

BLACKROCK DEBT STRATEGIES FUND, INC.
Form N-CSR
May 06, 2011
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: John M. Perlowski, 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: 02/28/2011

Date of reporting period: 02/28/2011

Item 1 – Report to Stockholders

February 28, 2011

Annual Report

BlackRock Corporate High Yield Fund, Inc. (COY)

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

BlackRock Debt Strategies Fund, Inc. (DSU)

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

BlackRock Senior High Income Fund, Inc. (ARK)

**Not FDIC Insured § No
Bank Guarantee § May
Lose Value**

Table of Contents

| | Page |
|--|-------------|
| <u>Dear Shareholder</u> | 3 |
| Annual Report: | |
| <u>Fund Summaries</u> | 4 |
| <u>The Benefits and Risks of Leveraging</u> | 14 |
| <u>Derivative Financial Instruments</u> | 14 |
| Financial Statements: | |
| <u>Schedules of Investments</u> | 15 |
| <u>Statements of Assets and Liabilities</u> | 60 |
| <u>Statements of Operations</u> | 61 |
| <u>Statements of Changes in Net Assets</u> | 62 |
| <u>Statements of Cash Flows</u> | 64 |
| <u>Financial Highlights</u> | 65 |
| <u>Notes to Financial Statements</u> | 70 |
| <u>Report of Independent Registered Public Accounting Firm</u> | 79 |
| <u>Important Tax Information (Unaudited)</u> | 79 |
| <u>Automatic Dividend Reinvestment Plans</u> | 80 |
| <u>Officers and Directors</u> | 81 |
| <u>Additional Information</u> | 84 |

Dear Shareholder

Over the past 12 months, we have seen a sluggish, stimulus-driven economic recovery at long last gain real traction, accelerate, and transition into a consumption-driven expansion. For the most part, 2010 was plagued with widely fluctuating economic data, but as the year drew to a close, it became clear that cyclical stimulus had beaten out structural problems as economic data releases generally became more positive and financial markets showed signs of continuing improvement. Although the sovereign debt crises and emerging market inflation that troubled the global economy in 2010 remain a challenge, overall investor sentiment considerably improved. Near the end of the period, geopolitical tensions across the Middle East North Africa (MENA) region along with rising oil prices introduced new cause for concern about the future of the global economy. As of this writing, economic news remains fairly positive although we face additional uncertainties related to the aftermath of the devastating earthquake in Japan, with particular focus on the damage to nuclear power plants.

In the United States, strength from the corporate sector and increasing consumer spending have been key drivers of economic growth, while the housing and labor markets have been the heaviest burdens. While housing has yet to show any meaningful sign of improvement, labor statistics have delivered a mixed bag month after month, but became increasingly encouraging toward the end of the period when the unemployment rate fell to its lowest level since April 2009.

Global equity markets experienced uneven growth and high volatility over the course of 2010, but ended the year strong. Following a strong start to 2011, stocks lost their momentum on the back of geopolitical events in the MENA region and a sharp rise in oil prices. Overall, equities posted strong returns for the 12-month period. US stocks outpaced most international markets and small cap stocks outperformed large caps as investors moved into higher-risk assets.

Fixed income markets saw yields trend lower over most of 2010, until the fourth quarter brought an abrupt reversal in sentiment and risk tolerance that drove yields sharply upward (pushing bond prices down) through year end. Improving economic data continued to pressure fixed income yields in 2011; however, escalating geopolitical risks have acted as a counterweight, restoring relative stability to yield movements. Nevertheless, the yield curve remained steep and higher-risk sectors outperformed the fixed income market.

The tax-exempt municipal market enjoyed a powerful rally during the period of low interest rates in 2010; however, when the yield trend reversed, the market was dealt an additional blow as it became evident that the Build America Bond program would expire at year end. In addition, negative headlines regarding fiscal challenges faced by state and local governments damaged investor confidence and further heightened volatility in the municipal market. Tax-exempt mutual funds experienced heavy outflows, resulting in wider quality spreads and further downward pressure on municipal bond prices. These headwinds began to abate as the period came to a close and municipals finally posted gains in February, following a five-month run of negative performance.

Cash investments, as represented by the 3-month Treasury bill, returned only a fraction over 0% for the 12-month period as short-term interest rates remained low. Yields on money market securities remain near all-time lows.

| Total returns as of February 28, 2011 | 6-month | 12-month |
|--|----------------|-----------------|
| US large cap equities (S&P 500 Index) | 27.73% | 22.57% |
| US small cap equities (Russell 2000 Index) | 37.55 | 32.60 |
| International equities (MSCI Europe, Australasia, Far East Index) | 23.77 | 20.00 |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index) | 0.07 | 0.14 |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index) | (6.04) | 4.76 |
| US investment grade bonds (Barclays Capital US Aggregate Bond Index) | (0.83) | 4.93 |
| Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index) | (3.51) | 1.72 |

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

US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)

10.05

17.34

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

While no one can peer into a crystal ball and eliminate the uncertainties presented by the economic landscape and financial markets, BlackRock can offer investors the next best thing: partnership with the world's largest asset management firm and a unique global perspective that allows us to identify trends early and capitalize on market opportunities. For additional market perspective and investment insight, visit www.blackrock.com/shareholdermagazine, where you'll 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

3

Fund Summary as of February 28, 2011

BlackRock Corporate High Yield Fund, Inc.

Investment Objective

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

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

Portfolio Management Commentary

How did the Fund perform?

For the 12 months ended February 28, 2011, the Fund returned 11.66% based on market price and 22.11% 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 21.06% based on market price and 21.40% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

High yield bonds outperformed the broader fixed income market as risk assets rallied during the period. Lower-quality high yield bonds outperformed higher-quality issues. The bank loan sector also posted strong returns, but underperformed high yield. The largest contributor to the Fund s performance was individual security selection, particularly among lower-quality credits and special situations in the automotive sector, including manufacturers of automobiles, auto parts and components. Within the Fund s small allocation to common stocks, its holdings in Delphi boosted returns. The Fund s limited exposure to high-quality, non-investment grade proved beneficial, as did its large allocation to lower-quality credits later in the period.

During the period, the Fund maintained leverage at an average amount between 18% and 20% of its total managed assets, which detracted from relative performance versus competitors that maintained higher levels of leverage, as would be expected when markets are advancing. The Fund s significant holdings in mid-tier speculative grade names for most of the period detracted modestly as they underperformed their lower-quality counterparts. Also having a negative impact was the Fund s exposure to bank loans; however, the Fund continues to hold a number of loans issued by speculative companies where we believe the loans are the most attractive instrument in the company s capital structure.

Describe recent portfolio activity.

Over the period, the Fund shifted its overall positioning from a more conservative stance to that which is more consistent with a gradually improving economy. The Fund reduced its exposure to the automotive sector and increased exposure to lower-quality credits as well as sectors where companies are positioned to benefit from rising commodity prices.

Describe portfolio positioning at period end.

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

At period end, the Fund held 85% of its total portfolio in corporate bonds, 7% in floating rate loan interests and 5% in common stocks. Cash positions were negligible for most of the period. The Fund ended the period with leverage at approximately 20% of its total managed assets.

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

BlackRock Corporate High Yield Fund, Inc.

Fund Information

| | |
|---|---------------|
| Symbol on New York Stock Exchange (NYSE) | COY |
| Initial Offering Date | June 25, 1993 |
| Yield on Closing Market Price as of February 28, 2011 (\$7.03) ¹ | 8.71% |
| Current Monthly Distribution per Share ² | \$0.051 |
| Current Annualized Distribution per Share ² | \$0.612 |
| Leverage as of February 28, 2011 ³ | 20% |

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 borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

| | 2/28/11 | 2/28/10 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 7.03 | \$ 6.88 | 2.18% | \$ 7.24 | \$ 5.50 |
| Net Asset Value | \$ 7.42 | \$ 6.64 | 11.75% | \$ 7.44 | \$ 6.60 |

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

| | 2/28/11 | 2/28/10 |
|------------------------------|---------|---------|
| Corporate Bonds | 85% | 82% |
| Floating Rate Loan Interests | 7 | 13 |
| Common Stocks | 5 | 3 |
| Other Interests | 2 | 2 |
| Preferred Stocks | 1 | |

Credit Quality Allocations⁴

| | 2/28/11 | 2/28/10 |
|-----------|---------|---------|
| A | 1% | |
| BBB/Baa | 4 | 3% |
| BB/Ba | 31 | 30 |
| B | 46 | 46 |
| CCC/Caa | 13 | 12 |
| CC/Ca | | 1 |
| D | | 1 |
| Not Rated | 5 | 7 |

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

Fund Summary as of February 28, 2011

BlackRock Corporate High Yield Fund III, Inc.

Investment Objective

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

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

Portfolio Management Commentary

How did the Fund perform?

For the 12 months ended February 28, 2011, the Fund returned 16.99% based on market price and 23.50% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 21.06% based on market price and 21.40% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

High yield bonds outperformed the broader fixed income market as risk assets rallied during the period. Lower-quality high yield bonds outperformed higher-quality issues. The bank loan sector also posted strong returns, but underperformed high yield. The largest contributor to the Fund s performance was individual security selection, particularly among lower-quality credits and special situations in the automotive sector, including manufacturers of automobiles, auto parts and components. Within the Fund s small allocation to common stocks, its holdings in Delphi boosted returns. The Fund s limited exposure to high-quality, non-investment grade proved beneficial, as did its large allocation to lower-quality credits later in the period.

