101,375 |
| | | <u>5,908,696</u> |
| Health Care Technology 1.0% | | |
| IMS Healthcare, Term Loan B, 5.25%, 2/16/16 | 1,300 | 1,305,200 |
| Hotels, Restaurants & Leisure 5.0% | | |
| Blackstone UTP Capital LLC, Loan, 7.75%, 11/06/14 | | |
| | 750 | 754,219 |
| Cedar Fair LP, Term Loan B, 4.00%, 2/04/16 | 800 | 798,751 |
| Harrah's Operating Co., Inc.: | | |
| Term B-1 Loan, 3.25%, 1/28/15 | 128 | 103,319 |
| Term B-2 Loan, 3.25%, 1/28/15 | 1,372 | 1,107,226 |
| Term B-3 Loan, 3.25%, 1/28/15 | 112 | 90,394 |
| Term Loan, 20%, 10/01/10 | 1 | 12 |
| Lake at Las Vegas Joint Venture / LLV-1, LLC (a)(g): | | |
| Revolving Loan Credit-Linked Deposit Account, 12.35%, 6/20/12 | 60 | 602 |
| Mezzanine, 14.35% 15.00%, 6/20/12 | 656 | 6,557 |
| QCE, LLC (Quiznos), Term Loan (First Lien), 2.56%, 5/05/13 | 203 | 173,360 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | 1,250 | 1,255,469 |
| Six Flags Theme Parks, Inc., Term Loan, 4.50%, 6/13/15 | 2,000 | 1,981,500 |
| VML US Finance LLC (aka Venetian Macau): | | |
| Term B Delayed Draw Project Loan, 4.76%, 5/25/12 | 188 | 178,597 |
| Term B Funded Project Loan, 4.76%, 5/27/13 | 438 | 416,486 |
| | | <u>6,866,492</u> |

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Household Durables 1.0%

| | | |
|--|-------|-----------|
| American Residential Services LLC, Term Loan (Second Lien), 10.00%, 4/17/15 | 1,030 | 991,654 |
| Jarden Corp., Term Loan B3, 2.75%, 1/24/12 | 441 | 436,888 |
| | | 1,428,542 |

Independent Power Producers & Energy Traders 1.8%

| | | |
|---|-------|-----------|
| Dynegy Holdings Inc.: | | |
| Term Letter of Credit Facility, 3.98%, 4/02/13 | 694 | 677,261 |
| Tranche B Term Loan, 3.98%, 4/02/13 | 56 | 54,519 |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-1 Term Loan, 3.73% 3.75%, 10/10/14 | 1,350 | 1,084,946 |
| Initial Tranche B-2 Term Loan, 3.73% 3.75%, 10/10/14 | 232 | 186,502 |
| Initial Tranche B-3 Term Loan, 3.73% 3.75%, 10/10/14 | 618 | 494,101 |
| | | 2,497,329 |

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

Industrial Conglomerates 0.7%

| | | | | |
|--|-----|-------|----|---------|
| Sequa Corp., Term Loan, 3.51% 3.94%, 12/03/14 | USD | 1,072 | \$ | 980,392 |
|--|-----|-------|----|---------|

Insurance 0.6%

| | | |
|---|-----|---------|
| Alliant Holdings I, Inc., Term Loan, 3.25%, 8/21/14 | 828 | 781,393 |
|---|-----|---------|

Internet & Catalog Retail 0.3%

| | | |
|---|-----|---------|
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | 422 | 422,391 |
|---|-----|---------|

IT Services 3.8%

| | | |
|--|-------|-----------|
| Audio Visual Services Group, Inc., Tranche B Term Loan (First Lien), 2.51%, 2/28/14 | 497 | 348,219 |
| Ceridian Corp., US Term Loan, 3.23% 3.25%, 11/09/14 | 1,055 | 922,542 |
| First Data Corp.: | | |
| Initial Tranche B-1 Term Loan, 3.00%, 9/24/14 | 250 | 218,597 |
| Initial Tranche B-2 Term Loan, 3.00%, 9/24/14 | 2,172 | 1,894,140 |
| Initial Tranche B-3 Term Loan, 3.00%, 9/24/14 | 121 | 104,942 |
| SunGard Data Systems Inc. (Solar Capital Corp.): | | |
| Incremental Term Loan, 6.75%, 2/28/14 | 1,116 | 1,119,506 |
| Tranche B US Term Loan, 3.86% 3.87%, 2/28/16 | 599 | 583,599 |
| | | 5,191,545 |

Leisure Equipment & Products 0.5%

| | | |
|---|-----|---------|
| 24 Hour Fitness Worldwide, Inc., Tranche B Term Loan, 2.76%, 6/08/12 | 225 | 212,625 |
| True Temper Sports, Debtor in Possession Term Loan, 13.00%, 10/14/13 | 493 | 468,505 |

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| | | |
|---|-------|-----------|
| | | 681,130 |
| Machinery 2.7% | | |
| Accuride Corp., Term Loan, 10.00%, 1/31/12 | 450 | 449,063 |
| Blount International, Term Loan, 5.50% 5.75%, 2/09/12 | 1,000 | 997,511 |
| Bucyrus International, Term Loan C, 4.50%, 1/26/16 | 1,250 | 1,256,625 |
| Oshkosh Truck Corp., Term B Loan, 6.25% 6.26%, 12/06/13 | 1,013 | 1,011,778 |
| | | 3,714,977 |
| Media 20.1% | | |
| Affinion Group Holdings, Inc., Loan, 8.39%, 3/01/12 | 327 | 309,227 |
| Catalina Marketing Corp., Initial Term Loan, 2.98%, 10/01/14 | 280 | 269,892 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 1,965 | 1,945,375 |
| Cequel Communications, LLC: Term Loan, 2.25%, 11/05/13 | 580 | 549,106 |
| Tranche A Term Loan (Second Lien), 4.75%, 5/05/14 | 1,000 | 974,100 |
| Tranche B Term Loan (Second Lien), 6.25%, 5/05/14 | 250 | 250,400 |
| Charter Communications Operating, LLC, New Term Loan, 2.23% 2.26%, 3/06/14 | 2,375 | 2,215,334 |
| HMH Publishing Co. Ltd.: Mezzanine, 1.26%, 11/14/14 | 270 | 33,354 |
| Tranche A Term Loan, 5.48%, 6/12/14 | 828 | 696,852 |
| Hanley-Wood, LLC (FSC Acquisition), Term Loan, 2.50%, 3/10/14 | 978 | 436,617 |

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 (c) | | Par (000) | Value |
|---|-----|--------------|------------|
| Media (concluded) | | | |
| Harland Clarke Holdings Corp. (fka Clarke American Corp.), Tranche B Term Loan, 2.73% 2.75%, 6/30/14 | USD | 726 | \$ 635,128 |
| Insight Midwest Holdings, LLC, B Term Loan, 2.25%, 4/07/14 | | 1,175 | 1,128,183 |
| Intelsat Corp. (fka PanAmSat Corp.): | | | |
| Tranche B-2-A Term Loan, 2.73%, 1/03/14 | | 166 | 158,061 |
| Tranche B-2-B Term Loan, 2.73%, 1/03/14 | | 166 | 158,013 |
| Tranche B-2-C Term Loan, 2.73%, 1/03/14 | | 166 | 158,013 |
| Intelsat Subsidiary Holding Co. Ltd., Tranche B Term Loan, 2.73%, 7/03/13 | | 732 | 697,929 |
| Lamar Media Corp.: | | | |
| Series B, Incremental Loan, 5.50% 5.75%, 9/28/12 | | 449 | 445,231 |
| Series E, Incremental Loan, 5.50% 5.75%, 3/31/13 | | 235 | 234,943 |
| Term Loan, 5.50% 5.75%, 9/28/12 | | 1,566 | 1,553,814 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG), Facility B1, 3.34%, 6/30/15 | EUR | 337 | 314,143 |
| MCC Iowa LLC (Mediacom Broadband Group), Tranche E Term Loan, 6.50%, 1/03/16 | USD | 521 | 525,327 |
| MCNA Cable Holdings LLC (OneLink Communications), Loan (Payment In Kind Facility), 7.23%, 3/01/13 (f) | | 1,289 | 1,005,369 |
| Mediacom Illinois, LLC (fka Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | | 499 | 498,122 |
| Metro-Goldwyn-Mayer Inc., Tranche B Term Loan, 20.50%, 4/09/12 | | 448 | 269,223 |
| Multicultural Radio Broadcasting, Inc., Term Loan, 2.98%, 12/18/12 | | 304 | 241,300 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 1,275 | 1,362,656 |
| Nielsen Finance LLC, Class B, Dollar Term Loan, 3.98%, 5/01/16 | | 1,587 | 1,536,407 |
| Penton Media, Inc., Term Loan (First Lien), 2.48% 2.50%, 2/01/13 | | 486 | 354,963 |
| Sinclair Television Group, Inc., Tranche B Term Loan, 6.50%, 10/29/15 | | 750 | 753,750 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 1,000 | 1,345,769 |
| Sunshine Acquisition Ltd. (aka HIT Entertainment), Term Facility, 2.50%, 3/20/12 | USD | 1,000 | 879,167 |
| TWCC Holding Corp., Term Loan, 7.25%, 9/14/15 | | 1,486 | 1,489,916 |
| UPC Financing Partnership, Facility U, 4.46%, 12/31/17 | EUR | 1,050 | 1,332,040 |
| Virgin Media Investment Holdings Ltd.: | | | |

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| | | | |
|--|-----|-----|------------|
| B7 Facility, 4.40%, 9/03/12 | GBP | 16 | 23,760 |
| C Facility, 3.58%, 7/17/13 | | 300 | 427,328 |
| C Facility, 4.40%, 9/03/12 | | 353 | 524,298 |
| Term Loan B, 3.57%, 9/03/12 | | 425 | 631,195 |
| Worldcolor Press Inc. and Worldcolor (USA) Corp. (fka Quebecor World, Inc.), Advance Term Loan, 9.00%, 7/23/12 | USD | 648 | 654,129 |
| Yell Group Plc TPI, Term Loan A, 7.12%, 8/09/11 | | 750 | 718,125 |
| | | | 27,736,559 |

Multi-Utilities 0.4%

| | | | |
|--|--|-----|---------|
| FirstLight Power Resources, Inc. (fka NE Energy, Inc.): Synthetic Letter of Credit, 0.16%, 11/01/13 | | 53 | 49,150 |
| Term B Advance (First Lien), 2.75%, 11/01/13 | | 572 | 533,868 |
| | | | 583,018 |

| Floating Rate Loan Interests (c) | | Par (000) | | Value |
|--|-----|--------------|----|-----------|
| Multiline Retail 0.8% | | | | |
| Dollar General Corp., Tranche B-2 Term Loan, 2.98%, 7/07/14 | USD | 960 | \$ | 923,912 |
| The Neiman Marcus Group Inc., Term Loan, 2.25%, 4/06/13 | | 215 | | 192,975 |
| | | | | 1,116,887 |

Oil, Gas & Consumable Fuels 1.3%

| | | | | |
|---|--|-----|--|-----------|
| Big West Oil, LLC: | | | | |
| Delayed Advance Loan, 4.50%, 5/15/14 | | 441 | | 432,080 |
| Initial Advance Loan, 4.50%, 5/15/14 | | 349 | | 342,120 |
| Term Loan B, 9.75%, 1/26/15 | | 500 | | 502,500 |
| Coffeyville Resources, LLC, Tranche D Term Loan, 8.50%, 12/30/13 | | 490 | | 492,917 |
| | | | | 1,769,617 |

Paper & Forest Products 1.5%

| | | | | |
|---|--|-------|--|-----------|
| Georgia-Pacific LLC, Term Loan B, 2.25% 2.26%, 12/23/12 | | 1,451 | | 1,417,543 |
| Verso Paper Finance Holdings LLC, PIK Loan, 7.25%, 2/01/13 (f) | | 1,283 | | 705,884 |
| | | | | 2,123,427 |

Personal Products 0.4%

| | | | | |
|--|--|-----|--|---------|
| American Safety Razor Co., LLC: | | | | |
| Loan (Second Lien), 6.51%, 1/30/14 | | 350 | | 204,750 |
| Term Loan (First Lien), 2.75% 2.76%, 7/31/13 | | 249 | | 226,465 |
| Revlon Consumer Products Corp., Term Loan, 4.25% 4.26%, 1/15/12 | | 150 | | 147,609 |
| | | | | 578,824 |

Pharmaceuticals 1.9%

| | | | |
|---|-----|-----|-----------|
| Catalent Pharma Solutions, Inc. (fka Cardinal Health 409, Inc.), Euro Term Loan, 2.67%, 4/15/14 | EUR | 488 | 587,469 |
| Warner Chilcott Co., LLC, Term A Loan, 5.50%, 10/30/14 | USD | 678 | 677,797 |
| Warner Chilcott Corp.: | | | |
| Additional Term Loan, 5.75%, 4/30/15 | | 310 | 310,084 |
| Term B-1 Loan, 5.75%, 4/30/15 | | 339 | 338,751 |
| Term B-2 Loan, 5.75%, 4/30/15 | | 746 | 745,251 |
| | | | 2,659,352 |

Professional Services 0.9%

| | | | |
|---|--|-------|-----------|
| Booz Allen Hamilton Inc., Term Loan C, 6.00%, 7/31/15 | | 1,250 | 1,253,906 |
|---|--|-------|-----------|

Real Estate Management & Development 1.3%

| | | | |
|--|--|-----|-----------|
| Mattamy Funding Partnership, Term Loan B, 2.56%, 4/11/13 | | 481 | 440,344 |
| Realogy Corp.: | | | |
| Delayed Draw Term B Loan, 3.25%, 10/10/13 | | 598 | 527,741 |
| Initial Term B Loan, 3.25%, 10/10/13 | | 786 | 692,989 |
| Synthetic Letter of Credit, 0.08%, 10/10/13 | | 212 | 186,574 |
| | | | 1,847,648 |

Specialty Retail 0.9%

| | | | |
|--|--|-----|-----------|
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan, 2.98%, 10/21/13 | | 407 | 392,603 |
| Michaels Stores, Inc.: | | | |
| B-1 Term Loan, 2.50% 2.56%, 10/31/13 | | 310 | 278,832 |
| B-2 Term Loan, 4.75% 4.81%, 7/31/16 | | 571 | 544,190 |
| | | | 1,215,625 |

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 (c) | | Par (000) | | Value |
|--|-----|--------------|----|-------------|
| Textiles, Apparel & Luxury Goods 0.3% | | | | |
| Hanesbrands Inc., New Term Loan, 5.25%, 12/10/15 | USD | 400 | \$ | 403,000 |
| Wireless Telecommunication Services 0.8% | | | | |
| Digicel International Finance Ltd., Tranche A, 2.81%, 3/30/12 | | 425 | | 409,063 |
| MetroPCS Wireless, Inc., Tranche B Term Loan, 2.50%, 11/03/13 | | 748 | | 720,716 |
| | | | | 1,129,779 |
| Total Floating Rate Loan Interests 89.2% | | | | 123,379,622 |

| Other Interests (h) | | Beneficial Interest (000) | |
|---|--|---------------------------------|-------------|
| Auto Components 1.0% | | | |
| Delphi Debtor in Possession Hold Co. LLP, Class B Membership Interests | | (i) | 1,334,647 |
| Diversified Financial Services 0.2% | | | |
| J. G. Wentworth LLC Preferred Equity Interests | | (i) | 287,823 |
| Total Other Interests 1.2% | | | 1,622,470 |
| Total Long-Term Investments | | | |
| (Cost \$176,501,853) 121.8% | | | 168,470,259 |

| Short-Term Securities | | Shares | |
|---|--|-----------|-----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.09% (j)(k) | | 1,797,812 | 1,797,812 |
| Total Short-Term Securities | | | |
| (Cost \$1,797,812) 1.3% | | | 1,797,812 |

| Options Purchased | Contracts |
|---|-------------------------------|
| Over-the-Counter Call Options 0.0% | |
| Marsico Parent Superholdco LLC, Strike Price | |
| USD 942.86, Expires 12/21/19, Broker | |
| Goldman Sachs & Co. | 11 2,090 |
| Total Options Purchased | |
| (Cost \$10,756) 0.0% | 2,090 |
| Total Investments (Cost \$178,310,421*) 123.1% | 170,270,161 |
| Liabilities in Excess of Other Assets (23.1)% | (31,899,477) |
| Net Assets 100.0% | \$ 138,370,684 |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 178,405,382 |
| Gross unrealized appreciation | \$ 3,845,191 |
| Gross unrealized depreciation | (11,980,412) |
| Net unrealized depreciation | \$ (8,135,221) |

- (a) Non-income producing security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Convertible security.
- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (g) Issuer filed for bankruptcy and/or is in default of interest payments.
- (h) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (i) Amount is less than \$1,000.
- (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:

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| Affiliate | Net Activity | Income |
|---|----------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | \$ 1,797,812 | \$ 6,878 |
| BlackRock Liquidity Series, LLC Cash Sweeps Series | \$ (4,108,178) | \$ 1,347 |

(k) 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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of February 28, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|---------------------------------------|-----------------|--|
| USD 7,780,395 | EUR 5,440,000 | Citibank NA | 3/24/10 | \$ 373,338 |
| GBP 953,000 | USD 1,495,460 | Citibank NA | 4/21/10 | (42,902) |
| USD 1,517,532 | GBP 950,000 | Citibank NA | 4/21/10 | 69,547 |
| USD 1,381,821 | GBP 853,500 | Morgan Stanley Capital Services, Inc. | 4/21/10 | 80,920 |
| Total | | | | \$ 480,903 |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2010, were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation |
|----------------|--------------------|--------------|------------|----------------------------|------------------------------------|-------------------------|
| Ford Motor Co. | 3.80% | UBS AG | March 2010 | CCC | USD 1,000 | \$856 |

¹ Using S&P's rating of the issuer.