During the period, the Fund maintained leverage at an average amount between 20% and 22% of its total managed assets, which detracted from relative performance versus competitors that maintained higher levels of leverage, as would be expected when markets are advancing. The Fund s significant holdings in mid-tier speculative grade names for most of the period detracted modestly as they underperformed their lower-quality counterparts. Also having a negative impact was the Fund s exposure to bank loans; however, the Fund continues to hold a number of loans issued by speculative companies where we believe the loans are the most attractive instrument in the company s capital structure.

Describe recent portfolio activity.

Over the period, the Fund shifted its overall positioning from a more conservative stance to that which is more consistent with a gradually improving economy. The Fund reduced its exposure to the automotive sector and increased exposure to lower-quality credits as well as sectors where companies are positioned to benefit from rising commodity prices.

Describe portfolio positioning at period end.

At period end, the Fund held 80% of its total portfolio in corporate bonds, 11% in floating rate loan interests and 5% in common stocks. Cash positions were negligible for most of the period. The Fund ended the period with leverage at approximately 24% of its total

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

managed assets.

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

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

| | |
|---|------------------|
| Symbol on NYSE | CYE |
| Initial Offering Date | January 30, 1998 |
| Yield on Closing Market Price as of February 28, 2011 (\$7.14) ¹ | 8.40% |
| Current Monthly Distribution per Share ² | \$0.05 |
| Current Annualized Distribution per Share ² | \$0.60 |
| Leverage as of February 28, 2011 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.

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 borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

| | 2/28/11 | 2/28/10 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 7.14 | \$ 6.67 | 7.05% | \$ 7.24 | \$ 5.29 |
| Net Asset Value | \$ 7.56 | \$ 6.69 | 13.00% | \$ 7.58 | \$ 6.66 |

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

| | 2/28/11 | 2/28/10 |
|------------------------------|---------|---------|
| Corporate Bonds | 80% | 81% |
| Floating Rate Loan Interests | 11 | 13 |
| Common Stocks | 5 | 4 |
| Preferred Stocks | 2 | |
| Other Interests | 2 | 2 |

Credit Quality Allocations⁴

| | 2/28/11 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa | 4% | 3% |
| BB/Ba | 31 | 29 |
| B | 46 | 47 |
| CCC/Caa | 14 | 12 |
| D | | 1 |
| Not Rated | 5 | 8 |

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

Fund Summary as of February 28, 2011

BlackRock Debt Strategies Fund, Inc.

Investment Objective

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

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

Portfolio Management Commentary

How did the Fund perform?

For the 12 months ended February 28, 2011, the Fund returned 12.90% based on market price and 19.92% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 21.06% based on market price and 21.40% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

High yield bonds outperformed the broader fixed income market as risk assets rallied during the period. Lower-quality high yield bonds outperformed higher-quality issues. The bank loan sector also posted strong returns, but underperformed high yield. While the Fund's average allocation of 41% to high yield contributed to performance on an absolute basis, its average allocation of 52% to bank loans hurt performance relative to its Lipper category competitors, which invest primarily in high yield bonds. Additionally, the Fund maintained leverage at an average amount between 18% and 23% of its total managed assets, which detracted from relative performance versus competitors that maintained higher levels of leverage, as would be expected when markets are advancing. Lastly, the Fund's underexposure to lower-quality, speculative grade credits detracted modestly from performance as lower quality outperformed during the period.

Contributing positively to performance was security selection within the Fund's high yield allocation, particularly among lower-quality credits and special situations in the automotive sector, including manufacturers of automobiles, auto parts and components. The Fund's equity position, although small, boosted returns. In addition, limited exposure to high-quality, non-investment grade proved beneficial.

Describe recent portfolio activity.

Over the period, the Fund shifted its overall positioning from a more conservative stance to that which is more consistent with a gradually improving economy. In particular, the Fund increased its exposure to sectors where companies are positioned to benefit from rising commodity prices. In addition, the Fund increased its leverage during the period.

Describe portfolio positioning at period end.

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

At period end, the Fund held 43% of its total portfolio in corporate bonds, 53% in floating rate loan interests and 2% in asset-backed securities. Cash positions were negligible for most of the period. The Fund ended the period with leverage at approximately 20% of its total managed assets.

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

BlackRock Debt Strategies Fund, Inc.**Fund Information**

| | |
|---|----------------|
| Symbol on NYSE | DSU |
| Initial Offering Date | March 27, 1998 |
| Yield on Closing Market Price as of February 28, 2011 (\$4.05) ¹ | 8.00% |
| Current Monthly Distribution per Share ² | \$0.027 |
| Current Annualized Distribution per Share ² | \$0.324 |
| Leverage as of February 28, 2011 ³ | 20% |

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 borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

| | 2/28/11 | 2/28/10 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 4.05 | \$ 3.91 | 3.58% | \$ 4.42 | \$ 2.95 |
| Net Asset Value | \$ 4.28 | \$ 3.89 | 10.03% | \$ 4.28 | \$ 3.89 |

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

| | 2/28/11 | 2/28/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 53% | 47% |
| Corporate Bonds | 43 | 49 |
| Asset-Backed Securities | 2 | |
| Common Stocks | 1 | 4 |
| Other Interests | 1 | |

Credit Quality Allocations⁴

| | 2/28/11 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa | 7% | 5% |
| BB/Ba | 29 | 27 |
| B | 45 | 44 |
| CCC/Caa | 11 | 11 |
| D | | 1 |
| Not Rated | 8 | 12 |

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

Fund Summary as of February 28, 2011

BlackRock Floating Rate Income Strategies Fund II, Inc.

Investment Objective

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

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

Portfolio Management Commentary

How did the Fund perform?

For the 12 months ended February 28, 2011, the Fund returned 1.19% based on market price and 14.20% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 16.47% based on market price and 12.22% based on NAV. All returns reflect reinvestment of dividends. The Fund s premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

The bank loan sector posted strong returns as risk assets rallied during the period. Lower-quality sectors and credits outperformed their higher-quality counterparts and the high yield sector outperformed bank loans. Because the Fund invests primarily in bank loans, the use of leverage had a positive impact on returns (on an absolute basis) as these sectors advanced. Holding a greater allocation to high yield bonds relative to its Lipper category competitors drove the Fund s outperformance.

The Fund maintains a relatively conservative portfolio, weighted toward higher-quality speculative investments, which detracted from relative performance as lower quality outperformed during the period. In addition, the Fund maintains a lower level of leverage (at an average amount between 19% and 23% of its total managed assets) than the average level maintained by its Lipper category competitors, which detracted from performance on a relative basis.

Describe recent portfolio activity.

During the period, the Fund modestly increased its level of risk and use of leverage as market conditions improved. In particular, the Fund increased exposure to lower-quality credits and sectors that are more favorably impacted by rising commodity prices and an improving economy.

Describe portfolio positioning at period end.

At period end, the Fund held 81% of its total portfolio in floating rate loan interests and 15% in corporate bonds, with the remainder in asset-backed securities, common stocks and equity equivalents. Cash positions were negligible for most of the period. The Fund ended the period with leverage at approximately 20% of its total managed assets.

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

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

| | |
|--|---------------|
| Symbol on NYSE | FRB |
| Initial Offering Date | July 30, 2004 |
| Yield on Closing Market Price as of February 28, 2011 (\$14.22) ¹ | 6.33% |
| Current Monthly Distribution per Share ² | \$0.075 |
| Current Annualized Distribution per Share ² | \$0.900 |
| Leverage as of February 28, 2011 ³ | 20% |

- 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.
- The distribution rate is not constant and is subject to change.
- Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

| | 2/28/11 | 2/28/10 | Change | High | Low |
|-----------------|----------|----------|---------|----------|----------|
| Market Price | \$ 14.22 | \$ 15.01 | (5.26)% | \$ 15.63 | \$ 12.80 |
| Net Asset Value | \$ 14.07 | \$ 13.16 | 6.91% | \$ 14.07 | \$ 13.03 |

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

| | 2/28/11 | 2/28/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 81% | 73% |
| Corporate Bonds | 15 | 26 |
| Asset-Backed Securities | 3 | |
| Other Interests | 1 | 1 |

Credit Quality Allocations⁴

| | 2/28/11 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa | 7% | 6% |
| BB/Ba | 34 | 34 |
| B | 42 | 38 |
| CCC/Caa | 8 | 10 |
| CC/Ca | | 1 |
| D | | 2 |
| Not Rated | 9 | 9 |

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

Fund Summary as of February 28, 2011

BlackRock Senior High Income Fund, Inc.

Investment Objective

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

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

Portfolio Management Commentary

How did the Fund perform?

For the 12 months ended February 28, 2011, the Fund returned 15.13% based on market price and 17.13% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 21.06% based on market price and 21.40% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

High yield bonds outperformed the broader fixed income market as risk assets rallied during the period. Lower-quality high yield bonds outperformed higher-quality issues. The bank loan sector also posted strong returns, but underperformed high yield. While the Fund s average allocation to high yield contributed to performance on an absolute basis, its average allocation to bank loans hurt performance relative to its Lipper category competitors, which invest primarily in high yield bonds. Additionally, the Fund maintained leverage at an average amount between 18% and 22% of its total managed assets, which detracted from relative performance versus competitors that maintained higher levels of leverage, as would be expected when markets are advancing. Lastly, the Fund s underexposure to lower-quality, speculative grade credits detracted modestly from performance as lower quality outperformed during the period.

Contributing positively to performance was security selection within the Fund s high yield allocation, particularly among lower-quality credits and special situations in the automotive sector, including manufacturers of automobiles, auto parts and components. The Fund s equity position, although small, boosted returns. In addition, limited exposure to high-quality, non-investment grade proved beneficial.

Describe recent portfolio activity.

Over the period, the Fund shifted its overall positioning from a more conservative stance to that which is more consistent with a gradually improving economy. In particular, the Fund increased its exposure to sectors where companies are positioned to benefit from rising commodity prices. In addition, the Fund increased its leverage during the period.

Describe portfolio positioning at period end.

At period end, the Fund held 43% of its total portfolio in corporate bonds and 53% in floating rate loan interests, with the remainder in asset-backed securities, common stocks and equity equivalents. Cash positions were negligible for most of the period. The Fund ended the period with leverage at approximately 17% of its total managed assets.

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

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

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

| | |
|---|----------------|
| Symbol on NYSE | ARK |
| Initial Offering Date | April 30, 1993 |
| Yield on Closing Market Price as of February 28, 2011 (\$4.18) ¹ | 7.18% |
| Current Monthly Distribution per Common Share ² | \$0.025 |
| Current Annualized Distribution per Common Share ² | \$0.300 |
| Leverage as of February 28, 2011 ³ | 17% |

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 borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

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

| | 2/28/11 | 2/28/10 | Change | High | Low |
|-----------------|---------|---------|--------|---------|---------|
| Market Price | \$ 4.18 | \$ 3.94 | 6.09% | \$ 4.48 | \$ 3.59 |
| Net Asset Value | \$ 4.22 | \$ 3.91 | 7.93% | \$ 4.22 | \$ 3.87 |

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

| | 2/28/11 | 2/28/10 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 53% | 46% |
| Corporate Bonds | 43 | 52 |
| Asset-Backed Securities | 2 | |
| Common Stocks | 1 | 2 |
| Other Interests | 1 | |

Credit Quality Allocations⁴

| | 2/28/11 | 2/28/10 |
|-----------|---------|---------|
| BBB/Baa | 9% | 5% |
| BB/Ba | 31 | 33 |
| B | 49 | 43 |
| CCC/Caa | 3 | 11 |
| D | | 1 |
| Not Rated | 8 | 7 |

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 financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

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

To illustrate these concepts, assume a Fund's capitalization is \$100 million and it 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 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 Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Funds' borrowings does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAV positively or negatively in addition to the impact on Fund performance from leverage from borrowings discussed above.

The use of leverage may enhance opportunities for increased income to the Funds 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 the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' 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, the Funds' net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit the Funds' ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through their credit facility up to 33 $\frac{1}{3}$ % of their total managed assets. As of February 28, 2011, the Funds had outstanding leverage from borrowings as a percentage of their total managed assets as follows:

| | Percent of Leverage |
|-----|------------------------|
| COY | 20% |
| CYE | 24% |
| DSU | 20% |

| | |
|-----|-----|
| FRB | 20% |
| ARK | 17% |

Derivative Financial Instruments

The Funds may invest in various derivative instruments, including financial futures contracts, swaps, foreign currency exchange contracts and options, as specified in Note 2 of the Notes to Financial Statements, which may 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 use a derivative instrument

successfully depends on the investment advisor's ability to predict pertinent market movements accurately, 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 investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments February 28, 2011

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

| Common Stocks | Shares | Value |
|---|--------|------------|
| Auto Components 0.3% | | |
| Dana Holding Corp. (a) | 47,900 | \$ 904,352 |
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. (a) | 26,900 | 429,862 |
| Chemicals 0.0% | | |
| Wellman Holdings, Inc. (a) | 1,425 | 71 |
| Commercial Banks 0.1% | | |
| CIT Group, Inc. (a) | 6,302 | 273,003 |
| Communications Equipment 0.5% | | |
| Loral Space & Communications Ltd. (a) | 18,513 | 1,400,694 |
| Construction Materials 0.0% | | |
| Nortek, Inc. (a) | 2,020 | 89,890 |
| Containers & Packaging 0.0% | | |
| Smurfit Kappa Plc (a) | 3,634 | 45,133 |
| Diversified Financial Services 0.3% | | |
| Bank of America Corp. | 53,000 | 757,370 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (a) | 67,974 | 1,427 |
| Food Products 0.1% | | |
| Zhongpin, Inc. (a) | 10,737 | 199,601 |
| Health Care Equipment & Supplies 0.1% | | |
| Zimmer Holdings, Inc. (a) | 5,148 | 320,926 |
| Household Durables 0.3% | | |
| Beazer Homes USA, Inc. | 65,388 | 304,054 |
| Pulte Group, Inc. (a) | 56,704 | 391,258 |
| | | 695,312 |
| Machinery 0.2% | | |
| Navistar International Corp. (a) | 7,184 | 445,264 |
| Media 1.0% | | |
| Charter Communications, Inc. (a) | 50,616 | 2,316,694 |
| Clear Channel Outdoor Holdings, Inc., Class A (a) | 10,254 | 151,144 |

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

| | | |
|--|---------------|--------------|
| | | 2,467,838 |
| Metals & Mining 0.1% | | |
| African Minerals Ltd. (a) | 27,300 | 240,319 |
| Oil, Gas & Consumable Fuels 0.7% | | |
| Alpha Natural Resources, Inc. (a) | 11,200 | 607,264 |
| Marathon Oil Corp. | 26,200 | 1,299,520 |
| | | 1,906,784 |
| Paper & Forest Products 0.2% | | |
| Ainsworth Lumber Co. Ltd. (a) | 36,744 | 121,402 |
| Ainsworth Lumber Co. Ltd. (a)(b) | 41,686 | 137,730 |
| Western Forest Products, Inc. (a) | 147,968 | 112,703 |
| Western Forest Products, Inc. (a)(b) | 41,528 | 31,631 |
| | | 403,466 |
| Road & Rail 0.3% | | |
| Dollar Thrifty Automotive Group, Inc. (a) | 16,300 | 865,693 |
| Common Stocks | | |
| | Shares | Value |
| Semiconductors & Semiconductor Equipment 0.4% | | |
| Spansion, Inc., Class A (a) | 42,792 | \$ 901,627 |
| SunPower Corp., Class B (a) | 352 | 5,942 |
| | | 907,569 |
| Software 0.2% | | |
| Bankruptcy Management Solutions, Inc. (a) | 468 | 1,637 |
| HMH Holdings/EduMedia (a) | 82,415 | 412,075 |
| | | 413,712 |
| Wireless Telecommunication Services 0.7% | | |
| American Tower Corp., Class A (a) | 10,566 | 570,141 |
| Crown Castle International Corp. (a) | 25,463 | 1,073,266 |
| FiberTower Corp. (a) | 76,542 | 254,119 |
| | | 1,897,526 |
| Total Common Stocks 5.7% | | 14,665,812 |

Corporate Bonds

**Par
(000)**

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

| Aerospace & Defense 0.3% | | | |
|--|-----|-----|---------|
| DynCorp International, Inc., 10.38%, 7/01/17 (b) | USD | 230 | 247,250 |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | | 430 | 484,825 |
| | | | 732,075 |

| Air Freight & Logistics 0.5% | | | |
|---|--|-----|-----------|
| National Air Cargo Group, Inc.: | | | |
| Series 1, 12.38%, 9/02/15 | | 663 | 663,146 |
| Series 2, 12.38%, 10/08/15 | | 670 | 669,517 |
| | | | 1,332,663 |

| Airlines 2.9% | | | |
|---|--|-------|-----------|
| Air Canada, 9.25%, 8/01/15 (b) | | 970 | 1,037,900 |
| American Airlines, Inc.: | | | |
| 10.50%, 10/15/12 | | 870 | 954,825 |
| Series 2001-2, 7.86%, 4/01/13 | | 390 | 402,675 |
| Continental Airlines, Inc.: | | | |
| 6.75%, 9/15/15 (b) | | 540 | 554,850 |
| Series 1997-4-B, 6.90%, 7/02/18 | | 382 | 387,652 |
| Series 2001-1-C, 7.03%, 12/15/12 | | 177 | 178,186 |
| Series 2010-1-B, 6.00%, 7/12/20 | | 400 | 399,000 |
| Delta Air Lines, Inc.: | | | |
| Series 2010-1-B, 6.38%, 7/02/17 | | 447 | 444,765 |
| Series B, 9.75%, 12/17/16 | | 879 | 949,590 |
| United Air Lines, Inc., 12.75%, 7/15/12 | | 1,964 | 2,194,949 |
| | | | 7,504,392 |

| Auto Components 1.5% | | | |
|---|--|-------|-----------|
| Allison Transmission, Inc. (b): | | | |
| 11.00%, 11/01/15 | | 220 | 239,250 |
| 11.25%, 11/01/15 (c) | | 164 | 178,760 |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | | | |
| | | 41 | 44,741 |
| Exide Technologies, 8.63%, 2/01/18 (b) | | 340 | 362,525 |
| Icahn Enterprises LP, 8.00%, 1/15/18 | | 2,995 | 3,099,825 |
| | | | 3,925,101 |

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 |
| FKA | Formerly Known As |
| GBP | British Pound |
| MSCI | Morgan Stanley Capital International |
| USD | US Dollar |

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2011

15

Schedule of Investments (continued)