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

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 assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that

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are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, repayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

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

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

See Notes to Financial Statements.

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Schedule of Investments (concluded)

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

The following tables summarize the inputs used as of February 28, 2010 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | | | |
|------------------------------|---------------------------|-----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 509,511 | | \$ 30,435 | \$ 539,946 |
| Corporate Bonds | | \$ 41,911,551 | 1,016,670 | 42,928,221 |
| Floating Rate Loan Interests | | 104,667,984 | 18,711,638 | 123,379,622 |
| Other Interests | | | 1,622,470 | 1,622,470 |
| Short-Term Securities | 1,797,812 | | | 1,797,812 |
| Total | \$ 2,307,323 | \$ 146,579,535 | \$ 21,381,213 | \$ 170,268,071 |

| Valuation Inputs | Other Financial Instruments ¹ | | | |
|------------------|--|-------------------|--------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | \$ 526,751 | \$ 4,076 | \$ 530,827 |
| Liabilities | | (42,902) | (38,101) | (81,003) |
| Total | | \$ 483,849 | \$ (34,025) | \$ 449,824 |

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

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

| | Investments in Securities | | | | |
|---|---------------------------|-----------------|------------------------------|-----------------|---------------|
| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Total |
| Balance, as of February 28, 2009 | \$ 4,165 | \$ 1,437,808 | \$ 35,230,878 | | \$ 36,672,851 |
| Accrued discounts/premiums | | | | | |
| Realized gain (loss) | | (238,712) | (9,314,760) | | (9,553,472) |
| Change in unrealized appreciation/depreciation ² | | 164,767 | 20,334,144 | | 20,498,911 |

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| | | | | | |
|---|------------------|---------------------|----------------------|---------------------|----------------------|
| Net purchases (sales) | | (812,210) | (21,084,905) | | (21,897,115) |
| Net transfers in (out) of Level 3 | 26,270 | 465,017 | (6,453,719) | \$ 1,622,470 | (4,339,962) |
| Balance, as of February 28, 2010 | \$ 30,435 | \$ 1,016,670 | \$ 18,711,638 | \$ 1,622,470 | \$ 21,381,213 |

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on February 28, 2010 was \$6,849,181.

The following table is a reconciliation of Level 3 other financial instruments for which significant unobservable inputs were used to determine fair value:

| | Other Financial Instruments ³ | | |
|---|--|--------------------|--------------------|
| | Assets | Liabilities | Total |
| Balance, as of February 28, 2009 | | | |
| Accrued discounts/premiums | | | |
| Realized gain (loss) | | \$ (18,182) | \$ (18,182) |
| Change in unrealized appreciation/depreciation ⁴ | \$ 4,076 | (19,919) | (15,843) |
| Net purchases (sales) | | | |
| Net transfers in (out) of Level 3 | | | |
| Balance, as of February 28, 2010 | \$ 4,076 | \$ (38,101) | \$ (34,025) |

³ Other financial instruments are unfunded loan commitments.

⁴ Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in unrealized appreciation/depreciation on the securities still held at February 28, 2010 was \$0.

See Notes to Financial Statements.

Schedule of Investments February 28, 2010

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

| Common Stocks | Shares | Value |
|---|---------|------------|
| Auto Components 0.2% | | |
| Lear Corp. (a) | 5,425 | \$ 375,790 |
| Building Products 0.8% | | |
| Masonite Worldwide Holdings (a) | 40,055 | 1,682,310 |
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. (a) | 271,000 | 436,310 |
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. (a) | 142,466 | 54,692 |
| Wellman Holdings, Inc. (a) | 5,131 | 1,283 |
| | | 55,975 |
| Construction Materials 0.0% | | |
| Nortek, Inc. (a) | 2,570 | 95,090 |
| Containers & Packaging 0.1% | | |
| Smurfit Kappa Plc (a) | 18,171 | 149,776 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Lodgian, Inc. (a) | 41,866 | 103,828 |
| Paper & Forest Products 0.7% | | |
| Ainsworth Lumber Co. Ltd. (a) | 375,634 | 788,967 |
| Ainsworth Lumber Co. Ltd. (a)(b) | 421,556 | 885,420 |
| | | 1,674,387 |
| Software 0.0% | | |
| Euramax International (a) | 935 | 28,047 |
| Total Common Stocks 2.0% | | 4,601,513 |

| Corporate Bonds | | Par (000) | |
|-------------------------------------|-----|--------------|-----------|
| Aerospace & Defense 0.5% | | | |
| TransDigm, Inc., 7.75%, 7/15/14 (b) | USD | 1,100 | 1,100,000 |

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| | | |
|--|-----|-----------|
| Airlines 0.5% | | |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 500 | 515,000 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 600 | 636,000 |
| | | 1,151,000 |

| | | |
|---|-------|-----------|
| Auto Components 1.9% | | |
| The Goodyear Tire & Rubber Co., 8.63%, 12/01/11 | 4,000 | 4,150,000 |
| Venture Holdings Co. LLC (a)(c): | | |
| 12.00%, 6/01/09 | 700 | |
| Series B, 9.50%, 7/01/05 | 3,325 | 333 |
| | | 4,150,333 |

| | | |
|---------------------------------|-----|---------|
| Biotechnology 0.2% | | |
| QHP Pharma, 10.25%, 3/15/15 (b) | 315 | 321,577 |

| | | |
|--|-------|-----------|
| Building Products 2.8% | | |
| Building Materials Corp. of America, 7.00%, 2/15/20 (b) | 675 | 675,000 |
| CPG International I, Inc.: | | |
| 7.18%, 7/01/12 (e) | 3,500 | 3,325,000 |
| 10.50%, 7/01/13 | 1,500 | 1,470,000 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 | 725 | 735,875 |
| | | 6,205,875 |

| | | |
|--|-------|-----------|
| Chemicals 3.0% | | |
| American Pacific Corp., 9.00%, 2/01/15 | 610 | 602,375 |
| GEO Specialty Chemicals, Inc.: | | |
| 7.50%, 3/31/15 (b)(f)(g) | 1,869 | 1,214,604 |
| 10.00%, 3/31/15 | 1,839 | 1,195,168 |
| Huntsman International LLC, 5.50%, 6/30/16 (b) | 495 | 435,600 |

| Corporate Bonds | Par (000) | Value |
|--|--------------|--------------|
| Chemicals (concluded) | | |
| Wellman Holdings, Inc. (g): | | |
| Second Lien Subordinate Note, 10.00%, 1/29/19 (b) | USD 2,383 | \$ 2,383,000 |
| Third Lien Subordinate Note, 5.00%, 1/29/19 (f) | 1,639 | 819,684 |
| | | 6,650,431 |

| | | |
|---|-----|-----------|
| Commercial Services & Supplies 1.6% | | |
| ACCO Brands Corp., 10.63%, 3/15/15 (b) | 365 | 396,755 |
| Clean Harbors, Inc., 7.63%, 8/15/16 | 700 | 707,000 |
| The Geo Group, Inc., 7.75%, 10/15/17 (b) | 450 | 455,625 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b) | 550 | 588,500 |
| Sally Holdings LLC, 9.25%, 11/15/14 | 420 | 438,900 |
| Scientific Games International, Inc., 9.25%, 6/15/19 | 960 | 1,015,200 |
| | | 3,601,980 |

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Communications Equipment 0.0%

| | | |
|---|----|--------|
| Brocade Communications Systems, Inc., 6.88%, 1/15/20 (b) | 90 | 91,800 |
|---|----|--------|

Construction Materials 1.2%

| | | |
|--------------------------------|-------|-----------|
| Nortek, Inc., 11.00%, 12/01/13 | 2,581 | 2,710,493 |
|--------------------------------|-------|-----------|

Consumer Finance 1.2%

| | | |
|---|-------|------------------|
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | 300 | 298,500 |
| Ford Motor Credit Co. LLC, 3.00%, 1/13/12 (e) | 1,340 | 1,256,250 |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (b) | 1,150 | 1,178,750 |
| | | <u>2,733,500</u> |

Containers & Packaging 2.8%

| | | |
|--|-------|------------------|
| Berry Plastics Escrow LLC, 8.25%, 11/15/15 (b) | 1,100 | 1,097,250 |
| Clondalkin Acquisition BV, 2.25%, 12/15/13 (b)(e) | 2,000 | 1,785,000 |
| Crown Americas LLC, 7.63%, 5/15/17 (b) | 400 | 416,000 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | 555 | 582,750 |
| Packaging Dynamics Finance Corp., 10.00%, 5/01/16 (b) | 1,325 | 1,055,031 |
| Smurfit Kappa Funding Plc, 7.75%, 4/01/15 | 1,050 | 1,018,500 |
| Solo Cup Co., 10.50%, 11/01/13 | 250 | 261,875 |
| | | <u>6,216,406</u> |

Diversified Financial Services 3.8%

| | | |
|--|-------|------------------|
| GMAC, Inc., 8.30%, 2/12/15 (b) | 4,700 | 4,741,125 |
| Highland Legacy Ltd., 6.50%, 6/01/11 (b)(e) | 4,000 | 2,400,000 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | 955 | 966,937 |
| | | <u>8,108,062</u> |

Diversified Telecommunication Services 2.8%

| | | |
|--|-------|------------------|
| Cincinnati Bell, Inc., 8.25%, 10/15/17 | 900 | 900,000 |
| Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b) | 180 | 192,600 |
| PAETEC Holding Corp., 8.88%, 6/30/17 (b) | 175 | 175,935 |
| Qwest Corp., 8.38%, 5/01/16 | 3,000 | 3,285,000 |
| Windstream Corp., 7.88%, 11/01/17 | 1,750 | 1,710,625 |
| | | <u>6,264,160</u> |

Electric Utilities 0.4%

| | | |
|---------------------------------------|-------|---------|
| NSG Holdings LLC, 7.75%, 12/15/25 (b) | 1,000 | 865,000 |
|---------------------------------------|-------|---------|

Energy Equipment & Services 0.5%

| | | |
|--|-------|---------|
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b) | 1,000 | 995,000 |
|--|-------|---------|

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 |
|--|-----|--------------|------------|
| Food & Staples Retailing 0.5% | | | |
| Duane Reade, Inc., 11.75%, 8/01/15 | USD | 155 | \$ 195,300 |
| Rite Aid Corp., 9.75%, 6/12/16 | | 825 | 880,688 |
| | | | 1,075,988 |
| Food Products 0.9% | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | | 500 | 505,000 |
| Bumble Bee Foods LLC, 7.75%, 12/15/15 (b) | | 380 | 380,950 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | | 1,050 | 1,136,625 |
| | | | 2,022,575 |
| Health Care Equipment & Supplies 0.7% | | | |
| DJO Finance LLC, 10.88%, 11/15/14 | | 710 | 759,700 |
| Hologic, Inc., 2.00%, 12/15/37 (g)(h) | | 830 | 709,650 |
| | | | 1,469,350 |
| Health Care Providers & Services 3.2% | | | |
| Community Health Systems, Inc., Series WI, 8.88%, 7/15/15 | | 1,880 | 1,945,800 |
| DaVita, Inc., 7.25%, 3/15/15 | | 525 | 526,969 |
| Tenet Healthcare Corp. (b): 10.00%, 5/01/18 | | 850 | 935,000 |
| 8.88%, 7/01/19 | | 2,775 | 2,927,625 |
| Vanguard Health Holding Co. II LLC, 8.00%, 2/01/18 (b) | | 790 | 776,175 |
| | | | 7,111,569 |
| Health Care Technology 0.8% | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (b) | | 1,580 | 1,817,000 |
| Hotels, Restaurants & Leisure 1.8% | | | |
| Icahn Enterprises LP (b): 7.75%, 1/15/16 | | 750 | 705,000 |
| 8.00%, 1/15/18 | | 1,500 | 1,410,000 |
| Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(d) | | 1,210 | 305,525 |
| MGM Mirage: 13.00%, 11/15/13 | | 100 | 114,000 |
| 10.38%, 5/15/14 (b) | | 185 | 196,100 |
| 11.13%, 11/15/17 (b) | | 750 | 810,000 |
| Shingle Springs Tribal Gaming Authority, 9.38%, 6/15/15 (b) | | 190 | 151,050 |

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| | | |
|---|-----|-----------|
| Snoqualmie Entertainment Authority, 4.14%, 2/01/14 (b)(e) | 500 | 340,000 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(d) | 220 | 137 |
| | | 4,031,812 |

Household Durables 1.1%

| | | |
|--|-------|-----------|
| Beazer Homes USA, Inc., 12.00%, 10/15/17 (b) | 1,000 | 1,115,000 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 1,200 | 1,254,000 |
| KB Home, 6.38%, 8/15/11 | 106 | 107,855 |
| | | 2,476,855 |

Household Products 0.1%

| | | |
|---|-----|---------|
| Libbey Glass, Inc., 10.00%, 2/15/15 (b) | 115 | 119,025 |
|---|-----|---------|

IT Services 0.2%

| | | |
|----------------------------------|-----|---------|
| First Data Corp., 9.88%, 9/24/15 | 625 | 540,625 |
|----------------------------------|-----|---------|

Independent Power Producers & Energy Traders 3.3%

| | | |
|--|-------|-----------|
| The AES Corp., 8.75%, 5/15/13 (b) | 335 | 340,863 |
| AES Eastern Energy LP, Series 99-B, 9.67%, 1/02/29 | 570 | 617,737 |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | 1,000 | 1,012,500 |
| Dynegy Holdings, Inc., 8.38%, 5/01/16 | 1,260 | 1,102,500 |

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

Independent Power Producers & Energy Traders (concluded)

| | | | | |
|---|-----|-------|----|-----------|
| Energy Future Holdings Corp., 11.25%, 11/01/17 (f) | USD | 860 | \$ | 602,280 |
| NRG Energy, Inc.: 7.25%, 2/01/14 | | 3,000 | | 3,022,500 |
| 8.50%, 6/15/19 | | 500 | | 499,375 |
| | | | | 7,197,755 |