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

| Corporate Bonds | | Par (000) | Value |
|---|-----|--------------|------------|
| Beverages 0.2% | | | |
| Cott Beverages, Inc., 8.13%, 9/01/18 | USD | 245 | \$ 263,681 |
| Crown European Holdings SA, 7.13%, 8/15/18 (b) | EUR | 225 | 330,673 |
| | | | 594,354 |
| Biotechnology 0.2% | | | |
| QHP Pharma, 10.25%, 3/15/15 (b) | USD | 477 | 480,405 |
| Building Products 1.2% | | | |
| Associated Materials LLC, 9.13%, 11/01/17 (b) | | 450 | 486,563 |
| Building Materials Corp. of America (b): | | | |
| 6.88%, 8/15/18 | | 490 | 502,250 |
| 7.00%, 2/15/20 | | 570 | 600,637 |
| Momentive Performance Materials, Inc.: | | | |
| 11.50%, 12/01/16 | | 155 | 168,175 |
| 9.00%, 1/15/21 (b) | | 1,175 | 1,249,906 |
| | | | 3,007,531 |
| Capital Markets 0.6% | | | |
| American Capital Ltd., 7.96%, 12/31/13 (d) | | 470 | 481,313 |
| E*Trade Financial Corp., 3.43%, 8/31/19 (b)(e)(f) | | 226 | 349,170 |
| KKR Group Finance Co., 6.38%, 9/29/20 (b) | | 600 | 618,195 |
| | | | 1,448,678 |
| Chemicals 3.4% | | | |
| American Pacific Corp., 9.00%, 2/01/15 | | 800 | 786,000 |
| Chemtura Corp., 7.88%, 9/01/18 (b) | | 490 | 523,075 |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b) | | 155 | 172,437 |
| Hexion U.S. Finance Corp.: | | | |
| 8.88%, 2/01/18 | | 690 | 740,887 |
| 9.00%, 11/15/20 (b) | | 340 | 361,675 |
| Huntsman International LLC (b): | | | |
| 6.88%, 11/15/13 | EUR | 260 | 366,862 |
| 8.63%, 3/15/21 | USD | 460 | 510,600 |
| Ineos Finance Plc, 9.00%, 5/15/15 (b) | | 385 | 422,537 |
| KRATON Polymers LLC, 6.75%, 3/01/19 (b) | | 115 | 117,300 |
| MacDermid, Inc., 9.50%, 4/15/17 (b) | | 1,180 | 1,256,700 |
| Nalco Co., 6.63%, 1/15/19 (b) | | 305 | 315,294 |
| Nexeo Solutions LLC, 8.38%, 3/01/18 (b)(g) | | 170 | 172,975 |
| OXEA Finance/Cy SCA (b): | | | |
| 9.50%, 7/15/17 | | 115 | 126,213 |
| 9.63%, 7/15/17 | EUR | 385 | 595,675 |

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

| | | | |
|---|-----|-----|-----------|
| Omnova Solutions, Inc., 7.88%, 11/01/18 (b) | USD | 135 | 138,544 |
| Polymer Group, Inc., 7.75%, 2/01/19 (b) | | 134 | 139,528 |
| PolyOne Corp., 7.38%, 9/15/20 | | 200 | 212,000 |
| Rhodia SA, 6.88%, 9/15/20 (b) | | 720 | 737,100 |
| TPC Group LLC, 8.25%, 10/01/17 (b) | | 310 | 329,762 |
| Wellman Holdings, Inc., Subordinate Note (e): | | | |
| (Second Lien), 10.00%, 1/29/19 (b) | | 790 | 687,300 |
| (Third Lien), 5.00%, 1/29/19 (c) | | 265 | 103,526 |
| | | | 8,815,990 |

Commercial Banks 2.8%

| | | | |
|------------------|--|-------|-----------|
| CIT Group, Inc.: | | | |
| 7.00%, 5/01/16 | | 2,125 | 2,143,594 |
| 7.00%, 5/01/17 | | 5,100 | 5,138,250 |
| | | | 7,281,844 |

Commercial Services & Supplies 1.7%

| | | | |
|--|--|-----|---------|
| ACCO Brands Corp., 10.63%, 3/15/15 | | 695 | 785,350 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (b) | | 480 | 516,000 |
| Casella Waste Systems, Inc., 7.75%, 2/15/19 (b) | | 350 | 358,750 |
| International Lease Finance Corp., 8.25%, 12/15/20 | | 298 | 331,525 |
| Mobile Mini, Inc., 7.88%, 12/01/20 (b) | | 210 | 223,650 |
| RSC Equipment Rental, Inc. (b): | | | |
| 10.00%, 7/15/17 | | 555 | 638,250 |
| 8.25%, 2/01/21 | | 540 | 571,050 |

| Corporate Bonds | | Par (000) | | Value |
|---|-----|--------------|----|-----------|
| Commercial Services & Supplies (concluded) | | | | |
| West Corp. (b): | | | | |
| 8.63%, 10/01/18 | USD | 695 | \$ | 736,700 |
| 7.88%, 1/15/19 | | 185 | | 189,856 |
| | | | | 4,351,131 |

Communications Equipment 0.2%

| | | | |
|--------------------------------|--|-----|---------|
| Avaya Inc., 7.00%, 4/01/19 (b) | | 390 | 386,100 |
|--------------------------------|--|-----|---------|

Computers & Peripherals 0.3%

| | | | |
|--------------------------------|--|-----|---------|
| EMC Corp., 1.75%, 12/01/13 (e) | | 460 | 803,850 |
|--------------------------------|--|-----|---------|

Construction Materials 1.3%

| | | | |
|----------------------|--|-------|-----------|
| Nortek, Inc.: | | | |
| 11.00%, 12/01/13 | | 2,029 | 2,160,861 |
| 10.00%, 12/01/18 (b) | | 1,090 | 1,163,575 |
| | | | 3,324,436 |

Consumer Finance 0.7%

| | | | |
|---|--|-----|---------|
| Credit Acceptance Corp., 9.13%, 2/01/17 | | 640 | 689,600 |
| Ford Motor Credit Co. LLC: | | | |
| 3.05%, 1/13/12 (h) | | 195 | 196,987 |
| 7.80%, 6/01/12 | | 200 | 213,289 |
| 6.63%, 8/15/17 | | 770 | 818,955 |

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

| | | | |
|--|-----|-------|------------|
| | | | 1,918,831 |
| Containers & Packaging 2.2% | | | |
| Ardagh Packaging Finance Plc, 7.38%, 10/15/17 (b) | EUR | 435 | 619,791 |
| Ball Corp., 6.75%, 9/15/20 | USD | 475 | 497,563 |
| Berry Plastics Corp.: | | | |
| 8.25%, 11/15/15 | | 125 | 133,906 |
| 9.75%, 1/15/21 (b) | | 850 | 852,125 |
| Graham Packaging Co. LP, 8.25%, 10/01/18 | | 230 | 247,825 |
| Graphic Packaging International, Inc.: | | | |
| 9.50%, 6/15/17 | | 810 | 899,100 |
| 7.88%, 10/01/18 | | 365 | 392,375 |
| OI European Group BV, 6.88%, 3/31/17 | EUR | 152 | 218,406 |
| Pregis Corp., 12.38%, 10/15/13 | USD | 535 | 539,012 |
| Smurfit Kappa Acquisitions (b): | | | |
| 7.25%, 11/15/17 | EUR | 465 | 680,181 |
| 7.75%, 11/15/19 | | 440 | 649,684 |
| | | | 5,729,968 |
| Diversified Consumer Services 1.2% | | | |
| Service Corp. International, 7.00%, 6/15/17 | USD | 2,800 | 2,982,000 |
| Diversified Financial Services 5.7% | | | |
| Ally Financial, Inc.: | | | |
| 7.50%, 12/31/13 | | 350 | 381,500 |
| 2.51%, 12/01/14 (h) | | 371 | 364,565 |
| 8.30%, 2/12/15 | | 1,080 | 1,219,050 |
| 6.25%, 12/01/17 (b) | | 710 | 741,063 |
| 8.00%, 3/15/20 | | 1,390 | 1,565,487 |
| 7.50%, 9/15/20 (b) | | 1,120 | 1,225,000 |
| 8.00%, 11/01/31 | | 930 | 1,064,850 |
| 8.00%, 11/01/31 | | 810 | 927,768 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 410 | 452,025 |
| FCE Bank Plc, 7.13%, 1/15/13 | EUR | 550 | 799,772 |
| Leucadia National Corp., 8.13%, 9/15/15 | USD | 1,120 | 1,232,000 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | | 1,195 | 1,272,675 |
| Reynolds Group Issuer, Inc. (b): | | | |
| 7.75%, 10/15/16 | EUR | 350 | 511,964 |
| 7.13%, 4/15/19 | USD | 540 | 553,500 |
| 9.00%, 4/15/19 | | 1,580 | 1,647,150 |
| 6.88%, 2/15/21 | | 360 | 360,900 |
| 8.25%, 2/15/21 | | 450 | 451,125 |
| | | | 14,770,394 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | | Par (000) | Value |
|--|-----|--------------|------------|
| Diversified Telecommunication Services 4.1% | | | |
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12 | USD | 1,000 | \$ 996,250 |
| Frontier Communications Corp.: | | | |
| 8.25%, 4/15/17 | | 350 | 386,750 |
| 8.50%, 4/15/20 | | 325 | 360,750 |
| GCI, Inc., 8.63%, 11/15/19 | | 1,100 | 1,210,000 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | | 320 | 351,200 |
| Level 3 Communications, Inc., 6.50%, 10/01/16 (e) | | 250 | 356,875 |
| Level 3 Financing, Inc.: | | | |
| 5.50%, 11/01/14 | | 120 | 123,900 |
| 8.75%, 2/15/17 | | 1,350 | 1,326,375 |
| Qwest Communications International, Inc.: | | | |
| 7.50%, 2/15/14 | | 1,890 | 1,918,350 |
| 8.00%, 10/01/15 | | 500 | 545,625 |
| Series B, 7.50%, 2/15/14 | | 1,385 | 1,405,775 |
| Qwest Corp., 7.63%, 6/15/15 | | 500 | 573,750 |
| Windstream Corp.: | | | |
| 8.13%, 8/01/13 | | 400 | 440,500 |
| 7.88%, 11/01/17 | | 600 | 651,750 |
| | | | 10,647,850 |
| Electronic Equipment, Instruments & Components 0.7% | | | |
| CDW LLC: | | | |
| 11.00%, 10/12/15 | | 110 | 119,625 |
| 11.50%, 10/12/15 (c) | | 610 | 661,850 |
| 8.00%, 12/15/18 (b) | | 520 | 559,000 |
| NXP BV, 3.05%, 10/15/13 (h) | | 475 | 472,625 |
| | | | 1,813,100 |
| Energy Equipment & Services 1.4% | | | |
| Bayou Well Services, 0.16%, 12/22/13 | | 575 | 575,000 |
| Calfrac Holdings LP, 7.50%, 12/01/20 (b) | | 225 | 230,625 |
| Compagnie Générale de Géophysique-Veritas: | | | |
| 7.50%, 5/15/15 | | 910 | 941,850 |
| 7.75%, 5/15/17 | | 235 | 248,512 |
| Exterran Holdings, Inc., 7.25%, 12/01/18 (b) | | 405 | 415,125 |
| Frac Tech Services LLC, 7.13%, 11/15/18 (b) | | 575 | 595,125 |
| Precision Drilling Corp., 6.63%, 11/15/20 (b) | | 105 | 108,413 |
| Thermon Industries, Inc., 9.50%, 5/01/17 | | 500 | 541,250 |
| | | | 3,655,900 |