Industrial Conglomerates 1.5%

| | | | | |
|--------------------------------------|--|-------|--|-----------|
| Sequa Corp. (b): 11.75%, 12/01/15 | | 1,430 | | 1,401,400 |
| 13.50%, 12/01/15 (f) | | 2,002 | | 2,007,094 |
| | | | | 3,408,494 |

Internet & Catalog Retail 0.1%

| | | | | |
|--------------------------------|--|-----|--|---------|
| NetFlix, Inc., 8.50%, 11/15/17 | | 250 | | 261,875 |
|--------------------------------|--|-----|--|---------|

Machinery 2.0%

| | | | | |
|---|--|-------|--|-----------|
| ESCO Corp., 4.13%, 12/15/13 (b)(e) | | 1,540 | | 1,362,900 |
| Navistar International Corp., 8.25%, 11/01/21 | | 1,500 | | 1,522,500 |
| RBS Global, Inc., 8.88%, 9/01/16 | | 835 | | 755,675 |
| Titan International, Inc., 8.00%, 1/15/12 | | 770 | | 766,150 |
| | | | | 4,407,225 |

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Marine 0.2%

| | | |
|---|-----|---------|
| Navios Maritime Holdings, Inc., 8.88%, 11/01/17 (b) | 450 | 457,875 |
|---|-----|---------|

Media 7.0%

| | | |
|--|-------|-------------------|
| Affinion Group, Inc., 10.13%, 10/15/13 | 1,015 | 1,025,150 |
| CSC Holdings, Inc., 8.50%, 4/15/14 (b) | 390 | 409,988 |
| Clear Channel Worldwide Holdings, Inc., 9.25%, 12/15/17 (b) | 2,137 | 2,193,217 |
| DISH DBS Corp.: | | |
| 7.00%, 10/01/13 | 850 | 869,125 |
| 6.63%, 10/01/14 | 750 | 751,875 |
| Intelsat Corp., 9.25%, 8/15/14 | 3,500 | 3,605,000 |
| Nielsen Finance LLC, 11.63%, 2/01/14 | 2,000 | 2,227,500 |
| UPC Germany GmbH, 8.13%, 12/01/17 (b) | 1,500 | 1,500,000 |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 (b) | 3,000 | 2,955,000 |
| | | <u>15,536,855</u> |

Metals & Mining 1.8%

| | | |
|--|-------|------------------|
| Aleris International, Inc., 9.00%, 12/15/14 (a)(d) | 840 | 2,100 |
| Murray Energy Corp., 10.25%, 10/15/15 (b) | 420 | 420,525 |
| RathGibson, Inc., 11.25%, 2/15/14 (a)(d) | 2,175 | 698,719 |
| Ryerson, Inc., 7.62%, 11/01/14 (e) | 1,800 | 1,606,500 |
| Teck Resources Ltd., 10.75%, 5/15/19 | 1,075 | 1,322,250 |
| | | <u>4,050,094</u> |

Multiline Retail 0.6%

| | | |
|---|-----|------------------|
| Dollar General Corp., 11.88%, 7/15/17 (f) | 948 | 1,102,050 |
| Saks, Inc., 9.88%, 10/01/11 | 125 | 129,688 |
| | | <u>1,231,738</u> |

Oil, Gas & Consumable Fuels 3.8%

| | | |
|--|-----|---------|
| Arch Coal, Inc., 8.75%, 8/01/16 (b) | 750 | 776,250 |
| Atlas Energy Operating Co. LLC: | | |
| 12.13%, 8/01/17 | 825 | 928,125 |
| 10.75%, 2/01/18 | 200 | 216,500 |
| Crosstex Energy LP, 8.88%, 2/15/18 (b) | 330 | 334,950 |
| Denbury Resources, Inc.: | | |
| 9.75%, 3/01/16 | 520 | 560,300 |
| 8.25%, 2/15/20 | 355 | 367,425 |
| El Paso Corp., 7.00%, 6/15/17 | 775 | 777,379 |

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 (concluded) | | |
| Forest Oil Corp.: | | |
| 8.50%, 2/15/14 | USD 280 | \$ 289,100 |
| 7.25%, 6/15/19 | 85 | 83,300 |
| Massey Energy Co., 6.88%, 12/15/13 | 800 | 794,000 |
| OPTI Canada, Inc., 9.00%, 12/15/12 (b) | 550 | 559,625 |
| Sabine Pass LNG LP, 7.50%, 11/30/16 | 2,985 | 2,619,338 |
| | | 8,306,292 |
| Paper & Forest Products 3.1% | | |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(f) | 1,323 | 985,707 |
| Clearwater Paper Corp., 10.63%, 6/15/16 (b) | 365 | 405,150 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b) | 1,630 | 1,719,650 |
| NewPage Corp., 6.50%, 5/01/12 (e) | 5,175 | 2,742,750 |
| Verso Paper Holdings LLC: | | |
| 11.50%, 7/01/14 (b) | 315 | 330,750 |
| 4.00%, 8/01/14 (e) | 745 | 601,588 |
| | | 6,785,595 |
| Pharmaceuticals 0.8% | | |
| Angiotech Pharmaceuticals, Inc., 4.00%, 12/01/13 (e) | 955 | 773,550 |
| Elan Corp. Plc, 8.75%, 10/15/16 (b) | 520 | 504,400 |
| Valeant Pharmaceuticals International, 8.38%, 6/15/16 (b) | 450 | 465,750 |
| | | 1,743,700 |
| Real Estate Investment Trusts (REITs) 0.2% | | |
| Omega Healthcare Investors, Inc., 7.50%, 2/15/20 (b) | 530 | 535,300 |
| Semiconductors & Semiconductor Equipment 1.1% | | |
| Advanced Micro Devices, Inc., 8.13%, 12/15/17 (b) | 555 | 561,937 |
| STATS ChipPAC Ltd.: | | |
| 7.50%, 7/19/10 | 150 | 151,313 |
| 6.75%, 11/15/11 | 330 | 328,762 |
| Spansion, Inc., 3.79%, 6/01/13 (a)(b)(d) | 1,460 | 1,445,400 |
| | | 2,487,412 |
| Software 0.1% | | |

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| | | |
|--|-------|-------------|
| JDA Software Group, Inc., 8.00%, 12/15/14 (b) | 150 | 154,500 |
| Specialty Retail 0.4% | | |
| United Auto Group, Inc., 7.75%, 12/15/16 | 915 | 872,681 |
| Textiles, Apparel & Luxury Goods 1.0% | | |
| Quiksilver, Inc., 6.88%, 4/15/15 | 2,525 | 2,152,563 |
| Wireless Telecommunication Services 3.1% | | |
| Cricket Communications, Inc.: | | |
| 9.38%, 11/01/14 | 80 | 79,600 |
| 10.00%, 7/15/15 | 140 | 141,750 |
| 7.75%, 5/15/16 | 2,020 | 2,052,825 |
| Digicel Group Ltd., 12.00%, 4/01/14 (b) | 800 | 892,000 |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | 2,000 | 1,995,000 |
| Nextel Communications, Inc.: | | |
| Series E, 6.88%, 10/31/13 | 690 | 662,400 |
| Series F, 5.95%, 3/15/14 | 100 | 90,750 |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b) | 395 | 347,600 |
| Sprint Capital Corp.: | | |
| 7.63%, 1/30/11 | 220 | 224,400 |
| 6.88%, 11/15/28 | 370 | 280,275 |
| | | 6,766,600 |
| Total Corporate Bonds 62.6% | | 138,186,970 |

| Floating Rate Loan Interests (e) | Par (000) | Value |
|--|--------------|-----------|
| Aerospace & Defense 0.3% | | |
| Hawker Beechcraft Acquisition Co. LLC: | | |
| Letter of Credit Facility Deposit, 0.15%, 3/26/14 | USD 52 | \$ 37,902 |
| Term Loan, 2.25%, 3/26/14 | 870 | 640,663 |
| | | 678,565 |

| | | |
|--|-------|-----------|
| Airlines 0.5% | | |
| Delta Air Lines, Inc., Credit-Linked Deposit Loan, 0.10% 2.25%, 4/30/12 | 1,225 | 1,144,355 |

| | | |
|---|-------|-----------|
| Auto Components 2.5% | | |
| Allison Transmission, Inc., Term Loan, 2.98% 3.00%, 8/07/14 | 5,040 | 4,615,308 |
| Dana Holding Corp., Term Advance, 4.48% 6.50%, 1/30/15 | 647 | 630,538 |
| The Goodyear Tire & Rubber Co., Loan (Second Lien), 2.34%, 4/30/14 | 300 | 278,375 |
| Lear Corp., Closing Date Loan and Delayed Draw Loan, 7.50%, 11/09/14 | 125 | 125,260 |
| | | 5,649,481 |

Automobiles 1.0%

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| | | | |
|--|--|-------|-----------|
| Ford Motor Co.: | | | |
| Tranche B-1 Term Loan, 3.24% 3.26%, 12/15/13 | | 1,067 | 988,521 |
| Tranche B-2 Term Loan, 3.26%, 12/15/13 | | 1,247 | 1,155,408 |
| | | | 2,143,929 |

Building Products 1.8%

| | | | |
|---|--|-------|-----------|
| Building Materials Corp. of America: | | | |
| Second Lien Term Loan, 6.00%, 9/15/14 | | 1,250 | 1,230,000 |
| Term Loan Advance, 3.00%, 2/22/14 | | 1,223 | 1,190,924 |
| Goodman Global, Inc., Term Loan, 6.25%, 2/13/14 | | 1,538 | 1,544,353 |
| | | | 3,965,277 |

Chemicals 3.7%

| | | | |
|--|--|-------|-----------|
| Ashland Inc., Term B Borrowing, 7.65%, 5/13/14 | | 274 | 277,063 |
| Chemtura Corp., Term Facility Debtor in Possession, 6.00%, 1/26/11 | | 800 | 803,500 |
| Gentek Holding, LLC, Tranche B Term Loan, 7.00%, 10/29/14 | | 400 | 402,000 |
| Nalco Co., Term Loan, 6.50%, 5/13/16 | | 1,020 | 1,027,014 |
| PQ Corp., Original Term Loan (First Lien), 3.48% 3.50%, 7/30/14 | | 3,928 | 3,593,692 |
| Rockwood Specialties Group, Inc., Term Loan H, 6.00%, 5/15/14 | | 878 | 880,886 |
| Solutia Inc., Loan, 7.25%, 2/28/14 | | 1,101 | 1,114,849 |
| | | | 8,099,004 |

Commercial Services & Supplies 1.6%

| | | | |
|--|--|-------|-----------|
| ARAMARK Corp., Facility Letter of Credit, 0.09%, 1/26/14 | | 64 | 61,273 |
| ARAMARK Corp., US Term Loan, 2.13%, 1/26/14 | | 977 | 931,705 |
| Casella Waste Systems, Inc., Term B Loan, 7.00%, 4/09/14 | | 219 | 220,268 |
| John Maneely Co., Term Loan, 3.50%, 12/09/13 | | 725 | 679,528 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.23%, 4/02/14 | | 424 | 373,750 |
| West Corp., Incremental Term B-3 Loan, 7.25%, 10/24/13 | | 1,269 | 1,281,959 |
| | | | 3,548,483 |

Construction & Engineering 0.9%

| | | | |
|--|--|-------|-----------|
| Brand Energy & Infrastructure Services, Inc. (FR Brand Acquisition Corp.), Synthetic Letter of Credit, Term Loan (First Lien), 0.31%, 2/07/14 | | | |
| | | 500 | 440,000 |
| Safeway Services, LLC, First Out Term Loan, 9.00%, 12/14/17 | | 1,500 | 1,500,000 |
| | | | 1,940,000 |

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 (e) | Par (000) | Value |
|--|--------------|------------|
| Containers & Packaging 0.8% | | |
| Anchor Glass Term Loan B, 6.00%, 2/18/16 | USD 700 | \$ 697,812 |
| Berry Plastics Holding Corp., Term C Loan, 2.25%, 4/03/15 | 499 | 446,214 |
| Graham Packaging Co., LP, B Term Loan, 2.50%, 10/07/11 | 577 | 568,680 |
| | | 1,712,706 |
| Diversified Consumer Services 2.1% | | |
| Coinmach Service Corp., Term Loan, 3.25%, 11/14/14 | 1,965 | 1,699,649 |
| Laureate Education, Series A New Term Loan, 7.00%, 8/15/14 | 2,960 | 2,933,138 |
| | | 4,632,787 |
| Diversified Financial Services 0.4% | | |
| Reynolds Group Holdings Inc., US Term Loan, 6.25%, 11/05/15 | 900 | 905,625 |
| Diversified Telecommunication Services 0.8% | | |
| Cavtel Holdings, LLC, Term Loan, 8.50%, 12/31/12 | 423 | 361,968 |
| Integra Telecom Holdings, Inc., Term Loan (First Lien), 10.50%, 8/31/13 | 892 | 891,631 |
| US Telepacific Corp., Second Lien Term Loan, 7.75%, 7/25/15 | 400 | 400,750 |
| | | 1,654,349 |
| Electrical Equipment 0.5% | | |
| Baldor Electric Co., Term Loan, 5.25%, 1/31/14 | 622 | 623,323 |
| Generac Acquisition Corp., Term Loan (First Lien), 2.75%, 11/10/13 | 529 | 484,721 |
| | | 1,108,044 |
| Energy Equipment & Services 0.7% | | |
| Dresser, Inc., Term Loan (Second Lien), 6.00%, 5/04/15 | 550 | 514,250 |
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | 972 | 954,323 |
| | | 1,468,573 |

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| Food & Staples Retailing 1.4% | | |
|---|-------|-----------|
| Pilot Travel Centers, Term Loan B, 3.50%, 11/18/15 | 1,250 | 1,255,795 |
| Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15 | 1,200 | 1,243,200 |
| SUPERVALU Inc., Term B Advance, 1.49%, 6/02/12 | 576 | 558,486 |
| | | 3,057,481 |

| Food Products 2.5% | | |
|---|-------|-----------|
| Dole Food Co., Inc.: | | |
| Credit-Linked Deposit, 0.17%, 08/30/10 | 828 | 827,754 |
| Term Loan B, 3.50%, 2/10/17 | 588 | 588,529 |
| Term Loan C, 5.50%, 2/10/17 | 1,412 | 1,412,471 |
| Pilgrim s Pride Corp., Term Loan A, 5.29%, 12/01/12 | 500 | 492,500 |
| Pinnacle Foods Finance LLC, Tranche C Term Loan, 7.50%, 4/02/14 | 1,700 | 1,706,982 |
| Solvest, Ltd. (Dole), Tranche C Term Loan, 8.00%, 4/12/13 | 609 | 609,219 |
| | | 5,637,455 |

| Health Care Equipment & Supplies 0.5% | | |
|--|-----|-----------|
| Biomet, Inc., Dollar Term Loan, 3.23% 3.25%, 3/25/15 | | |
| | 349 | 337,682 |
| DJO Finance LLC (ReAble Therapeutics Finance LLC), Term Loan, 3.23%, 5/20/14 | 885 | 854,836 |
| | | 1,192,518 |

| Floating Rate Loan Interests (e) | Par (000) | Value |
|--|----------------------|--------------|
| Health Care Providers & Services 3.2% | | |
| CHS/Community Health Systems, Inc.: | | |
| Delayed Draw Term Loan, 2.50%, 7/25/14 | USD 100 | \$ 93,933 |
| Funded Term Loan, 2.48% 2.50%, 7/25/14 | 1,926 | 1,799,447 |
| DaVita Inc., Tranche B-1 Term Loan, 1.73% 1.76%, 10/05/12 | 300 | 292,987 |
| Fresenius SE: | | |
| Tranche B1 Term Loan, 6.75%, 9/10/14 | 534 | 537,322 |
| Tranche B2 Term Loan, 6.75%, 9/10/14 | 288 | 289,462 |
| HCA Inc., Tranche A-1 Term Loan, 1.75%, 11/16/12 | 3,071 | 2,900,778 |
| Vanguard Health Holding Company II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 1,100 | 1,101,375 |
| | | 7,015,304 |

| | | |
|---|-------|-----------|
| Health Care Technology 0.7% | | |
| IMS Healthcare, Term Loan B, 5.25%, 2/16/16 | 1,600 | 1,606,400 |

| | | |
|---|-------|-----------|
| Hotels, Restaurants & Leisure 4.3% | | |
| Blackstone UTP Capital LLC, Loan, 7.75%, 11/06/14 | 1,250 | 1,257,031 |
| Cedar Fair LP, Term Loan B, 4.00%, 2/04/16 | 1,050 | 1,048,360 |
| Harrah s Operating Co., Inc.: | | |

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| | | |
|---|-------|-----------|
| Term B-2 Loan, 3.25%, 1/28/15 | 557 | 449,504 |
| Term B-4 Loan, 9.50%, 10/31/16 | 1,250 | 1,246,527 |
| QCE, LLC (Quiznos), Term Loan (First Lien), 2.56%, 5/05/13 | 390 | 332,638 |
| Six Flags Theme Parks, Inc., Term Loan, 4.50%, 6/13/15 | 3,000 | 2,972,250 |
| SW Acquisitions Co., Inc., Term Loan, 5.75%, 6/01/16 | 1,250 | 1,255,469 |
| VML US Finance LLC (aka Venetian Macau): | | |
| New Project Term Loan, 4.76%, 5/27/13 | 834 | 792,351 |
| Term B Delayed Draw Project Loan, 4.76%, 5/25/12 | 209 | 198,088 |
| | | 9,552,218 |

IT Services 2.3%

| | | |
|---|-------|-----------|
| Audio Visual Services Group, Inc.: | | |
| Loan (Second Lien), 5.76%, 2/28/14 | 538 | 53,852 |
| Tranche B Term Loan (First Lien), 2.51%, 2/28/14 | 995 | 696,438 |
| Ceridian Corp., US Term Loan, 3.23% 3.25%, 11/09/14 | 1,483 | 1,296,639 |
| First Data Corp.: | | |
| Initial Tranche B-2 Term Loan, 3.00%, 9/24/14 | 1,470 | 1,282,472 |
| Initial Tranche B-3 Term Loan, 3.00%, 9/24/14 | 389 | 338,391 |
| RedPrairie Corp.: | | |
| Tack-On Loan, 3.31%, 7/20/12 | 242 | 234,574 |
| Term Loan B, 3.31%, 7/20/12 | 564 | 546,681 |
| SunGard Data Systems Inc. (Solar Capital Corp.), Incremental Term Loan, 6.75%, 2/28/14 | 746 | 748,833 |
| | | 5,197,880 |

Independent Power Producers & Energy Traders 0.5%

| | | |
|---|-----|-----------|
| Dynegy Holdings Inc.: | | |
| Term Letter of Credit Facility Term Loan, 3.98%, 4/02/13 | 463 | 451,507 |
| Tranche B Term Loan, 3.98%, 4/02/13 | 37 | 36,346 |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-2 Term Loan, 3.73% 3.75%, 10/10/14 | 484 | 389,046 |
| Initial Tranche B-3 Term Loan, 3.73% 3.75%, 10/10/14 | 227 | 181,677 |
| | | 1,058,576 |

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 (e) | Par (000) | Value |
|---|--------------|------------------|
| Industrial Conglomerates 0.2% | | |
| Sequa Corp., Term Loan, 3.51 3.94%, 12/03/14 | USD 450 | \$ 411,589 |
| Insurance 0.1% | | |
| Alliant Holdings I, Inc., Term Loan, 3.25%, 8/21/14 | 142 | 134,290 |
| Internet & Catalog Retail 0.3% | | |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | 633 | 633,587 |
| Leisure Equipment & Products 0.7% | | |
| Fender Musical Instruments Corp.: | | |
| Delayed Draw Loan, 2.51%, 6/09/14 | 657 | 556,990 |
| Initial Loan, 2.51%, 6/09/14 | 1,301 | 1,102,670 |
| | | <u>1,659,660</u> |
| Machinery 1.3% | | |
| Bucyrus International, Term Loan C, 4.50%, 1/26/16 | 750 | 753,975 |
| LN Acquisition Corp. (Lincoln Industrial), Initial Term Loan (Second Lien), 5.98%, 1/09/15 | 1,000 | 840,000 |
| Oshkosh Truck Corp., Term B Loan, 6.25% 6.26%, 12/06/13 | 1,374 | 1,372,737 |
| | | <u>2,966,712</u> |
| Media 10.4% | | |
| Affinion Group Holdings, Inc., Loan, 8.39%, 3/01/12 | 1,479 | 1,397,396 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 4,079 | 4,038,500 |
| Cequel Communications, LLC, Tranche B Term PIK Facility (Second Lien), 6.25%, 5/05/14 | 1,813 | 1,815,783 |
| Charter Communications Operating, LLC, New Term Loan, 2.23% 2.26%, 3/06/14 | 2,500 | 2,331,930 |
| Ellis Communications KDOC, LLC, Loan, 10.00%, 12/30/11 | 3,879 | 1,086,013 |
| HMH Publishing Co. Ltd., Tranche A Term Loan, 5.23%, 6/12/14 | 1,443 | 1,214,428 |
| Hanley-Wood, LLC (FSC Acquisition), Term Loan, 2.50% 2.56%, 3/10/14 | 978 | 436,617 |
| Lamar Media Corp.: | 517 | 513,403 |

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| | | |
|--|-------|------------|
| Series B, Incremental Loan, 5.50% 5.75%, 9/28/12 | | |
| Term Loan, 5.50% 5.75%, 9/28/12 | 903 | 896,426 |
| MCC Iowa LLC (Mediacom Broadband Group), Tranche E Term Loan, 6.50%, 1/03/16 | 274 | 275,800 |
| Mediacom Illinois, LLC (fka Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | 499 | 498,122 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | 3,250 | 3,473,437 |
| Penton Media, Inc., Term Loan (First Lien), 2.48% 2.50%, 2/01/13 | 729 | 532,444 |
| Sinclair Television Group, Inc., Tranche B Term Loan, 6.50%, 10/29/15 | 500 | 502,500 |
| Sunshine Acquisition Ltd. (aka HIT Entertainment), Term Facility, 2.50%, 3/20/12 | 1,200 | 1,055,000 |
| UPC Financing Partnership, Facility, 3.93%, 12/30/16 | 1,750 | 1,701,000 |
| Worldcolor Press Inc. and Worldcolor (USA) Corp. (fka Quebecor World, Inc.), Advance, 9.00%, 7/23/12 | 498 | 503,176 |
| Yell Group Plc TPI, Term Loan A, 7.12%, 8/09/11 | 750 | 718,125 |
| | | 22,990,100 |

| Floating Rate Loan Interests (e) | Par (000) | Value |
|---|--------------|------------|
| Metals & Mining 1.4% | | |
| Euramax International, Inc.: | | |
| Term Facility, 10.00%, 6/29/13 | USD 858 | \$ 694,756 |
| Domestic Term Facility, 14.00%, 6/29/13 (f) | 871 | 705,902 |
| RathGibson, Inc., Loan, Debtor in Possession 10.75%, 6/30/10 (f) | 1,796 | 1,795,560 |
| | | 3,196,218 |
| Multi-Utilities 0.3% | | |
| FirstLight Power Resources, Inc. (fka NE Energy, Inc.): | | |
| Synthetic Letter of Credit, 0.16%, 11/01/13 | 63 | 58,981 |
| Term B Advance (First Lien), 2.75%, 11/01/13 | 687 | 640,641 |
| | | 699,622 |
| Multiline Retail 0.6% | | |
| Dollar General Corp., Tranche B-2 Term Loan, 2.98%, 7/07/14 | 983 | 945,267 |
| The Neiman Marcus Group Inc., Term Loan, 2.26%, 4/06/13 | 350 | 314,144 |
| | | 1,259,411 |
| Oil, Gas & Consumable Fuels 0.8% | | |
| Big West Oil, LLC, Initial Loan: | | |
| Delayed Advance Loan, 4.50%, 5/15/14 | 546 | 535,247 |
| Initial Advance Loan, 4.50%, 5/15/14 | 434 | 425,765 |
| Term Loan B, 9.75%, 1/26/15 | 750 | 753,750 |

| | | |
|---|-------|-------------|
| | | 1,714,762 |
| Paper & Forest Products 0.2% | | |
| Georgia-Pacific LLC, Term Loan B, 2.25% 2.26%, 12/23/12 | 457 | 446,052 |
| Personal Products 0.3% | | |
| American Safety Razor Co., LLC: Loan (Second Lien), 6.51%, 1/30/14 | 600 | 351,000 |
| Term Loan (First Lien), 2.75% 2.76%, 7/31/13 | 374 | 339,726 |
| | | 690,726 |
| Pharmaceuticals 1.0% | | |
| Warner Chilcott Co., LLC, Term A Loan, 5.50%, 10/30/14 | 644 | 643,907 |
| Warner Chilcott Corp.: Additional Term Loan, 5.75%, 4/30/15 | 495 | 495,135 |
| Term B-1 Loan, 5.75%, 4/30/15 | 322 | 321,813 |
| Term B-2 Loan, 5.75%, 4/30/15 | 708 | 707,988 |
| | | 2,168,843 |
| Professional Services 0.4% | | |
| Booz Allen Hamilton Inc., Term Loan C, 6.00%, 7/31/15 | 1,000 | 1,003,125 |
| Real Estate Management & Development 1.2% | | |
| Realogy Corp., Synthetic Letter of Credit, 0.1%, 10/10/13 | 2,925 | 2,579,318 |
| Specialty Retail 0.9% | | |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan, 2.98%, 10/21/13 | 611 | 588,904 |
| Michaels Stores, Inc.: B-1 Term Loan, 2.50% 2.56%, 10/31/13 | 642 | 577,854 |
| B-2 Term Loan, 4.75% 4.81%, 7/31/16 | 768 | 731,512 |
| | | 1,898,270 |
| Wireless Telecommunication Services 1.1% | | |
| Digicel International Finance Ltd., Tranche A, 2.81%, 3/30/12 | 2,033 | 1,957,099 |
| MetroPCS Wireless, Inc., Tranche B Term Loan, 2.50%, 11/03/13 | 499 | 480,478 |
| | | 2,437,577 |
| Total Floating Rate Loan Interests 54.2% | | 119,858,872 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Other Interests (i) | | Beneficial Interest (000) | | Value |
|--|-----|---------------------------------|-----|-----------|
| Auto Components 0.1% | | | | |
| Intermet Liquidating Trust Class A | USD | 521 | \$ | 151,846 |
| Diversified Financial Services 0.4% | | | | |
| J. G. Wentworth LLC Preferred Equity Interests | | | (j) | 914,658 |
| Media 0.0% | | | | |
| Adelphia Preferred Escrow | | 3 | | |
| Adelphia Recovery Trust | | 250 | | 25 |
| | | | | 25 |
| Total Other Interests 0.5% | | | | 1,066,529 |

| Warrants (k) | | Shares | |
|---|--|--------|-------------|
| Media 0.0% | | | |
| Charter Communications (Expires 11/30/14) | | 6,862 | 27,448 |
| Total Warrants 0.0% | | | 27,448 |
| Total Long-Term Investments | | | |
| (Cost \$291,271,751) 119.3% | | | 263,741,332 |

Short-Term Securities

| | | | |
|--|--|-----------|-----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.09% (l)(m) | | 1,938,484 | 1,938,484 |
|--|--|-----------|-----------|

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| | | Beneficial Interest (000) |
|---|-----|---------------------------------|
| Bank of New York Cash Reserves, 0.05% (m) | USD | 1,011 |
| | | 1,010,656 |
| Total Short-Term Securities (Cost \$2,949,140) 1.3% | | 2,949,140 |
| Total Investments (Cost \$294,220,891*) 120.6% | | 266,690,472 |
| Liabilities in Excess of Other Assets (20.6)% | | (45,517,527) |
| Net Assets 100.0% | | \$ 221,172,945 |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2010, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 294,821,503 |
| Gross unrealized appreciation | \$ 9,088,996 |
| Gross unrealized depreciation | (37,120,127) |
| Net unrealized depreciation | \$ (28,031,131) |

- (a) Non-income producing security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) As a result of bankruptcy proceedings, the company did not repay the principal amount of the security upon maturity.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) Variable rate security. Rate shown is as of report date.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (g) Convertible security.
- (h) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (j) Amount is less than \$1,000.
- (k) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (l) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

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| Affiliate | Net Activity | Income |
|--|-----------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | \$ 1,938,484 | \$ 6,626 |
| BlackRock Liquidity Series, LLC Cash Sweep Series | \$ (4,346,896) | \$ 1,683 |

(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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of February 28, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|-----------------------|------------------|--------------|--------------------|----------------------------|
| USD 572,542 | CAD 599,500 | Citibank NA | 4/21/10 | \$ 2,836 |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2010 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|-----------------------------------|----------------------|---------------------------|---------------|-----------------------------|--|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | December 2011 | USD 460 | \$ (2,961) |
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | December 2012 | USD 225 | 1,544 |
| Boston Scientific Corp. | 1.00% | Goldman Sachs Bank USA | December 2014 | USD 500 | 919 |
| Total | | | | | \$ (498) |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Senior High Income Fund, Inc. (ARK)

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 assets and liabilities

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

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

The inputs or methodologies 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 tables summarize the inputs used as of February 28, 2010 in determining the investments:

| Valuation Inputs | Investments in Securities | | | |
|------------------------------|---------------------------|-----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Long-Term Investments | | | | |
| Common Stocks | \$ 3,387,205 | \$ 1,035,196 | \$ 179,112 | \$ 4,601,513 |
| Corporate Bonds | | 130,174,179 | 8,012,790 | 138,186,969 |
| Floating Rate Loan Interests | | 102,845,901 | 17,012,972 | 119,858,873 |
| Other Interests | | | 1,066,529 | 1,066,529 |
| Warrants | | 27,448 | | 27,448 |
| Short-Term Securities | 1,938,484 | 1,010,656 | | 2,949,140 |
| Total | \$ 5,325,689 | \$ 235,093,380 | \$ 26,271,403 | \$ 266,690,472 |

| Valuation Inputs | Other Financial Instruments ¹ | | | |
|------------------|--|-----------------|---------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | \$ 5,299 | | \$ 5,299 |
| Liabilities | | (2,961) | | (2,961) |
| Total | | \$ 2,338 | | \$ 2,338 |

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¹ Other financial instruments are foreign currency exchange contracts and swaps which are shown at the unrealized appreciation/depreciation on the instrument.

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

| | Investments in Securities | | | | |
|---|---------------------------|---------------------|------------------------------|---------------------|----------------------|
| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Total |
| Balance, as of February 28, 2009 | \$ 55,975 | \$ 8,229,614 | \$ 44,351,083 | \$ 25 | \$ 52,636,697 |
| Accrued discounts/premiums | | | | | |
| Realized gain (loss) | | (1,313,608) | (9,136,141) | | (10,449,749) |
| Change in unrealized appreciation/depreciation ² | | 2,016,897 | 25,598,951 | | 27,615,848 |
| Net purchases (sales) | | (2,115,281) | (28,993,766) | | (31,109,047) |
| Net transfers in (out) of Level 3 | 123,137 | 1,195,168 | (14,807,155) | 1,066,504 | (12,422,346) |
| Balance, as of February 28, 2010 | \$ 179,112 | \$ 8,012,790 | \$ 17,012,972 | \$ 1,066,529 | \$ 26,271,403 |

² Included in the related net change in unrealized appreciation/depreciation on the Statements of Operations. The change in the unrealized appreciation/depreciation on the securities still held on February 28, 2010 was \$4,608,899.

See Notes to Financial Statements.