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

| Food & Staples Retailing 0.7% | | |
|--|-----|-----------|
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) | 520 | 514,800 |
| BI-LO LLC, 9.25%, 2/15/19 (b) | 305 | 317,200 |
| Rite Aid Corp.: | | |
| 9.75%, 6/12/16 | 380 | 427,975 |
| 7.50%, 3/01/17 | 580 | 583,625 |
| | | 1,843,600 |

| Food Products 0.5% | | |
|--|-----|-----------|
| B&G Foods, Inc., 7.63%, 1/15/18 | 200 | 213,500 |
| Blue Merger Sub Inc., 7.63%, 2/15/19 (b) | 240 | 242,400 |
| Darling International, Inc., 8.50%, 12/15/18 (b) | 220 | 237,325 |
| Reddy Ice Corp., 11.25%, 3/15/15 | 410 | 430,500 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 | 59 | 69,620 |
| | | 1,193,345 |

| Health Care Equipment & Supplies 1.4% | | |
|--|-------|-----------|
| DJO Finance LLC, 10.88%, 11/15/14 | 2,255 | 2,472,044 |
| Hologic, Inc., 2.00%, 12/15/37 (d)(e) | 1,295 | 1,248,056 |
| | | 3,720,100 |

| Corporate Bonds | | Par (000) | | Value |
|---|-----|--------------|----|------------|
| Health Care Providers & Services 5.6% | | | | |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (b) | USD | 255 | \$ | 265,837 |
| ConvaTec Healthcare E SA (b): | | | | |
| 7.38%, 12/15/17 | EUR | 400 | | 574,062 |
| 10.50%, 12/15/18 | USD | 440 | | 469,700 |
| DaVita, Inc., 6.38%, 11/01/18 | | 360 | | 364,950 |
| Gentiva Health Services Inc., 11.50%, 9/01/18 | | 655 | | 737,694 |
| HCA, Inc.: | | | | |
| 9.13%, 11/15/14 | | 1,645 | | 1,725,194 |
| 8.50%, 4/15/19 | | 935 | | 1,047,200 |
| 7.25%, 9/15/20 | | 2,145 | | 2,313,919 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (b) | | 600 | | 616,500 |
| Omnicare, Inc.: | | | | |
| 6.13%, 6/01/13 | | 164 | | 164,615 |
| 6.88%, 12/15/15 | | 400 | | 413,000 |
| 7.75%, 6/01/20 | | 580 | | 619,150 |
| Priory Group Ltd., 7.00%, 2/15/18 (b) | GBP | 124 | | 206,620 |
| Tenet Healthcare Corp.: | | | | |
| 9.00%, 5/01/15 | USD | 1,717 | | 1,888,700 |
| 10.00%, 5/01/18 | | 622 | | 730,850 |
| 8.88%, 7/01/19 | | 2,010 | | 2,286,375 |
| | | | | 14,424,366 |

| Health Care Technology 1.1% | | |
|---------------------------------------|-------|-----------|
| IMS Health, Inc., 12.50%, 3/01/18 (b) | 2,235 | 2,620,537 |
| MedAssets, Inc., 8.00%, 11/15/18 (b) | 150 | 154,125 |
| | | 2,774,662 |

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

| Hotels, Restaurants & Leisure 3.8% | | | |
|--|-----|-------|-----------|
| Boyd Gaming Corp., 9.13%, 12/01/18 (b) | | 570 | 598,500 |
| Caesars Entertainment Operating Co., Inc., 10.00%, 12/15/18 | | 3,455 | 3,247,700 |
| Cirsa Funding Luxembourg SA, 8.75%, 5/15/18 | EUR | 50 | 71,758 |
| CityCenter Holdings LLC, 7.63%, 1/15/16 (b) | USD | 310 | 323,175 |
| Diamond Resorts Corp., 12.00%, 8/15/18 (b) | | 1,100 | 1,179,750 |
| Enterprise Inns Plc, 6.50%, 12/06/18 | GBP | 388 | 572,406 |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17 | USD | 615 | 698,025 |
| Inn of the Mountain Gods Resort & Casino (b): | | | |
| 1.25%, 11/30/20 (c) | | 961 | 499,720 |
| 8.75%, 11/30/20 | | 427 | 405,650 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (b) | | 340 | 280,500 |
| MGM Mirage, 13.00%, 11/15/13 | | 90 | 107,775 |
| MGM Resorts International: | | | |
| 10.38%, 5/15/14 | | 235 | 263,200 |
| 11.13%, 11/15/17 | | 780 | 898,950 |
| Palace Entertainment Holding LLC, 8.88%, 4/15/17 (b) | | 110 | 112,200 |
| Travelport LLC: | | | |
| 4.94%, 9/01/14 (h) | | 145 | 129,413 |
| 9.88%, 9/01/14 | | 170 | 165,962 |
| 9.00%, 3/01/16 | | 110 | 103,950 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(i) | | 315 | 32 |
| | | | 9,658,666 |

| Household Durables 4.1% | | | |
|--|-----|-------|-----------|
| American Standard Americas, 10.75%, 1/15/16 (b) | | 380 | 403,750 |
| Ashton Woods USA LLC, 21.57%, 6/30/15 (b)(j) | | 805 | 523,250 |
| Beazer Homes USA, Inc.: | | | |
| 8.13%, 6/15/16 | | 295 | 299,794 |
| 12.00%, 10/15/17 | | 1,425 | 1,656,562 |
| 9.13%, 6/15/18 | | 1,620 | 1,672,650 |
| Jarden Corp., 7.50%, 1/15/20 | EUR | 285 | 410,003 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | USD | 1,620 | 1,755,675 |
| Ryland Group, Inc., 6.63%, 5/01/20 | | 625 | 612,500 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | | Par (000) | Value |
|--|-----|--------------|--------------|
| Household Durables (concluded) | | | |
| Standard Pacific Corp.: | | | |
| 10.75%, 9/15/16 | USD | 1,285 | \$ 1,509,875 |
| 8.38%, 5/15/18 | | 420 | 445,200 |
| 8.38%, 5/15/18 (b) | | 440 | 466,400 |
| 8.38%, 1/15/21 (b) | | 715 | 754,325 |
| | | | 10,509,984 |
| IT Services 1.8% | | | |
| First Data Corp. (b): | | | |
| 8.88%, 8/15/20 | | 1,175 | 1,286,625 |
| 8.25%, 1/15/21 | | 1,610 | 1,601,950 |
| 12.63%, 1/15/21 | | 763 | 799,242 |
| SunGard Data Systems, Inc. (b): | | | |
| 7.38%, 11/15/18 | | 440 | 454,300 |
| 7.63%, 11/15/20 | | 550 | 567,875 |
| | | | 4,709,992 |
| Independent Power Producers & Energy Traders 3.2% | | | |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | | | |
| | | 1,190 | 1,291,150 |
| Calpine Corp. (b): | | | |
| 7.50%, 2/15/21 | | 435 | 444,788 |
| 7.88%, 1/15/23 | | 585 | 601,087 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b) | | 3,115 | 3,243,811 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | | 161 | 168,060 |
| NRG Energy, Inc., 7.63%, 1/15/18 (b) | | 2,515 | 2,618,744 |
| | | | 8,367,640 |
| Industrial Conglomerates 2.5% | | | |
| Sequa Corp. (b): | | | |
| 11.75%, 12/01/15 | | 2,190 | 2,376,150 |
| 13.50%, 12/01/15 (c) | | 3,759 | 4,162,818 |
| | | | 6,538,968 |
| Insurance 1.0% | | | |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | | 1,600 | 1,692,000 |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (b) | | 316 | 336,540 |
| USI Holdings Corp., 4.16%, 11/15/14 (b)(h) | | 630 | 607,950 |
| | | | 607,950 |