Statements of Assets and Liabilities

| February 28, 2010 | 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 | \$ 289,988,900 | \$ 313,342,249 | \$ 502,769,695 | \$ 168,472,349 | \$ 264,751,988 |
| Investments at value affiliated | 4,931,674 | 3,276,755 | 1,319,723 | 1,797,812 | 1,938,484 |
| Unrealized appreciation on foreign currency exchange contracts | 1,401,730 | 1,456,164 | 1,642,856 | 523,805 | 2,836 |
| Unrealized appreciation on swaps | 18,639 | 5,534 | 4,571 | 856 | 2,463 |
| Unrealized appreciation on unfunded loan commitments | | 95 | | 4,076 | |
| Foreign currency at value ³ | 1,025,174 | 1,010,962 | 536,981 | 327,836 | 475 |
| Cash | 11,446 | | 23,555 | | |
| Cash pledged as collateral for swaps | 500,000 | | | | |
| Investments sold receivable | 11,070,027 | 11,256,876 | 14,395,121 | 7,615,228 | 12,416,176 |
| Interest receivable | 5,495,712 | 5,635,563 | 6,668,181 | 1,617,492 | 3,177,637 |
| Swap premiums paid | 705,486 | 387,496 | 93,268 | | 42,060 |
| Principal paydowns receivable | 169,000 | | | 89,466 | |
| Swaps receivable | 120,750 | 121,722 | 5,337 | 7,389 | |
| Dividends receivable | 18,400 | 33,160 | 59,496 | | |
| Commitment fees receivable | | 31 | | 660 | |
| Prepaid expenses | 18,345 | 19,510 | 35,515 | 11,127 | 18,293 |
| Other assets | 4,515 | 4,515 | 588,243 | | 100,154 |
| Total assets | 315,479,798 | 336,550,632 | 528,142,542 | 180,468,096 | 282,450,566 |
| Liabilities | | | | | |
| Loan payable | 72,000,000 | 76,000,000 | 67,000,000 | 24,000,000 | 43,000,000 |
| Unrealized depreciation on swaps | 381,198 | 235,526 | 109,385 | | 2,961 |
| Unrealized depreciation on foreign currency exchange contracts | 25,617 | 19,428 | 63,523 | 42,902 | |
| Unrealized depreciation on unfunded loan commitments | 51,643 | 115,674 | | 38,101 | |
| Cash held as collateral for swaps | 600,000 | | | | |
| Bank overdraft | | 1,393,499 | | 4,446 | |
| Investments purchased payable | 11,271,316 | 8,475,627 | 40,960,112 | 17,801,366 | 17,898,019 |
| Swap premiums received | 178,998 | 189,313 | 3,597 | | 1,998 |
| Interest expense payable | 115,205 | 130,247 | 127,672 | 54,307 | 38,704 |
| Investment advisory fees payable | 112,531 | 147,925 | 223,470 | 95,116 | 98,937 |
| Swaps payable | 64,031 | 33,226 | 17,354 | | 7,632 |
| Other affiliates payable | 838 | 918 | 1,448 | 496 | 776 |
| Officers and Directors fees payable | 627 | 821 | 65,690 | 373 | 271 |
| Other accrued expenses payable | 85,256 | 87,859 | 144,003 | 60,293 | 128,424 |

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| | | | | | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Other liabilities | | | 204,300 | 12 | 99,899 |
| Total liabilities | 84,887,260 | 86,830,063 | 108,920,554 | 42,097,412 | 61,277,621 |
| Net Assets | \$ 230,592,538 | \$ 249,720,569 | \$ 419,221,988 | \$ 138,370,684 | \$ 221,172,945 |

Net Assets Consist of

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Paid-in capital ⁴ | \$ 381,684,497 | \$ 439,423,631 | \$ 882,189,849 | \$ 199,603,356 | \$ 401,676,162 |
| Undistributed (distributions in excess of) net investment income | 649,435 | (405,353) | (1,165,262) | (718,024) | 3,223,424 |
| Accumulated net realized loss | (146,430,319) | (183,691,236) | (370,143,030) | (53,030,772) | (156,198,567) |
| Net unrealized appreciation/depreciation | (5,311,075) | (5,606,473) | (91,659,569) | (7,483,876) | (27,528,074) |
| Net Assets | \$ 230,592,538 | \$ 249,720,569 | \$ 419,221,988 | \$ 138,370,684 | \$ 221,172,945 |
| Net asset value | \$ 6.64 | \$ 6.69 | \$ 3.89 | \$ 13.16 | \$ 3.91 |
| ¹ Investments at cost unaffiliated | \$ 296,253,633 | \$ 320,041,899 | \$ 596,533,280 | \$ 176,512,609 | \$ 292,282,407 |
| ² Investments at cost affiliated | \$ 4,931,674 | \$ 3,276,755 | \$ 1,319,723 | \$ 1,797,812 | \$ 1,938,484 |
| ³ Foreign currency at cost | \$ 1,024,800 | \$ 1,011,928 | \$ 437,498 | \$ 332,318 | \$ 469 |
| ⁴ Shares outstanding, 200 million shares authorized, par value \$0.10 per share | 34,713,378 | 37,333,466 | 107,657,486 | 10,516,588 | 56,542,893 |

See Notes to Financial Statements.

Statements of Operations

| February 28, 2010 | 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) |
|--|---|---|---|--|---|
| Investment Income | | | | | |
| Interest | \$ 24,368,481 | \$ 26,209,932 | \$ 46,119,469 | \$ 10,615,795 | \$ 22,135,529 |
| Foreign taxes withheld | (1,021) | | | (4) | |
| Facility and other fees | 298,923 | 355,798 | 550,367 | 200,468 | 437,971 |
| Dividends | 31,258 | 65,051 | | | |
| Income affiliated | 9,075 | 8,667 | 13,475 | 8,225 | 8,309 |
| Total income | 24,706,716 | 26,639,448 | 46,683,311 | 10,824,484 | 22,581,809 |
| Expenses | | | | | |
| Investment advisory | 1,195,391 | 1,554,655 | 2,441,895 | 1,078,081 | 1,104,348 |
| Borrowing costs ¹ | 247,486 | 262,737 | 421,005 | 182,944 | 281,903 |
| Professional | 111,625 | 114,138 | 207,613 | 115,629 | 138,190 |
| Accounting services | 59,672 | 59,151 | 118,896 | 25,293 | 52,819 |
| Transfer agent | 44,359 | 41,010 | 107,846 | 28,675 | 57,446 |
| Custodian | 24,320 | 30,070 | 26,762 | 34,925 | 15,879 |
| Officer and Directors | 24,124 | 27,647 | 65,483 | 15,036 | 23,204 |
| Printing | 18,190 | 20,678 | 47,059 | 19,437 | 28,533 |
| Registration | 11,866 | 12,805 | 37,801 | 9,166 | 19,296 |
| Miscellaneous | 68,991 | 72,220 | 92,893 | 40,254 | 62,126 |
| Total expenses excluding interest expense | 1,806,024 | 2,195,111 | 3,567,253 | 1,549,440 | 1,783,744 |
| Interest expense | 522,339 | 609,174 | 728,880 | 276,153 | 374,716 |
| Total expenses | 2,328,363 | 2,804,285 | 4,296,133 | 1,825,593 | 2,158,460 |
| Less fees waived by advisor | (1,759) | (1,523) | (1,987) | (1,791) | (1,533) |
| Total expenses after fees waived | 2,326,604 | 2,802,762 | 4,294,146 | 1,823,802 | 2,156,927 |
| Net investment income | 22,380,112 | 23,836,686 | 42,389,165 | 9,000,682 | 20,424,882 |
| Realized and Unrealized Gain (Loss) | | | | | |
| Net realized loss from: | | | | | |
| Investments | (16,893,502) | (14,858,314) | (107,086,708) | (17,068,037) | (38,830,698) |

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| | | | | | |
|---|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Swaps | (442,843) | (173,346) | (783,756) | (499,772) | (1,213,910) |
| Foreign currency transactions | (910,026) | (1,036,513) | (1,420,605) | (939,197) | (86,342) |
| | (18,246,371) | (16,068,173) | (109,291,069) | (18,507,006) | (40,130,950) |
| Net change in unrealized appreciation/depreciation on: | | | | | |
| Investments | 102,229,656 | 111,446,486 | 275,386,401 | 61,689,507 | 113,616,454 |
| Swaps | 2,936,980 | 3,295,592 | (1,563,576) | 2,901,019 | 450,201 |
| Foreign currency transactions | 1,054,018 | 1,143,051 | 1,674,640 | 337,733 | (8,560) |
| Unfunded loan commitments | (51,643) | (115,674) | | 142,635 | |
| | 106,169,011 | 115,769,455 | 275,497,465 | 65,070,894 | 114,058,095 |
| Total realized and unrealized gain | 87,922,640 | 99,701,282 | 166,206,396 | 46,563,888 | 73,927,145 |
| Net Increase in Net Assets Resulting from Operations | \$ 110,302,752 | \$ 123,537,968 | \$ 208,595,561 | \$ 55,564,570 | \$ 94,352,027 |

¹ See Note 6 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) | | |
|--|--|--|-------------------------------|--|--|-------------------------------|
| | Year Ended February 28, 2010 | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, 2008 | Year Ended February 28, 2010 | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, 2008 |
| Operations | | | | | | |
| Net investment income | \$ 22,380,112 | \$ 17,171,877 | \$ 25,842,085 | \$ 23,836,686 | \$ 18,684,715 | \$ 27,155,524 |
| Net realized loss | (18,246,371) | (34,537,665) | (9,129,906) | (16,068,173) | (36,996,389) | (9,283,103) |
| Net change in unrealized appreciation/depreciation | 106,169,011 | (86,397,451) | (36,722,065) | 115,769,455 | (93,986,807) | (40,223,490) |
| Net increase (decrease) in net assets resulting from operations | 110,302,752 | (103,763,239) | (20,009,886) | 123,537,968 | (112,298,481) | (22,351,069) |
| Dividends to Shareholders From | | | | | | |
| Net investment income | (25,342,365) | (19,134,959) | (26,113,293) | (25,189,541) | (20,800,925) | (28,767,885) |
| Capital Share Transactions | | | | | | |
| Reinvestment of dividends | 832,119 | | | 111,029 | | |
| Net Assets | | | | | | |
| Total increase (decrease) in net assets | 85,792,506 | (122,898,198) | (46,123,179) | 98,459,456 | (133,099,406) | (51,118,954) |
| Beginning of period | 144,800,032 | 267,698,230 | 313,821,409 | 151,261,113 | 284,360,519 | 335,479,473 |
| End of period | \$ 230,592,538 | \$ 144,800,032 | \$ 267,698,230 | \$ 249,720,569 | \$ 151,261,113 | \$ 284,360,519 |
| Undistributed (distributions in excess of) net investment income | \$ 649,435 | \$ 4,243,346 | \$ 5,504,375 | \$ (405,353) | \$ 1,653,945 | \$ 3,076,301 |

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| | BlackRock Debt Strategies Fund, Inc. (DSU) | | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | |
|--|---|----------------|--|---------------|
| | Year Ended February 28, | | Year Ended February 28, | |
| Increase (Decrease) in Net Assets: | 2010 | 2009 | 2010 | 2009 |
| Operations | | | | |
| Net investment income | \$ 42,389,165 | \$ 55,149,566 | \$ 9,000,682 | \$ 14,429,059 |
| Net realized loss | (109,291,069) | (103,719,990) | (18,507,006) | (31,870,409) |
| Net change in unrealized appreciation/depreciation | 275,497,465 | (229,565,826) | 65,070,894 | (41,438,156) |
| Net increase (decrease) in net assets resulting from operations | 208,595,561 | (278,136,250) | 55,564,570 | (58,879,506) |
| Dividends to Shareholders From | | | | |
| Net investment income | (41,936,207) | (65,857,392) | (10,283,447) | (16,017,675) |
| Tax return of capital | (926,392) | | (825,748) | |
| Total dividends and distributions to shareholders | (42,862,599) | (65,857,392) | (11,109,195) | (16,017,675) |
| Capital Share Transactions | | | | |
| Reinvestment of dividends | 1,409,077 | 1,869,284 | 259,478 | |
| Net Assets | | | | |
| Total increase (decrease) in net assets | 167,142,039 | (342,124,358) | 44,714,853 | (74,897,181) |
| Beginning of year | 252,079,949 | 594,204,307 | 93,655,831 | 168,553,012 |
| End of year | \$ 419,221,988 | \$ 252,079,949 | \$ 138,370,684 | \$ 93,655,831 |
| Undistributed (distributions in excess of) net investment income | \$ (1,165,262) | \$ (749,083) | \$ (718,024) | \$ 1,132,254 |

See Notes to Financial Statements.

Statements of Changes in Net Assets (concluded)

| | BlackRock Senior High Income Fund, Inc. (ARK) | |
|--|--|----------------|
| | Year Ended February 28, | |
| Increase (Decrease) in Net Assets: | 2010 | 2009 |
| Operations | | |
| Net investment income | \$ 20,424,882 | \$ 23,218,610 |
| Net realized loss | (40,130,950) | (55,099,290) |
| Net change in unrealized appreciation/depreciation | 114,058,095 | (82,255,118) |
| Net increase (decrease) in net assets resulting from operations | 94,352,027 | (114,135,798) |
| Dividends and Distributions to Shareholders From | | |
| Net investment income | (16,952,851) | (24,063,310) |
| Tax return of capital | | (3,089,535) |
| Total dividends and distributions to shareholders | (16,952,851) | (27,152,845) |
| Capital Share Transactions | | |
| Reinvestment of dividends | 130,893 | 239,560 |
| Net Assets | | |
| Total increase (decrease) in net assets | 77,530,069 | (141,049,083) |
| Beginning of year | 143,642,876 | 284,691,959 |
| End of year | \$ 221,172,945 | \$ 143,642,876 |
| Undistributed (distributions in excess of) net investment income | \$ 3,223,424 | \$ (267,346) |

See Notes to Financial Statements.

Statements of Cash Flows

| Year Ended February 28, 2010 | 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) |
|--|---|---|---|--|---|
| Cash Provided by (Used for) Operating Activities | | | | | |
| Net increase in net assets resulting from operations | \$ 110,302,752 | \$ 123,537,968 | \$ 208,595,561 | \$ 55,564,570 | \$ 94,352,027 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used for) operating activities: | | | | | |
| (Increase) decrease in interest receivable | (425,202) | (23,026) | 2,997,568 | 468,511 | 518,099 |
| (Increase) decrease in swaps receivable | (78,039) | (75,438) | (5,337) | 29,557 | 20,215 |
| Increase in commitment fees receivable | | 33 | 2,602 | 6,208 | |
| (Increase) decrease in other assets | 19,470 | 28,723 | (501,894) | 1,328 | (100,154) |
| (Increase) decrease in dividends receivable | (18,104) | (19,829) | 17,112 | | |
| (Increase) in prepaid expenses | (2,412) | (2,843) | (446) | (728) | (1,485) |
| Increase in investment advisory fees payable | 37,836 | 52,233 | 56,505 | 24,933 | 24,437 |
| Increase (decrease) in interest expense payable | 103,787 | 119,913 | 97,305 | 46,096 | 23,705 |
| Decrease in other affiliates payable | (847) | (947) | (864) | (264) | (1,147) |
| (Decrease) increase in accrued expenses payable | (24,140) | (7,287) | (21,566) | (18,926) | 20,455 |
| (Decrease) increase in swaps payable | 63,371 | 32,567 | (111,105) | (59,164) | (99,804) |
| Cash collateral on swaps | 2,400,000 | | | | 1,500,000 |
| Increase in other liabilities | | | 204,300 | 12 | 99,899 |
| Increase in Officers and Directors fees payable | 503 | 690 | 40,983 | 240 | 154 |
| Net periodic and termination payments of swaps | (734,482) | (230,183) | (955,523) | 35,214 | (193,223) |
| Net realized and unrealized gain | (88,911,297) | (100,762,332) | (165,230,764) | (46,978,725) | (73,390,383) |
| Amortization of premium and discount on investments | (3,166,833) | (3,735,805) | (4,300,645) | (1,663,014) | (1,726,364) |
| Paid-in-kind income | (1,074,464) | (1,289,749) | (2,923,978) | (952,646) | (805,362) |
| Proceeds from sales and paydowns of long-term investments | 189,981,530 | 217,650,077 | 343,049,000 | 130,545,501 | 167,966,835 |
| Purchases of long-term investments | (217,385,568) | (247,554,377) | (320,122,079) | (126,333,212) | (168,733,701) |
| Net proceeds from sales of short-term securities | 2,179,589 | 5,093,767 | 3,402,598 | 2,310,366 | 1,397,755 |
| Cash provided by (used for) operating activities | (6,732,550) | (7,185,845) | 64,289,333 | 13,025,857 | 20,871,958 |
| Cash Provided by (Used for) Financing Activities | | | | | |
| Cash receipts from borrowings | 131,000,000 | 149,000,000 | 255,000,000 | 109,000,000 | 135,000,000 |
| Cash payments from borrowings | (97,700,000) | (117,200,000) | (278,000,000) | (111,000,000) | (139,000,000) |
| Cash dividends paid to shareholders | (24,637,844) | (25,216,305) | (41,841,336) | (10,958,900) | (16,993,912) |
| (Decrease) increase in bank overdraft | (926,999) | 1,393,499 | | 4,446 | |
| Cash provided by (used for) financing activities | 7,735,157 | 7,977,194 | (64,841,336) | (12,954,454) | (20,993,912) |

Cash Impact from Foreign Exchange Fluctuations

| | | | | | |
|--|----------|-------|---------|-------|---|
| Cash impact from foreign exchange fluctuations | (32,897) | 2,176 | 154,194 | 1,248 | 6 |
|--|----------|-------|---------|-------|---|

Cash

| | | | | | |
|--|--------------|--------------|------------|------------|-----------|
| Net increase (decrease) in cash | 969,710 | 793,525 | (397,809) | 72,651 | (121,948) |
| Cash and foreign currency at beginning of year | 66,910 | 217,437 | 958,345 | 255,185 | 122,423 |
| Cash at end of year | \$ 1,036,620 | \$ 1,010,962 | \$ 560,536 | \$ 327,836 | \$ 475 |

Cash Flow Information

| | | | | | |
|------------------------|------------|------------|------------|------------|------------|
| Cash paid for interest | \$ 418,552 | \$ 489,261 | \$ 631,575 | \$ 230,057 | \$ 351,011 |
|------------------------|------------|------------|------------|------------|------------|

Noncash Financing Activities

| | | | | | |
|---|------------|------------|--------------|------------|------------|
| Capital shares issued in reinvestment of dividends paid to shareholders | \$ 832,119 | \$ 111,029 | \$ 1,409,077 | \$ 259,478 | \$ 130,893 |
|---|------------|------------|--------------|------------|------------|

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

See Notes to Financial Statements.

Financial Highlights

BlackRock Corporate High Yield Fund, Inc. (COY)

| | Year Ended February 28, 2010 | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | | |
|---|--|---|--------------------|---------|---------|---------|
| | | | 2008 | 2007 | 2006 | 2005 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 4.19 | \$ 7.74 | \$ 9.07 | \$ 8.52 | \$ 8.53 | \$ 8.48 |
| Net investment income ¹ | 0.65 | 0.50 | 0.75 | 0.73 | 0.74 | 0.87 |
| Net realized and unrealized gain (loss) | 2.53 | (3.50) | (1.32) | 0.49 | 0.02 | 0.07 |
| Net increase (decrease) from investment operations | 3.18 | (3.00) | (0.57) | 1.22 | 0.76 | 0.94 |
| Dividends from net investment income | (0.73) | (0.55) | (0.76) | (0.67) | (0.77) | (0.89) |
| Net asset value, end of period | \$ 6.64 | \$ 4.19 | \$ 7.74 | \$ 9.07 | \$ 8.52 | \$ 8.53 |
| Market price, end of period | \$ 6.88 | \$ 3.91 | \$ 7.28 | \$ 8.47 | \$ 7.42 | \$ 8.46 |
| Total Investment Return² | | | | | | |
| Based on net asset value | 79.91% | (38.98)% ³ | (5.49)% | 15.60% | 9.75% | 11.31% |
| Based on market price | 99.76% | (39.46)% ³ | (4.81)% | 23.96% | (3.63)% | 13.75% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses | 1.18% | 2.29% ⁴ | 2.33% | 3.25% | 2.39% | 1.69% |
| Total expenses after fees waived and paid indirectly | 1.18% | 2.29% ⁴ | 2.33% | 3.25% | 2.39% | 1.69% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.92% | 1.17% ⁴ | 0.83% | 0.91% | 0.90% | 0.87% |
| Net investment income | 11.36% | 11.45% ⁴ | 9.15% | 8.36% | 8.55% | 9.85% |

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Supplemental Data

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 230,593 | \$ 144,800 | \$ 267,698 | \$ 313,821 | \$ 294,759 | \$ 294,218 |
| Borrowings outstanding, end of period (000) | \$ 72,000 | \$ 38,700 | \$ 64,700 | \$ 126,200 | \$ 127,700 | \$ 100,600 |
| Average borrowings outstanding during the period (000) | \$ 42,184 | \$ 59,553 | \$ 81,598 | \$ 125,974 | \$ 101,539 | \$ 104,938 |
| Portfolio turnover | 85% | 37% | 38% | 62% | 57% | 57% |
| Asset coverage, end of period per \$1,000 | \$ 4,203 | \$ 4,742 | \$ 5,138 | \$ 3,487 | \$ 3,308 | \$ 3,925 |

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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

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Financial Highlights

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

| | Year Ended February 28, 2010 | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | | |
|--|--|---|--------------------|---------|---------|---------|
| | | | 2008 | 2007 | 2006 | 2005 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 4.05 | \$ 7.62 | \$ 8.99 | \$ 8.46 | \$ 8.46 | \$ 8.43 |
| Net investment income ¹ | 0.64 | 0.50 | 0.73 | 0.71 | 0.72 | 0.85 |
| Net realized and unrealized gain (loss) | 2.68 | (3.51) | (1.33) | 0.49 | 0.02 | 0.07 |
| Net increase (decrease) from investment operations | 3.32 | (3.01) | (0.60) | 1.20 | 0.74 | 0.92 |
| Dividends from net investment income | (0.68) | (0.56) | (0.77) | (0.67) | (0.74) | (0.89) |
| Net asset value, end of period | \$ 6.69 | \$ 4.05 | \$ 7.62 | \$ 8.99 | \$ 8.46 | \$ 8.46 |
| Market price, end of period | \$ 6.67 | \$ 3.57 | \$ 7.03 | \$ 8.53 | \$ 7.36 | \$ 8.38 |

Total Investment Return²

| | | | | | | |
|--------------------------|---------|-----------------------|---------|--------|---------|--------|
| Based on net asset value | 86.65% | (39.69)% ³ | (5.69)% | 15.51% | 9.78% | 11.24% |
| Based on market price | 111.12% | (42.38)% ³ | (8.30)% | 25.98% | (3.59)% | 16.55% |

Ratios to Average Net Assets

| | | | | | | |
|---|--------|---------------------|-------|-------|-------|-------|
| Total expenses | 1.34% | 2.45% ⁴ | 2.47% | 3.38% | 2.49% | 1.81% |
| Total expenses after fees waived and paid indirectly | 1.33% | 2.45% ⁴ | 2.47% | 3.38% | 2.49% | 1.81% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.04% | 1.29% ⁴ | 0.96% | 1.04% | 1.00% | 0.99% |
| Net investment income | 11.35% | 11.80% ⁴ | 9.01% | 8.25% | 8.45% | 9.71% |

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Supplemental Data

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 249,721 | \$ 151,261 | \$ 284,361 | \$ 335,479 | \$ 315,699 | \$ 315,626 |
| Borrowings outstanding, end of period (000) | \$ 76,000 | \$ 44,200 | \$ 71,700 | \$ 129,700 | \$ 141,000 | \$ 107,800 |
| Average borrowings outstanding during the period (000) | \$ 49,196 | \$ 65,500 | \$ 88,466 | \$ 134,704 | \$ 109,144 | \$ 112,501 |
| Portfolio turnover | 89% | 37% | 38% | 62% | 56% | 55% |
| Asset coverage, end of period per \$1,000 | \$ 4,286 | \$ 4,422 | \$ 4,966 | \$ 3,587 | \$ 3,239 | \$ 3,928 |

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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

Financial Highlights

BlackRock Debt Strategies Fund, Inc. (DSU)

| | Year Ended February 28, | | Year Ended February 29, 2008 | Year Ended February 28, | |
|---|----------------------------|----------|--|----------------------------|---------|
| | 2010 | 2009 | | 2007 | 2006 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 2.35 | \$ 5.57 | \$ 7.01 | \$ 6.69 | \$ 7.06 |
| Net investment income ¹ | 0.39 | 0.52 | 0.66 | 0.68 | 0.63 |
| Net realized and unrealized gain (loss) | 1.55 | (3.12) | (1.43) | 0.28 | (0.35) |
| Net increase (decrease) from investment operations | 1.94 | (2.60) | (0.77) | 0.96 | 0.28 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.39) | (0.62) | (0.67) | (0.64) | (0.65) |
| Tax return of capital | (0.01) | | | | |
| Total dividends and distributions | (0.40) | (0.62) | (0.67) | (0.64) | (0.65) |
| Net asset value, end of year | \$ 3.89 | \$ 2.35 | \$ 5.57 | \$ 7.01 | \$ 6.69 |
| Market price, end of year | \$ 3.91 | \$ 2.07 | \$ 5.43 | \$ 7.28 | \$ 6.77 |
| Total Investment Return² | | | | | |
| Based on net asset value | 87.82% | (50.19)% | (11.72)% | 15.35% | 4.57% |
| Based on market price | 114.32% | (54.99)% | (17.13)% | 18.37% | 11.34% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.23% | 2.42% | 3.13% | 3.16% | 2.63% |
| Total expenses after fees waived | 1.23% | 2.42% | 3.13% | 3.16% | 2.63% |
| Total expenses after fees waived and excluding interest expense | 1.02% | 1.20% | 0.99% | 0.99% | 1.02% |
| Net investment income | 12.16% | 11.79% | 9.90% | 9.97% | 9.55% |

Supplemental Data

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Net assets, end of year (000) | \$ 419,222 | \$ 252,080 | \$ 594,204 | \$ 745,944 | \$ 708,411 |
| Borrowings outstanding, end of year (000) | \$ 67,000 | \$ 90,000 | \$ 199,000 | \$ 298,600 | \$ 259,900 |
| Average borrowings outstanding during the year (000) | \$ 58,574 | \$ 163,286 | \$ 272,846 | \$ 283,906 | \$ 294,371 |
| Portfolio turnover | 86% | 44% | 51% | 65% | 46% |
| Asset coverage, end of year per \$1,000 | \$ 7,257 | \$ 3,801 | \$ 3,986 | \$ 3,498 | \$ 3,726 |

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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

Financial Highlights

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

| | Year Ended February 28, | | Year Ended February 29, 2008 | Year Ended February 28, | |
|---|----------------------------|----------|--|----------------------------|----------|
| | 2010 | 2009 | | 2007 | 2006 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 8.92 | \$ 16.06 | \$ 19.28 | \$ 19.39 | \$ 19.74 |
| Net investment income ¹ | 0.86 | 1.37 | 1.55 | 1.55 | 1.33 |
| Net realized and unrealized gain (loss) | 4.44 | (6.98) | (3.27) | (0.12) | (0.31) |
| Net increase (decrease) from investment operations | 5.30 | (5.61) | (1.72) | 1.43 | 1.02 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.98) | (1.53) | (1.50) | (1.54) | (1.27) |
| Net realized gain | | | | | (0.10) |
| Tax return of capital | (0.08) | | | | |
| Total dividends and distributions | (1.06) | (1.53) | (1.50) | (1.54) | (1.37) |
| Net asset value, end of year | \$ 13.16 | \$ 8.92 | \$ 16.06 | \$ 19.28 | \$ 19.39 |
| Market price, end of year | \$ 15.01 | \$ 8.28 | \$ 14.75 | \$ 18.50 | \$ 17.76 |
| Total Investment Return² | | | | | |
| Based on net asset value | 62.08% | (36.46)% | (8.98)% | 8.31% | 6.07% |
| Based on market price | 99.15% | (35.78)% | (12.88)% | 13.47% | (1.35)% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.50% | 2.48% | 2.78% | 2.87% | 2.46% |
| Total expenses after fees waived and paid indirectly | 1.50% | 2.48% | 2.78% | 2.87% | 2.46% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.27% | 1.38% | 1.20% | 1.22% | 1.25% |
| Net investment income | 7.40% | 10.08% | 8.39% | 8.03% | 6.88% |

Supplemental Data

| | | | | | |
|--|------------|-----------|------------|------------|------------|
| Net assets, end of year (000) | \$ 138,371 | \$ 93,656 | \$ 168,553 | \$ 202,364 | \$ 203,557 |
| Borrowings outstanding, end of year (000) | \$ 24,000 | \$ 26,000 | \$ 50,000 | \$ 47,000 | \$ 61,400 |
| Average borrowings outstanding during the year (000) | \$ 22,225 | \$ 45,165 | \$ 55,269 | \$ 61,022 | \$ 63,725 |
| Portfolio turnover | 92% | 47% | 65% | 65% | 72% |
| Asset coverage, end of year per \$1,000 | \$ 6,765 | \$ 4,602 | \$ 4,371 | \$ 5,306 | \$ 4,315 |

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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

Financial Highlights

BlackRock Senior High Income Fund, Inc. (ARK)

| | Year Ended February 28, | | Year Ended February 29, 2008 | Year Ended February 28, | |
|---|----------------------------|----------|--|----------------------------|---------|
| | 2010 | 2009 | | 2007 | 2006 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 2.54 | \$ 5.04 | \$ 6.17 | \$ 6.00 | \$ 6.28 |
| Net investment income ¹ | 0.36 | 0.41 | 0.54 | 0.57 | 0.55 |
| Net realized and unrealized gain (loss) | 1.31 | (2.43) | (1.11) | 0.16 | (0.27) |
| Net increase (decrease) from investment operations | 1.67 | (2.02) | (0.57) | 0.73 | 0.28 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.30) | (0.43) | (0.56) | (0.56) | (0.56) |
| Tax return of capital | | (0.05) | | | |
| Total dividends and distributions | (0.30) | (0.48) | (0.56) | (0.56) | (0.56) |
| Net asset value, end of year | \$ 3.91 | \$ 2.54 | \$ 5.04 | \$ 6.17 | \$ 6.00 |
| Market price, end of year | \$ 3.94 | \$ 2.21 | \$ 4.91 | \$ 6.53 | \$ 5.88 |
| Total Investment Return² | | | | | |
| Based on net asset value | 68.90% | (42.15)% | (9.76)% | 12.82% | 5.07% |
| Based on market price | 95.61% | (48.33)% | (16.94)% | 21.84% | 4.13% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.13% | 2.24% | 2.70% | 3.03% | 2.39% |
| Total expenses after fees waived | 1.13% | 2.24% | 2.70% | 3.03% | 2.39% |
| Total expenses after fees waived and excluding interest expense | 0.93% | 1.05% | 0.86% | 0.90% | 0.91% |
| Net investment income | 10.70% | 9.96% | 9.16% | 9.42% | 9.23% |

Supplemental Data

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Net assets, end of year (000) | \$ 221,173 | \$ 143,643 | \$ 284,692 | \$ 347,449 | \$ 335,690 |
| Borrowings outstanding, end of year (000) | \$ 43,000 | \$ 47,000 | \$ 91,500 | \$ 132,000 | \$ 141,700 |
| Average borrowings outstanding during the year (000) | \$ 29,978 | \$ 79,422 | \$ 109,978 | \$ 131,575 | \$ 128,461 |
| Portfolio turnover | 80% | 49% | 48% | 62% | 48% |
| Asset coverage, end of year per \$1,000 | \$ 6,144 | \$ 4,056 | \$ 4,112 | \$ 3,632 | \$ 3,369 |

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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

Notes to Financial Statements

1. Organization and Significant Accounting Policies:

BlackRock Corporate High Yield Fund, Inc. (COY), BlackRock Corporate High Yield Fund III, Inc. (CYE), BlackRock Debt Strategies Fund, Inc. (DSU) and BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) (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. (ARK) 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. 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: The Funds' policy is to fair value their financial instruments at market value. The Funds value their bond investments on the basis of last available bid prices 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 of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. 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. Investments in open-end investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

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

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 (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 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 instruments.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or is not available, the investment will be valued by a method approved by each Fund's Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that each Fund might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE that may not be reflected in the computation of the Fund's net assets. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such instruments, those instruments may be

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Fair Value Assets and 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 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

Notes to Financial Statements (continued)

of exchange prevailing on the respective dates of such transactions. The Funds report foreign currency related transactions as components of realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

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.