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

| | | |
|-------------------------------------|-------|-----------|
| | | 2,636,490 |
| Machinery 1.9% | | |
| AGY Holding Corp., 11.00%, 11/15/14 | 900 | 801,000 |
| Navistar International Corp.: | | |
| 3.00%, 10/15/14 (e) | 1,680 | 2,347,800 |
| 8.25%, 11/01/21 | 630 | 697,725 |
| Oshkosh Corp., 8.25%, 3/01/17 | 90 | 99,900 |
| Titan International, Inc. (b): | | |
| 5.63%, 1/15/17 (e) | 220 | 573,100 |
| 7.88%, 10/01/17 | 430 | 460,100 |
| | | 4,979,625 |

| | | |
|---|-------|-----------|
| Marine 0.7% | | |
| Horizon Lines, Inc., 4.25%, 8/15/12 (e) | 1,985 | 1,841,087 |

| | | |
|---|-------|-----------|
| Media 13.0% | | |
| AMC Entertainment Holdings, Inc., 9.75%, 12/01/20 (b) | 470 | 504,075 |
| Affinion Group, Inc., 7.88%, 12/15/18 (b) | 525 | 502,687 |
| CCH II LLC, 13.50%, 11/30/16 | 502 | 608,488 |
| CCO Holdings LLC: | | |
| 7.88%, 4/30/18 | 430 | 459,025 |
| 8.13%, 4/30/20 | 430 | 463,863 |
| CMP Susquehanna Corp., 3.44%, 5/15/14 (b)(h) | 150 | 105,738 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 370 | 414,400 |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(c) | 555 | 600,787 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (b) | 1,345 | 1,395,437 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|------------|
| Media (concluded) | | |
| Checkout Holding Corp., 10.98%, 11/15/15 (b)(f) | USD 805 | \$ 519,225 |
| Citadel Broadcasting Corp., 7.75%, 12/15/18 (b) | 235 | 252,038 |
| Clear Channel Communications, Inc., 9.00%, 3/01/21 (b) | 235 | 238,819 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 1,404 | 1,558,440 |
| Series B, 9.25%, 12/15/17 | 5,160 | 5,740,500 |
| Cox Enterprises, Inc.: | | |
| Loan Close 2, 4.00%, 8/15/18 | 617 | 617,372 |
| Loan Close 3, 12.00%, 8/15/18 | 706 | 705,833 |
| Shares Loan, 4.00%, 8/15/18 | 728 | 727,963 |
| DISH DBS Corp., 7.00%, 10/01/13 | 90 | 96,750 |
| Gray Television, Inc., 10.50%, 6/29/15 | 900 | 956,250 |
| Harland Clarke Holdings Corp.: | | |
| 6.00%, 5/15/15 (h) | 330 | 296,175 |
| 9.50%, 5/15/15 | 390 | 383,175 |
| Interactive Data Corp., 10.25%, 8/01/18 (b) | 945 | 1,058,400 |
| Liberty Global, Inc., 4.50%, 11/15/16 (e) | 370 | 641,025 |
| Liberty Media Corp., 3.13%, 3/30/23 (e) | 1,023 | 1,260,847 |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b) | 740 | 762,200 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (b) | 570 | 612,750 |
| Nielsen Finance LLC: | | |
| 11.63%, 2/01/14 | 45 | 52,875 |

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

| | | | |
|--|-----|-------|------------|
| 7.75%, 10/15/18 (b) | | 2,085 | 2,254,406 |
| ProQuest LLC, 9.00%, 10/15/18 (b) | | 460 | 476,100 |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(i) | | 812 | 8,118 |
| Rainbow National Services LLC (b): | | | |
| 8.75%, 9/01/12 | | 410 | 411,538 |
| 10.38%, 9/01/14 | | 1,496 | 1,557,710 |
| Regal Entertainment Group, 9.13%, 8/15/18 | | 305 | 326,350 |
| UPC Germany GmbH (b): | | | |
| 8.13%, 12/01/17 | | 640 | 686,400 |
| 8.13%, 12/01/17 | EUR | 407 | 604,468 |
| 9.63%, 12/01/19 | | 530 | 831,028 |
| UPC Holding BV, 9.88%, 4/15/18 (b) | USD | 500 | 555,000 |
| UPCB Finance II Ltd., 6.38%, 7/01/20 | EUR | 753 | 1,026,090 |
| Unitymedia GmbH, 9.63%, 12/01/19 | | 158 | 247,740 |
| Univision Communications, Inc., 7.88%, 11/01/20 (b) | USD | 425 | 455,813 |
| Virgin Media Secured Finance Plc, 7.00%, 1/15/18 | GBP | 537 | 940,627 |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b) | EUR | 343 | 507,642 |
| Ziggo Finance BV, 6.13%, 11/15/17 (b) | | 735 | 1,037,090 |
| | | | 33,461,257 |

Metals & Mining 4.3%

| | | | |
|---|-----|-------|------------|
| Drummond Co., Inc.: | | | |
| 9.00%, 10/15/14 (b) | USD | 580 | 619,150 |
| 7.38%, 2/15/16 | | 215 | 222,525 |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (b) | | 1,460 | 1,514,750 |
| Foundation PA Coal Co., 7.25%, 8/01/14 | | 1,850 | 1,887,000 |
| Goldcorp, Inc., 2.00%, 8/01/14 (e) | | 550 | 692,313 |
| New World Resources NV, 7.88%, 5/01/18 | EUR | 627 | 930,126 |
| Newmont Mining Corp., Series A, 1.25%, 7/15/14 (e) | USD | 395 | 526,831 |
| Novelis, Inc., 8.75%, 12/15/20 (b) | | 3,235 | 3,566,587 |
| Ryerson, Inc.: | | | |
| 7.66%, 11/01/14 (h) | | 380 | 364,800 |
| 12.00%, 11/01/15 | | 245 | 263,375 |
| Steel Dynamics, Inc., 7.38%, 11/01/12 | | 200 | 212,500 |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b) | | 185 | 203,963 |
| | | | 11,003,920 |

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 |
|---|-----|--------------|--------------|
| Multiline Retail 1.8% | | | |
| Dollar General Corp., 11.88%, 7/15/17 (c) | USD | 4,007 | \$ 4,633,094 |
| Oil, Gas & Consumable Fuels 7.5% | | | |
| Arch Coal, Inc., 7.25%, 10/01/20 | | 790 | 839,375 |
| Berry Petroleum Co., 8.25%, 11/01/16 | | 470 | 496,438 |
| Bill Barrett Corp., 9.88%, 7/15/16 | | 40 | 44,800 |
| Carrizo Oil & Gas, Inc., 8.63%, 10/15/18 (b) | | 210 | 223,125 |
| Chaparral Energy Inc., 8.25%, 9/01/21 (b) | | 230 | 234,025 |
| Chesapeake Energy Corp.: | | | |
| 6.63%, 8/15/20 | | 1,460 | 1,533,000 |
| 6.13%, 2/15/21 | | 870 | 887,400 |
| 2.25%, 12/15/38 (e) | | 775 | 709,125 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | | 243 | 264,870 |
| Concho Resources, Inc., 7.00%, 1/15/21 | | 375 | 392,813 |
| Connacher Oil and Gas Ltd. (b): | | | |
| 11.75%, 7/15/14 | | 165 | 178,613 |
| 10.25%, 12/15/15 | | 1,075 | 1,136,812 |
| Consol Energy, Inc., 8.25%, 4/01/20 | | 1,825 | 2,012,062 |
| Continental Resources, Inc., 7.13%, 4/01/21 | | 340 | 362,100 |
| Crosstex Energy LP, 8.88%, 2/15/18 | | 165 | 181,913 |
| Denbury Resources Inc.: | | | |
| 8.25%, 2/15/20 | | 652 | 725,350 |
| 6.38%, 8/15/21 | | 320 | 323,200 |
| Energy Transfer Equity LP, 7.50%, 10/15/20 | | 125 | 135,469 |
| Energy XXI Gulf Coast, Inc. (b): | | | |
| 9.25%, 12/15/17 | | 390 | 419,250 |
| 7.75%, 6/15/19 | | 480 | 484,800 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (b) | | 710 | 749,050 |
| Linn Energy LLC (b): | | | |
| 8.63%, 4/15/20 | | 1,005 | 1,120,575 |
| 7.75%, 2/01/21 | | 545 | 579,062 |
| MarkWest Energy Partners LP, 6.75%, 11/01/20 | | 240 | 246,000 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b) | | 1,730 | 1,885,700 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (b) | | 210 | 213,150 |
| Peabody Energy Corp., 6.50%, 9/15/20 | | 505 | 540,350 |
| Petrohawk Energy Corp.: | | | |
| 10.50%, 8/01/14 | | 350 | 402,500 |
| 7.88%, 6/01/15 | | 450 | 477,000 |
| Range Resources Corp., 8.00%, 5/15/19 | | 400 | 440,500 |
| SM Energy Co., 6.63%, 2/15/19 (b) | | 260 | 262,925 |
| Teekay Corp., 8.50%, 1/15/20 | | 610 | 656,512 |
| United Refining Co., 10.50%, 2/28/18 (b)(g) | | 240 | 237,600 |
| | | | 19,395,464 |