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

Floating Rate 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 and prepayment penalty fees. Facility, commitment and amendment fees are typically amortized over the term of the loan. Consent fees and various other fees are recorded as income. Prepayment penalty fees are recorded as realized gains. 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.

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. The Funds will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower.

In connection with purchasing Participations, the Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement 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 a general creditor of the lender and may not benefit from any offset between the lender and the borrower.

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

obligations which provide for regular interest payments.

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that each Fund either delivers collateral or segregates assets in connection with certain investments (e.g., swaps or foreign currency exchange contracts), or certain borrowings (e.g., floating rate loans), each Fund will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or 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 party has requirements to deliver/deposit securities as collateral for certain investments.

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

Notes to Financial Statements (continued)

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital.

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.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund's US federal tax returns remains open for each of the two years ended May 31, 2008, the period ended February 28, 2009 and the year ended February 28, 2010 for COY and CYE, and for each of the four years ended February 28, 2010 for DSU, FRB and ARK. 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 Standards: In June 2009, amended guidance was issued by the Financial Accounting Standards Board (FASB) for transfers of financial assets. This guidance is intended to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The amended guidance is effective for financial statements for fiscal years and interim periods beginning after November 15, 2009. Earlier application is prohibited. The recognition and measurement provisions of this guidance must be applied to transfers occurring on or after the effective date. Additionally, the enhanced disclosure provisions of the amended guidance should be applied to transfers that occurred both before and after the effective date of this guidance. The impact of this guidance on the Funds' financial statements and disclosures, if any, is currently being assessed.

In January 2010, the FASB issued amended guidance to improve disclosure about fair value measurements which will require additional disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of disaggregation for fair value measurement and inputs and valuation techniques used to measure fair value. The amended guidance is effective for financial statements for fiscal years and interim periods beginning after December 15, 2009 except for disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The impact of this guidance on the Funds' financial statements and disclosures is currently being assessed.

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) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of 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 each Fund. 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, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Funds investments under the plan are included in income - affiliated in the Statements of Operations.

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

2. Derivative Financial Instruments:

The Funds may engage in various portfolio investment strategies both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks, such as credit risk, equity risk and foreign currency exchange rate risk. Losses may arise if the value of the

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contract decreases due to an unfavorable change in the price of the underlying instrument or if the counterparty does not perform under the contract. The Funds may mitigate counterparty risk through master netting agreements included within an International Swap and Derivatives Association, Inc. (ISDA) Master Agreement between a Fund and each of its counterparties. The ISDA Master Agreement allows each Fund to offset with its counterparty certain derivative financial instrument s payables and/or receivables with collateral held with each counterparty. The amount of collateral moved to/from applicable counterparties is based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Funds from their counterparties are not fully collateralized contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices.

Notes to Financial Statements (continued)

The Funds' maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain in excess of any collateral pledged by the counterparty to the Funds. For OTC options purchased, the Funds bear the risk of loss in the amount of the premiums paid and change in market value of the options should the counterparty not perform under the contracts. Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event a Fund's net assets decline by a stated percentage or a Fund fails to meet the terms of its ISDA Master Agreements, which would cause a Fund to accelerate payment of any net liability owed to the counterparty.

Foreign Currency Exchange Contracts: The Funds may enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio positions (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Funds, help to manage the overall exposure to the 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 foreign currency exchange contracts involves the risk that counterparties may not meet the terms of the agreement or unfavorable movements in the value of a foreign currency relative to the US dollar.

Options: The Funds may purchase and write call and put options to increase or decrease their exposure to underlying instruments (equity risk) and/or, in the case of options written, to generate gains from options premiums. 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 instrument 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 instrument 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 a Fund is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or a Fund enters into a closing transaction), a 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 a Fund holds the underlying instrument 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, a Fund bears the risk of an unfavorable change in the value of the underlying instrument or the risk that a Fund may not be able to enter into a closing transaction due to an illiquid market. Exercise of an option written could result in a Fund purchasing or selling a security at a price different from the current market value. The Funds may execute transactions in both listed and OTC options.

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

Credit default swaps The Funds may enter into credit default swaps to manage its exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which it is not otherwise exposed (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 credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign) or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place (e.g., bankruptcy,

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failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, a Fund 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), if an underlying credit event occurs, a Fund 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.

Notes to Financial Statements (continued)

Derivative Instruments Categorized by Risk Exposure:

| Values of Derivative Instruments as of February 28, 2010 | | | | | | |
|--|--|---------------------|---------------------|---------------------|-------------------|-----------------|
| Asset Derivatives | | | | | | |
| | | COY | CYE | DSU | FRB | ARK |
| Statements of Assets and Liabilities | | Value | | | | |
| Location | | | | | | |
| Foreign currency exchange contracts | Unrealized appreciation on foreign currency exchange contracts | \$ 1,401,730 | \$ 1,456,164 | \$ 1,642,856 | \$ 523,805 | \$ 2,836 |
| Credit contracts | Unrealized appreciation on swaps | 18,639 | 5,534 | 4,571 | 856 | 2,463 |
| Equity contracts | Investments at value unaffiliated* | 3,230 | 3,610 | | 2,090 | |
| Total | | \$ 1,423,599 | \$ 1,465,308 | \$ 1,647,427 | \$ 526,751 | \$ 5,299 |

| Liability Derivatives | | | | | | |
|--------------------------------------|--|-------------------|-------------------|-------------------|------------------|-----------------|
| | | COY | CYE | DSU | FRB | ARK |
| Statements of Assets and Liabilities | | Value | | | | |
| Location | | | | | | |
| Foreign currency exchange contracts | Unrealized depreciation on foreign currency exchange contracts | \$ 25,617 | \$ 19,428 | \$ 63,523 | \$ 42,902 | |
| Credit contracts | Unrealized depreciation on swaps | 381,198 | 235,526 | 109,385 | | \$ 2,961 |
| Total | | \$ 406,815 | \$ 254,954 | \$ 172,908 | \$ 42,902 | \$ 2,961 |

* Includes options purchased at value as reported in the Schedules of Investments.

The Effect of Derivative Instruments on the Statements of Operations
Year Ended February 28, 2010

| Net Realized Loss from | | | | | | |
|------------------------|--|-----|-----|-----|-----|-----|
| | | COY | CYE | DSU | FRB | ARK |

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| | | | | | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Foreign currency exchange contracts: | | | | | |
| Foreign currency transactions | \$ (939,452) | \$ (1,036,418) | \$ (1,582,294) | \$ (1,017,395) | \$ (86,342) |
| Credit contracts: | | | | | |
| Swaps | (442,843) | (173,346) | (783,756) | (499,772) | (1,213,910) |
| Total | \$ (1,382,295) | \$ (1,209,764) | \$ (2,366,050) | \$ (1,517,167) | \$ (1,300,252) |

Net Change in Unrealized Appreciation/Depreciation on

| | COY | CYE | DSU | FRB | ARK |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Foreign currency exchange contracts: | | | | | |
| Foreign currency transactions | \$ 1,089,186 | \$ 1,132,841 | \$ 1,277,428 | \$ 230,943 | \$ (8,567) |
| Credit contracts: | | | | | |
| Swaps | 2,936,980 | 3,295,592 | (1,563,576) | 2,901,019 | 450,201 |
| Equity contracts: | | | | | |
| Options** | (24,225) | (27,075) | | (15,675) | |
| Total | \$ 4,001,941 | \$ 4,401,358 | \$ (286,148) | \$ 3,116,287 | \$ 441,634 |

** Options purchased are included in the net realized gain (loss) from investments and/or net change in unrealized appreciation/depreciation on investments.

For the year ended February 28, 2010, the average quarterly balance of outstanding derivative financial instruments was as follows:

| | COY | CYE | DSU | FRB | ARK |
|--|---------------|---------------|---------------|---------------|--------------|
| Foreign currency exchange contracts: | | | | | |
| Average number of contracts US dollars purchased | 7 | 7 | 5 | 5 | 1 |
| Average number of contracts US dollars sold | 1 | 1 | 2 | | |
| Average US dollar amounts purchased | \$ 17,557,487 | \$ 18,471,539 | \$ 21,622,225 | \$ 10,443,770 | \$ 629,657 |
| Average US dollar amounts sold | \$ 631,838 | \$ 517,322 | \$ 961,936 | 373,865 | \$ |
| Options purchased: | | | | | |
| Average number of contracts | 17 | 19 | | 11 | |
| Average premium | \$ 16,622 | \$ 18,578 | | \$ 10,756 | |
| Credit default swaps: | | | | | |
| Average number of contracts buy protection | 15 | 14 | 8 | 3 | 5 |
| Average number of contracts sell protection | 4 | 4 | 1 | 1 | 1 |
| Average notional value buy protection | \$ 8,603,375 | \$ 6,640,063 | \$ 9,248,750 | \$ 2,862,500 | \$ 6,380,000 |
| Average notional value sell protection | \$ 2,940,000 | \$ 3,143,750 | \$ 900,000 | \$ 3,000,000 | \$ 2,500,000 |

Notes to Financial Statements (continued)

3. Investment Advisory Agreement and Other Transactions with Affiliates:

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

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services.

The Manager is responsible for the management of each Fund s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Manager a monthly fee at the following annual rates of the average daily value of each Fund s net assets, plus the proceeds of any outstanding borrowings used for leverage:

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

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

The Manager has voluntarily agreed to waive its advisory fee by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds; however the Manager does not waive its advisory fees by the amount of investment advisory fees through its investment in other affiliated investment companies. This amount is included in fees waived by advisor in the Statements of Operations.

For the year ended February 28, 2010, each Fund reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations. The reimbursements were as follows:

| | Accounting Services |
|-----|------------------------|
| COY | \$ 4,692 |
| CYE | \$ 5,011 |
| DSU | \$ 8,993 |
| FRB | \$ 3,165 |
| ARK | \$ 4,150 |

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

4. Investments:

Purchases and sales of investments (including paydowns and excluding short-term securities) for the year ended February 28, 2010 were as follows:

| | Purchases | Sales |
|-----|----------------|----------------|
| COY | \$ 227,515,827 | \$ 199,766,176 |
| CYE | \$ 254,846,090 | \$ 228,524,797 |
| DSU | \$ 356,383,963 | \$ 353,648,473 |
| FRB | \$ 143,515,779 | \$ 133,540,214 |
| ARK | \$ 184,776,600 | \$ 174,109,625 |

5. 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. In connection with these commitments, each Fund earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is classified in the Statements of Operations as facility and other fees, is recognized ratably over the commitment period. As of February 28, 2010, the Funds had the following unfunded loan commitments:

COY

| Borrower | Unfunded Commitment | Value of Underlying Loans |
|----------|---------------------|---------------------------|
| Delphi | \$ 34,721 | \$ 30,555 |
| Delphi | \$ 351,679 | \$ 304,202 |

CYE

| Borrower | Unfunded Commitment | Value of Underlying Loans |
|------------|---------------------|---------------------------|
| Delphi | \$ 77,772 | \$ 68,439 |
| Delphi | \$ 787,716 | \$ 681,375 |
| New Vision | \$ 19,029 | \$ 19,124 |

Notes to Financial Statements (continued)

FRB

| Borrower | Unfunded Commitment | Value of Underlying Loans |
|-----------------|------------------------|------------------------------|
| Vought Aircraft | \$ 370,370 | \$ 352,778 |
| Delphi | \$ 13,789 | \$ 12,135 |
| Delphi | \$ 139,666 | \$ 120,811 |
| Cloverhill | \$ 214,286 | \$ 218,362 |

6. Borrowings:

The Funds were previously party to revolving credit and security agreements (Citicorp Agreement) pursuant to a commercial paper asset securitization program with Citicorp North America, Inc. (Citicorp), where Citicorp acted as agent for certain backstop lenders and asset securitization conduits, as lenders (the Lenders). Under the Citicorp Agreement, the conduits funded advances to each Fund through the issuance of highly rated commercial paper. Each Fund had 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 was based on the interest rate carried by the commercial paper plus a program fee. In addition, each Fund paid a liquidity fee to the secondary backstop lenders and the agent. Under the Citicorp Agreement, the Funds were subject to certain conditions and covenants, which included among other things limitations on asset declines over prescribed time periods. The commitment amounts under the Citicorp Agreement were as follows:

| | Commitment Amount |
|-----|----------------------|
| COY | \$ 81,000,000 |
| CYE | \$ 85,000,000 |
| DSU | \$ 174,000,000 |
| FRB | \$ 58,000,000 |
| ARK | \$ 91,000,000 |

On March 5, 2009, the Funds terminated the Citicorp Agreement and entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The SSB Agreement had the same commitment amounts as the renegotiated amounts under the Citigroup Agreement except for DSU which was lowered to \$135,000,000. The Funds have granted a security interest in substantially all of its assets to SSB. Advances are made by SSB to the Funds, at the Funds option of (a) the higher of (i) 1.0% above the Fed Effective Rate and (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above 7-day, 30-day, 60-day or 90-day LIBOR. In addition, the Funds pay a facility fee and a commitment fee based upon SSB s total commitment to the Funds. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Funds as of February 28, 2010 are shown in the Statements of Assets and Liabilities as loan payable. The SSB Agreement was renewed for 364 days under substantially the same terms effective March 4, 2010. The SSB Agreement allows for the following maximum commitment amounts:

| | Commitment Amount |
|-----|----------------------|
| COY | \$ 90,000,000 |
| CYE | \$ 95,000,000 |

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| | |
|-----|----------------|
| DSU | \$ 150,000,000 |
| FRB | \$ 58,000,000 |
| ARK | \$ 91,000,000 |

The Funds may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

For the year ended February 28, 2010, the daily weighted average interest rates under the revolving credit agreement were as follows:

| | Daily Weighted Average Interest Rate |
|-----|--|
| COY | 1.24% |
| CYE | 1.24% |
| DSU | 1.25% |
| FRB | 1.25% |
| ARK | 1.25% |

7. 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. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of February 28, 2010 attributable to the accounting for swap agreements, amortization methods on fixed income securities, the classification of settlement proceeds, the classification of investments, foreign currency transactions, securities in default, income recognized from pass-through entities and the expiration of capital loss carryforwards were reclassified to the following accounts:

| | COY | CYE | DSU | FRB | ARK |
|--|-----------------|-----------------|-----------------|--------------|-----------------|
| Paid-in capital | \$ (33,478,307) | \$ (52,918,036) | \$ (90,564,493) | | \$ (54,958,583) |
| Undistributed (distributions in excess of) net investment income | \$ (631,658) | \$ (706,443) | \$ (869,137) | \$ (567,513) | \$ 18,739 |
| Accumulated net realized loss | \$ 34,109,965 | \$ 53,624,479 | \$ 91,433,630 | \$ 567,513 | \$ 54,939,844 |

Notes to Financial Statements (continued)

The tax character of distributions paid during the fiscal year ended February 28, 2010, the fiscal year ended February 28, 2009, the fiscal period June 1, 2008 through February 28, 2009 and the fiscal year ended May 31, 2008 was as follows:

| | COY | CYE | DSU | FRB | ARK |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Ordinary income | | | | | |
| 2/28/2010 | \$ 25,342,365 | \$ 25,189,541 | \$ 41,936,207 | \$ 10,283,447 | \$ 16,952,851 |
| 2/28/2009 | | | \$ 65,857,392 | \$ 16,017,675 | \$ 24,063,310 |
| 6/1/2008 2/28/2009 | \$ 19,134,959 | \$ 20,800,925 | | | |
| 5/31/2008 | \$ 26,113,293 | \$ 28,767,885 | | | |
| Tax return of capital | | | | | |
| 2/28/2010 | | | \$ 926,392 | \$ 825,748 | |
| 2/28/2009 | | | | | \$ 3,089,535 |
| Total distributions | | | | | |
| 2/28/2010 | \$ 25,342,365 | \$ 25,189,541 | \$ 42,862,599 | \$ 11,109,195 | \$ 16,952,851 |
| 2/28/2009 | | | \$ 65,857,392 | \$ 16,017,675 | \$ 27,152,845 |
| 6/1/2008 2/28/2009 | \$ 19,134,959 | \$ 20,800,925 | | | |
| 5/31/2008 | \$ 26,113,293 | \$ 28,767,885 | | | |

As of February 28, 2010, the tax components of accumulated net losses were as follows:

| | COY | CYE | DSU | FRB | ARK |
|-------------------------------|------------------|------------------|------------------|-----------------|------------------|
| Undistributed ordinary income | \$ 3,393,209 | \$ 2,568,952 | | | \$ 3,815,249 |
| Capital loss carryforwards | (144,672,950) | (180,360,026) | \$ (352,201,100) | \$ (52,519,160) | (147,904,491) |
| Net unrealized losses* | (9,812,218) | (11,911,988) | (110,766,761) | (8,713,512) | (36,413,975) |
| Total | \$ (151,091,959) | \$ (189,703,062) | \$ (462,967,861) | \$ (61,232,672) | \$ (180,503,217) |

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

As of February 28, 2010, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

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| Expires February 28, | COY | CYE | DSU | FRB | ARK |
|----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| 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 | 23,362,415 | 24,709,530 | 56,690,782 | 12,168,927 | 27,675,242 |
| 2018 | 36,323,237 | 33,834,777 | 148,062,952 | 38,830,450 | 60,685,648 |
| Total | \$ 144,672,950 | \$ 180,360,026 | \$ 352,201,100 | \$ 52,519,160 | \$ 147,904,491 |

8. 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 issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to 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 counterparty 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 generally approximated by their value recorded in the Funds' Statements of Assets and Liabilities, less any collateral held by the Funds.

9. Capital Share Transactions:

Each Fund is authorized to issue 200 million shares, par value \$0.10 per share, all of which were initially classified as Common Shares. At February 28, 2010, the shares owned by affiliates of the Manager of FRB were 8,553. The Board is authorized, however, to classify and reclassify any unissued shares without approval of shareholders.

Notes to Financial Statements (concluded)

Shares issued and outstanding during the year ended February 28, 2010 and the period ended February 28, 2009 increased by the following amounts as a result of dividend reinvestments:

| | Year Ended February 28, 2010 | Period Ended February 28, 2009 |
|-----|------------------------------------|-----------------------------------|
| COY | 132,418 | |
| CYE | 16,969 | |
| DSU | 422,001 | 499,727 |
| FRB | 19,658 | |
| ARK | 33,391 | 75,664 |

Shares issued and outstanding remained constant for COY and CYE for the year ended May 31, 2008.

10. Subsequent Events:

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

The Funds paid a net investment income dividend on March 31, 2010 to shareholders of record on March 15, 2010 as follows:

| | Common Dividend Per Share |
|-----|---------------------------------|
| COY | \$0.051 |
| CYE | \$0.050 |
| DSU | \$0.031 |
| FRB | \$0.075 |
| ARK | \$0.025 |

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc., BlackRock Debt Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund II, Inc. and BlackRock Senior High Income Fund, Inc. (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, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for the year ended February 28, 2010, for the period June 1, 2008 to February 28, 2009 and for the year 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 II, Inc., and BlackRock Senior High Income Fund, Inc., as of February 28, 2010, 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 five years in the period then ended. 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, 2010, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Corporate High Yield Fund, Inc. and BlackRock Corporate High Yield Fund III, Inc. as of February 28, 2010, the results of their operations and their cash flows for the year then ended, the changes in their net assets for the year ended February 28, 2010, for the period June 1, 2008 to February 28, 2009 and for the year 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, 2010, 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 five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Princeton, New Jersey
April 29, 2010

Important Tax Information (Unaudited)

The following information is provided with respect to the ordinary income distributions paid by the Funds for the taxable year ended February 28, 2010:

| COY | CYE | DSU | FRB | ARK |
|-----|-----|-----|-----|-----|
|-----|-----|-----|-----|-----|

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| Interest-Related Dividends for Non-U.S. Residents ⁽¹⁾ | | | | | | |
|--|--------|--------|--------|--------|--------|--|
| Month Paid: | | | | | | |
| March 2009 | 79.23% | 81.85% | 79.16% | 78.20% | 85.87% | |
| April 2009 | 79.23% | 81.85% | 77.51% | 82.59% | 85.87% | |
| May 2009 | 83.91% | 81.85% | 77.51% | 84.35% | 85.87% | |
| June 2009 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| July 2009 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| August 2009 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| September 2009 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| October 2009 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| November 2009 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| December 2009 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| January 2010 | 88.36% | 81.85% | 77.51% | 84.35% | 85.87% | |
| February 2010 | 55.19% | 70.65% | | | 72.57% | |

⁽¹⁾ Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. 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 DSU and ARK and Computershare Trust Company, N.A. for COY, CYE and FRB (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 Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen | Public Directorships |
|---|--|--|---|--|--|
| Non-Interested Directors¹ | | | | | |
| Richard E. Cavanagh 55 East 52nd Street New York, NY 10055 1946 | Chairman of the Board and Director | Since 2007 | Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; 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. | 99 RICs consisting of 97 Portfolios | Arch Chemical (chemical and allied products) |
| Karen P. Robards 55 East 52nd Street New York, NY 10055 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; Director of Enable Medical Corp. from 1996 to 2005; Investment banker at Morgan Stanley from 1976 to 1987. | 99 RICs consisting of 97 Portfolios | AtriCure, Inc. (medical devices); Care Investment Trust, Inc. (health care real estate investment trust) |
| G. Nicholas Beckwith, III 55 East 52nd Street New York, NY 10055 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; Director, Shady Side Hospital Foundation since 1977; Director, 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; Trustee, Chatham University since 1981; Trustee, University of Pittsburgh since 2002; Emeritus Trustee, Shady Side Academy since 1977; Chairman and Manager, Penn West Industrial Trucks LLC (sales, rental | 99 RICs consisting of 97 Portfolios | None |

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and servicing of material handling equipment) from 2005 to 2007; Chairman, President and Chief Executive Officer, Beckwith Machinery Company (sales, rental and servicing of construction equipment) from 1985 to 2005; Director, National Retail Properties (REIT) from 2006 to 2008.

| | | | | | |
|---|---|---------------|---|--|--|
| Frank J. Fabozzi 55 East 52nd Street New York, NY 10055 1948 | Director and Member of the Audit Committee | Since 2007 | 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; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006. | 99 RICs consisting of 97 Portfolios | None |
| Kathleen F. Feldstein 55 East 52nd Street New York, NY 10055 1941 | Director | Since 2007 | President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; 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; Director, Catholic Charities of Boston since 2009. | 99 RICs consisting of 97 Portfolios | The McClatchy Company (publishing) |
| James T. Flynn 55 East 52nd Street New York, NY 10055 1939 | Director and Member of the Audit Committee | Since 2007 | Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995. | 99 RICs consisting of 97 Portfolios | None |
| Jerrold B. Harris 55 East 52nd Street New York, NY 10055 1942 | Director | Since 2007 | Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000. | 99 RICs consisting of 97 Portfolios | BlackRock Kelso Capital Corp. |

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 Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen Directorships | Public |
|--|--|--|---|--|---|
| Non-Interested Directors¹ (concluded) | | | | | |
| R. Glenn Hubbard 55 East 52nd Street New York, NY 10055 1958 | Director | Since 2007 | Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director, Columbia Business School's Entrepreneurship Program from 1997 to 2004; Visiting Professor, John F. Kennedy School of Government at Harvard University and the Harvard Business School since 1985 and at the University of Chicago since 1994; Chairman, US Council of Economic Advisers under the President of the United States from 2001 to 2003. | 99 RICs consisting of 97 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 55 East 52nd Street New York, NY 10055 1951 | Director and Member of the Audit Committee | Since 2007 | George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs since 2006; 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. | 99 RICs consisting of 97 Portfolios | None |

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

² Date shown is the earliest date a person has served for the Fund covered by this annual report. Following the combination of Merrill Lynch Investment Managers, L.P. (MLIM) and BlackRock, Inc. (BlackRock) in September 2006, the various legacy MLIM and legacy BlackRock Fund boards were realigned and consolidated into three new Fund boards in 2007. As a result, although the chart shows 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

| | | | | | |
|--|-----------------|-----------------------|---|--|-------------|
| <p>Richard S. Davis 55 East 52nd Street New York, NY 10055 1945</p> | <p>Director</p> | <p>Since 2007</p> | <p>Managing Director, BlackRock, Inc. since 2005; Chief Executive Officer, State Street Research & Management Company from 2000 to 2005; Chairman of the Board of Trustees, State Street Research Mutual Funds from 2000 to 2005; Chairman, SSR Realty from 2000 to 2004.</p> | <p>170 RICs consisting of 298 Portfolios</p> | <p>None</p> |
| <p>Henry Gabbay 55 East 52nd Street New York, NY 10055 1947</p> | <p>Director</p> | <p>Since 2007</p> | <p>Consultant, BlackRock, Inc. from 2007 to 2008; Managing Director, BlackRock, Inc. from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.</p> | <p>170 RICs consisting of 298 Portfolios</p> | <p>None</p> |

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 The PNC Financial Services Group, Inc. 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 | | | |
| Anne Ackerley 55 East 52nd Street New York, NY 10055 1962 | President and Chief Executive Officer | Since 2009 | Managing Director of BlackRock, Inc. since 2000; Vice President of the BlackRock-advised Funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group (GCG) since 2009; Chief Operating Officer of BlackRock's U.S. Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006. |
| Brendan Kyne 55 East 52nd Street New York, NY 10055 1977 | Vice President | Since 2009 | Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Product Development and Management for BlackRock's U.S. Retail Group since 2009, Co-head thereof from 2007 to 2009; Vice President of BlackRock, Inc. from 2005 to 2008. |
| Neal Andrews 55 East 52nd Street New York, NY 10055 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 (U.S.) Inc. (formerly PFPC Inc.) from 1992 to 2006. |
| Jay Fife 55 East 52nd Street New York, NY 10055 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 Kindelan 55 East 52nd Street New York, NY 10055 1959 | Chief Compliance Officer | 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 Surloff 55 East 52nd Street New York, NY 10055 1965 | Secretary | Since 2007 | Managing Director of BlackRock, Inc. and General Counsel of U.S. Funds at BlackRock, Inc. since 2006; Formerly General Counsel (U.S.) 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.

Investment Advisor

BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisor

BlackRock Financial Management, Inc.
New York, NY 10055

Custodians

JPMorgan Chase Bank, N.A.²
New York, NY 10017

State Street Bank and Trust Company³
Boston, MA 02111

The Bank of New York Mellon⁴
New York, NY 10286

Transfer Agents

BNY Mellon Shareowner Services⁴
Jersey City, NJ 07310

Computershare Trust Company, N.A.^{2,3}
Providence, RI 02940

Accounting Agent

State Street Bank and Trust Company
Princeton, NJ 08540

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Princeton, NJ 08540

Legal Counsel

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

Address of the Funds

100 Bellevue Parkway
Wilmington, DE 19809

² For COY.

³ For CYE and FRB.

⁴ For DSU and ARK.

Effective January 1, 2010, Kent Dixon, a Director of the Funds, retired.

Effective March 31, 2010, G. Nicholas Beckwith, III, a Director of the Funds, resigned.

The Funds' Board of Directors wishes both Mr. Dixon and Mr. Beckwith well.

Additional Information

Dividend Policy

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

Fund Certification

The Funds 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.

General Information

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

During the period, there were no material changes in the Funds' investment objectives or policies or to the Funds' charter 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' portfolio.

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 website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website into this report.

Electronic Delivery

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

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

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

Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate

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duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 441-7762.

Availability of Quarterly Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (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 (202) 551-8090. Each Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

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

Availability of Proxy Voting Record

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

Additional Information (continued)

Section 19(a) Notices

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

**February
28, 2010**

| | Total Cumulative Distributions for the Fiscal Year | | | % Breakdown of the Total Cumulative Distributions for the Fiscal Year | | | | |
|-----|---|-------------------------------------|-------------------------|--|-----------------------------|-------------------------------------|-------------------------|---------------------------------|
| | 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 |
| DSU | \$ 0.39040 | | \$ 0.00860 | \$ 0.39900 | 98% | 0% | 2% | 100% |
| FRB | \$ 0.97983 | | \$ 0.07827 | \$ 1.05810 | 93% | 0% | 7% | 100% |
| ARK | \$ 0.30000 | | | \$ 0.30000 | 100% | 0% | 0% | 100% |

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

Additional Information (concluded)

BlackRock Privacy Principles

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

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

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

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

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

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

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- Item 2 – Code of Ethics – The registrant (or the “Fund”) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant’s principal executive officer, principal financial officer 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 (retired effective December 31, 2009)
- Frank J. Fabozzi
- James T. Flynn
- W. Carl Kester
- Karen P. Robards

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

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

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

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

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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 | \$49,300 | \$0 | \$0 | \$6,100 | \$6,100 | \$0 | \$1,028 |

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. | \$16,877 | \$412,128 |

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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) – \$10,777, 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 (retired effective December 31, 2009)

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

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 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>.

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Item 8 – Portfolio Managers of Closed-End Management Investment Companies – as of February 28, 2010.

(a)(1) 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 – 2007. 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 February 28, 2010:

| (i) Name of Portfolio Manager | (ii) Number of Other Accounts Managed and Assets by Account Type Other | | | (iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based Other | | |
|-------------------------------|--|----------------|-----------------|---|----------------|-----------------|
| | Registered | Other Pooled | Other | Registered | Other Pooled | Other |
| | Investment | Investment | Investment | Investment | Investment | Investment |
| | Companies | Vehicles | Accounts | Companies | Vehicles | Accounts |
| Leland T. Hart | 8 | 1 | 0 | 0 | 0 | 0 |
| | \$2.25 Billion | \$39.1 Million | \$0 | \$0 | \$0 | \$0 |
| James E. Keenan | 22 | 22 | 48 | 0 | 11 | 6 |
| | \$8.36 Billion | \$7.22 Billion | \$5.25 Billion | \$0 | \$4.95 Billion | \$714.5 Million |
| C. Adrian Marshall | 8 | 16 | 5 | 0 | 10 | 0 |
| | \$2.25 Billion | \$5.62 Billion | \$620.1 Million | \$0 | \$4.87 Billion | \$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 to BlackRock, or in which portfolio

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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 Messrs. Keenan and Marshall currently manage certain accounts that are subject to performance fees. In addition, Mr. Keenan assists 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 February 28, 2010:

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.

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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 | Applicable Benchmarks |
|--------------------------|--|
| 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 Keenan | A combination of market-based indices (e.g., The Barclays Capital U.S. Corporate High Yield 2% Issuer Capped TM 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.

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Long-Term Retention and Incentive Plan ("LTIP") – From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Keenan 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 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 is eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* – February 28, 2010.

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

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.

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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.
- 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/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer of
BlackRock Debt Strategies Fund, Inc.

Date: April 28, 2010

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/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer (principal executive officer) of
BlackRock Debt Strategies Fund, Inc.

Date: April 28, 2010

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

Date: April 28, 2010