Paper & Forest Products 2.8%

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

| | | |
|---|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c) | 345 | 350,280 |
| Boise Paper Holdings LLC: | | |
| 9.00%, 11/01/17 | 310 | 345,650 |
| 8.00%, 4/01/20 | 140 | 154,350 |
| Clearwater Paper Corp.: | | |
| 10.63%, 6/15/16 | 370 | 422,725 |
| 7.13%, 11/01/18 (b) | 535 | 555,063 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b) | 1,525 | 1,719,437 |
| NewPage Corp., 11.38%, 12/31/14 | 2,510 | 2,503,725 |
| Verso Paper Holdings LLC: | | |
| 11.50%, 7/01/14 | 785 | 865,462 |
| 8.75%, 2/01/19 (b) | 215 | 224,675 |
| | | 7,141,367 |

Pharmaceuticals 0.9%

| | | |
|---|---------|---------|
| Angiotech Pharmaceuticals, Inc., 4.06%, 12/01/13 (h) | 845 | 709,800 |
| Grifols, Inc., 8.25%, 2/01/18 (b) | 120 | 123,300 |
| Novasep Holding SAS, 9.63%, 12/15/16 (b) | EUR 486 | 543,234 |

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Pharmaceuticals (concluded) | | |
| Valeant Pharmaceuticals International (b): | | |
| 6.75%, 10/01/17 | USD 350 | \$ 362,250 |
| 7.00%, 10/01/20 | 445 | 460,019 |
| | | 2,198,603 |

Professional Services 0.3%

| | | |
|---|-----|---------|
| FTI Consulting, Inc., 6.75%, 10/01/20 (b) | 850 | 850,000 |
|---|-----|---------|

Real Estate Investment Trusts (REITs) 1.0%

| | | |
|--|-------|-----------|
| iStar Financial, Inc., 5.65%, 9/15/11 | 1,500 | 1,500,000 |
| Omega Healthcare Investors, Inc., 6.75%, 10/15/22 (b) | 495 | 499,950 |
| The Rouse Co. LP, 6.75%, 11/09/15 | 480 | 502,800 |
| | | 2,502,750 |

Real Estate Management & Development 1.9%

| | | |
|---|-------|-----------|
| CB Richard Ellis Services Inc., 6.63%, 10/15/20 | 310 | 319,687 |
| Forest City Enterprises, Inc., 7.63%, 6/01/15 | 1,325 | 1,285,250 |
| Realogy Corp. (b): | | |
| 11.50%, 4/15/17 | 725 | 772,125 |
| 7.88%, 2/15/19 | 2,440 | 2,449,150 |
| | | 4,826,212 |

Road & Rail 2.1%

| | | |
|---|-----|---------|
| Avis Budget Car Rental LLC: | | |
| 9.63%, 3/15/18 | 475 | 530,813 |
| 8.25%, 1/15/19 | 710 | 753,487 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (b) | 410 | 428,450 |
| The Hertz Corp. (b): | | |

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

| | | | |
|--|-----|-------|-----------|
| 7.50%, 10/15/18 | | 595 | 629,956 |
| 6.75%, 4/15/19 | | 410 | 418,200 |
| 7.38%, 1/15/21 | | 455 | 475,475 |
| Hertz Holdings Netherlands BV, 8.50%, 7/31/15 (b) | EUR | 1,225 | 1,838,362 |
| Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b) | USD | 330 | 342,375 |
| | | | <hr/> |
| | | | 5,417,118 |

Semiconductors & Semiconductor

Equipment 0.3%

| | | | |
|--|--|-----|---------|
| Linear Technology Corp., Series A, 3.00%, 5/01/27 (e) | | 405 | 440,944 |
| Spansion LLC, 7.88%, 11/15/17 (b) | | 260 | 265,200 |
| | | | <hr/> |
| | | | 706,144 |

Specialty Retail 1.6%

| | | | |
|---|--|-----|-----------|
| Asbury Automotive Group, Inc., 8.38%, 11/15/20 (b) | | 305 | 320,250 |
| Claire s Escrow Corp., 8.88%, 3/15/19 (b)(g) | | 295 | 296,106 |
| Hillman Group, Inc., 10.88%, 6/01/18 | | 490 | 539,000 |
| Ltd. Brands, Inc., 8.50%, 6/15/19 | | 745 | 853,025 |
| PETCO Animal Supplies, Inc., 9.25%, 12/01/18 (b) | | 415 | 448,200 |
| Sonic Automotive, Inc., 9.00%, 3/15/18 | | 345 | 369,150 |
| Toys R US-Delaware, Inc., 7.38%, 9/01/16 (b) | | 390 | 410,963 |
| United Auto Group, Inc., 7.75%, 12/15/16 | | 950 | 980,875 |
| | | | <hr/> |
| | | | 4,217,569 |

Transportation Infrastructure 0.2%

| | | | |
|---------------------------------|--|-----|---------|
| Aguila 3 SA, 7.88%, 1/31/18 (b) | | 398 | 412,925 |
|---------------------------------|--|-----|---------|

Wireless Telecommunication Services 4.4%

| | | | |
|-----------------------------------|--|-------|-----------|
| Clearwire Communications LLC (b): | | | |
| 12.00%, 12/01/15 | | 460 | 501,400 |
| 12.00%, 12/01/17 | | 1,040 | 1,123,200 |
| Cricket Communications, Inc.: | | | |
| 10.00%, 7/15/15 | | 715 | 788,288 |
| 7.75%, 5/15/16 | | 336 | 355,320 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | | Par (000) | Value |
|---|---------------|--------------|-------------|
| Wireless Telecommunication Services (concluded) | | | |
| Digicel Group Ltd. (b): | | | |
| 8.88%, 1/15/15 | USD | 635 | \$ 660,400 |
| 9.13%, 1/15/15 (c) | | 1,711 | 1,781,623 |
| 8.25%, 9/01/17 | | 1,135 | 1,186,075 |
| 10.50%, 4/15/18 | | 500 | 570,000 |
| FiberTower Corp., 9.00%, 1/01/16 (c) | | 302 | 258,202 |
| Intelsat Jackson Holdings SA, 7.25%, 10/15/20 (b) | | 320 | 328,800 |
| iPCS, Inc., 2.43%, 5/01/13 (h) | | 760 | 750,500 |
| MetroPCS Wireless, Inc.: | | | |
| 7.88%, 9/01/18 | | 480 | 507,000 |
| 6.63%, 11/15/20 | | 700 | 681,625 |
| NII Holdings, Inc., 3.13%, 6/15/12 (e) | | 340 | 338,300 |
| Sprint Capital Corp., 6.88%, 11/15/28 | | 1,460 | 1,315,825 |
| Syniverse Holdings, Inc., 9.13%, 1/15/19 (b) | | 240 | 259,200 |
| | | | 11,405,758 |
| Total Corporate Bonds | 103.5% | | 266,877,299 |
| Floating Rate Loan Interests (h) | | | |
| Building Products 0.2% | | | |
| Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/30/17 | | 500 | 515,312 |
| Capital Markets 0.1% | | | |
| Marsico Parent Co., LLC, Term Loan, 5.31%, 12/15/14 | | 375 | 304,745 |
| Chemicals 0.1% | | | |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Facility (First Lien), 3.52% 3.56%, 7/30/14 | | 404 | 397,208 |
| Construction & Engineering 0.7% | | | |
| Safeway Services, LLC, Last Out Term Loan, 15.63%, 12/18/17 | | 1,750 | 1,750,000 |
| Health Care Providers & Services 0.7% | | | |
| Harden Healthcare, Inc.: | | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | | 475 | 465,500 |

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

| | | |
|--|-----|-----------|
| Tranche A Term Loan, 8.50%, 3/02/15 | 396 | 388,178 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 8/04/16 | 896 | 899,418 |
| | | 1,753,096 |

Hotels, Restaurants & Leisure 0.8%

| | | |
|--|-------|-----------|
| Harrah's Operating Co., Inc., Term Loan B-3, 3.30%, 1/28/15 | 400 | 371,389 |
| Travelport LLC (FKA Travelport, Inc.), Loan, 8.31%, 3/27/12 | 1,915 | 1,709,399 |
| | | 2,080,788 |

IT Services 0.4%

| | | |
|---|-----|-----------|
| First Data Corp.: | | |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | 47 | 44,203 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | 378 | 358,339 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | 741 | 701,566 |
| | | 1,104,108 |

**Independent Power Producers &
Energy Traders 1.0%**

| | | |
|---|-------|-----------|
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-1 Term Loan, 3.76% 3.80%, 10/10/14 | 204 | 172,086 |
| Initial Tranche B-2 Term Loan, 3.76% 3.80%, 10/10/14 | 295 | 248,461 |
| Initial Tranche B-3 Term Loan, 3.76% 3.80%, 10/10/14 | 2,545 | 2,139,662 |
| | | 2,560,209 |

| Floating Rate Loan Interests (h) | Par (000) | Value |
|---|--------------|--------------|
| Media 1.5% | | |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | USD 1,463 | \$ 1,469,081 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.01%, 6/12/14 | 869 | 825,359 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | 1,375 | 1,461,797 |
| | | 3,756,237 |

Metals & Mining 0.1%

| | | |
|--|-----|---------|
| Euramax International, Inc., Domestic Term Loan: | | |
| 10.00%, 6/29/13 | 168 | 161,722 |
| 14.00%, 6/29/13 | 161 | 155,246 |
| | | 316,968 |

Multiline Retail 0.6%

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

| | | | |
|---|-----|-------|------------|
| Hema Holding BV, Mezzanine, 4.41%, 7/05/17 | EUR | 1,070 | 1,447,188 |
| Oil, Gas & Consumable Fuels 1.2% | | | |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15 | USD | 2,147 | 2,200,304 |
| Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18 | | 2,245 | 920,278 |
| | | | 3,120,582 |
| Paper & Forest Products 0.4% | | | |
| Verso Paper Finance Holdings LLC, 6.55% 7.30%, 2/01/13 (c) | | 1,282 | 1,153,977 |
| Real Estate Investment Trusts (REITs) 0.1% | | | |
| iStar Financial, Inc., Term Loan (Second Lien), 1.76%, 6/28/11 | | 225 | 221,906 |
| Real Estate Management & Development 0.3% | | | |
| Realogy Corp.: Extended Synthetic Letter of Credit Loan, 0.11%, 10/10/16 | | 124 | 119,338 |
| Extended Term Loan B, 4.56%, 10/10/16 | | 689 | 660,582 |
| | | | 779,920 |
| Specialty Retail 0.2% | | | |
| Claire's Stores, Inc., Term Loan B, 3.01% 5.00%, 5/29/14 | | 132 | 128,530 |
| Michaels Stores, Inc., Term Loan B-1, 2.56% 2.63%, 10/31/13 | | 306 | 305,363 |
| | | | 433,893 |
| Total Floating Rate Loan Interests 8.4% | | | 21,696,137 |
| Other Interests (k) | | | |
| Auto Components 2.4% | | | |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests | | (1) | 6,337,403 |
| Media 0.0% | | | |
| Adelphia Escrow | | 700 | 7 |
| Adelphia Recovery Trust | | 878 | 88 |
| | | | 95 |
| Total Other Interests 2.4% | | | 6,337,498 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Preferred Stocks | Shares | Value |
|--|--------|------------|
| Auto Components 0.1% | | |
| Dana Holding Corp., 4.00% (b)(e) | 2,000 | \$ 328,250 |
| Automobiles 0.8% | | |
| General Motors Co., 4.75% | 42,950 | 2,185,296 |
| Household Durables 0.1% | | |
| Beazer Homes USA, Inc., 7.50% (e) | 5,000 | 124,750 |
| Media 0.0% | | |
| CMP Susquehanna Radio Holdings Corp., 0.00% (a)(b)(h) | 34,982 | |
| Professional Services 0.1% | | |
| Nielsen Holdings NV, 6.25% (a)(e) | 4,084 | 225,386 |
| Total Preferred Stocks 1.1% | | 2,863,682 |

Warrants (m)

| | | |
|---|--------|-----|
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (Expires 1/16/14) | 29,930 | 1 |
| 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 | |
| Software 0.0% | | |
| Bankruptcy Management Solutions, Inc. (Expires 9/29/17) | 312 | 3 |
| HMH Holdings/EduMedia (Expires 3/09/17) | 9,997 | |
| | | 3 |
| Total Warrants 0.0% | | 154 |

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

Total Long-Term Investments
 (Cost \$298,164,834) 121.1% 312,440,582

Short-Term Securities

BlackRock Liquidity Funds, TempCash,
 Institutional Class, 0.18% (n)(o) 1,721,866 1,721,866

Total Short-Term Securities
 (Cost \$1,721,866) 0.7% 1,721,866

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

Total Options Purchased
 (Cost \$16,622) 0.0%

Total Investments (Cost \$299,903,322*) 121.8% 314,162,448
Liabilities in Excess of Other Assets (21.8)% (56,253,222)

Net Assets 100.0% \$ 257,909,226

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2011, as computed for federal income tax purposes were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 300,995,917 |
| Gross unrealized appreciation | \$ 24,446,935 |
| Gross unrealized depreciation | (11,280,404) |
| Net unrealized appreciation | \$ 13,166,531 |

- (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 par/shares.
- (d)

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

Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.

- (e) Convertible security.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation (Depreciation) |
|-----------------------------|------------|--|
| Bank of America | \$ 122,100 | \$ 2,100 |
| Credit Suisse International | \$ 237,600 | \$ 6,134 |
| Credit Suisse International | \$ 296,106 | \$ 1,106 |
| Sterne Agee | \$ 50,875 | \$ (125) |

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

| Affiliate | Shares Held at February 28, 2010 | Net Activity | Shares Held at February 28, 2011 | Income |
|--|--|-----------------|--|----------|
| BlackRock Liquidity Funds, TempCash, Institutional Class | 4,931,674 | (3,209,808) | 1,721,866 | \$ 4,563 |

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

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

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.

Foreign currency exchange contracts as of February 28, 2011 were as follows:

| Currency Purchased | | Currency Sold | | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|------------|---------------|-----------|------------------------|-----------------|--|
| USD | 191,626 | CAD | 190,000 | Citibank NA | 4/14/11 | \$ (3,745) |
| USD | 715,231 | GBP | 454,000 | Citibank NA | 4/14/11 | (22,506) |
| USD | 776,207 | GBP | 483,000 | Deutsche Bank AG | 4/14/11 | (8,655) |
| USD | 87,672 | GBP | 54,500 | Citibank NA | 4/14/11 | 889 |
| USD | 238,419 | GBP | 148,500 | UBS AG | 4/14/11 | (2,889) |
| USD | 13,138,284 | EUR | 9,600,500 | Citibank NA | 4/27/11 | (100,425) |
| USD | 411,903 | EUR | 305,000 | Deutsche Bank AG | 4/27/11 | (8,680) |
| USD | 1,362,593 | EUR | 995,000 | Royal Bank of Scotland | 4/27/11 | (9,473) |
| Total | | | | | | \$ (155,484) |

Financial futures contracts sold as of February 28, 2011 were as follows:

| Contracts | Issue | Exchange | Expiration | Notional Value | Unrealized Depreciation |
|-----------|---------------------|--------------------|------------|----------------|-------------------------|
| 93 | S&P 500 Index Emini | Chicago Mercantile | March 2011 | \$ 5,914,686 | \$ (251,679) |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2011 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Depreciation |
|-----------------------|----------------|---------------------------------------|-----------------|-----------------------|-------------------------|
| iStar Financial, Inc. | 5.00% | Morgan Stanley Capital Services, Inc. | 9/20/11 | \$ 1,500 | \$ (112,324) |
| | 5.00% | | 12/20/11 | \$ 475 | (21,660) |

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

| | | | | | | |
|----------------------------------|-------|-----------------------------|----------|----|-------|------------------|
| K. Hovnanian Enterprises, Inc. | | Goldman Sachs International | | | | |
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | 12/20/13 | \$ | 925 | (78,682) |
| Louisiana-Pacific Corp. | 5.00% | JPMorgan Chase Bank NA | 3/20/14 | \$ | 500 | (114,192) |
| Harrah's Operating Company, Inc. | 5.00% | Deutsche Bank AG | 12/20/15 | \$ | 1,200 | (167,414) |
| Republic of Hungary | 1.00% | Deutsche Bank AG | 12/20/15 | \$ | 280 | (5,076) |
| Israel (State of) | 1.00% | Deutsche Bank AG | 3/20/16 | \$ | 625 | (2,402) |
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 12/20/16 | \$ | 250 | (49,627) |
| Total | | | | | \$ | (551,377) |

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2011 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration Date | Issuer Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|---|--------------------|---------------------------------------|-----------------|-----------------------------------|------------------------------------|--|
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 9/20/11 | CCC | \$ 250 | \$ 26,749 |
| MBIA Insurance Corp. | 5.00% | Citibank NA | 3/20/12 | B | \$ 55 | 5,218 |
| MBIA Insurance Corp. | 5.00% | Deutsche Bank AG | 3/20/12 | B | \$ 110 | 9,861 |
| Texas Competitive Electric Holdings Co. LLC | 5.00% | Goldman Sachs International | 9/20/12 | D | \$ 475 | (47,954) |
| MBIA Insurance Corp. | 5.00% | Deutsche Bank AG | 12/20/12 | B | \$ 595 | 62,089 |
| Advanced Micro Devices, Inc. | 5.00% | JPMorgan Chase Bank NA | 3/20/15 | B+ | \$ 550 | 66,903 |
| Realogy Corp. | 5.00% | JPMorgan Chase Bank NA | 9/20/15 | CC | \$ 125 | 19,128 |
| Assured Guaranty Ltd. | 5.00% | Deutsche Bank AG | 12/20/15 | A+ | \$ 60 | 469 |
| D.R. Horton, Inc. | 1.00% | JPMorgan Chase Bank NA | 12/20/15 | BB | \$ 275 | 8,461 |
| M.D.C. Holdings, Inc. | 1.00% | Deutsche Bank AG | 12/20/15 | BBB | \$ 315 | 3,022 |
| M.D.C. Holdings, Inc. | 1.00% | JPMorgan Chase Bank NA | 12/20/15 | BBB | \$ 315 | 1,707 |
| M.D.C. Holdings, Inc. | 1.00% | Morgan Stanley Capital Services, Inc. | 12/20/15 | BBB | \$ 500 | 2,282 |
| Realogy Corp. | 5.00% | JPMorgan Chase Bank NA | 12/20/15 | CC | \$ 700 | 39,469 |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 3/20/16 | B | \$ 500 | (906) |
| Chesapeake Energy Corp. | 5.00% | Credit Suisse International | 3/20/16 | BB | \$ 250 | 4,687 |
| Chesapeake Energy Corp. | 5.00% | Goldman Sachs International | 3/20/16 | BB | \$ 250 | 2,781 |
| Chesapeake Energy Corp. | 5.00% | JPMorgan Chase Bank NA | 3/20/16 | BB | \$ 250 | 4,687 |
| Realogy Corp. | 5.00% | JPMorgan Chase Bank NA | 3/20/16 | CC | \$ 125 | 525 |
| General Motors Co. | 5.00% | Deutsche Bank AG | 3/20/21 | BB | \$ 400 | (1,002) |
| Total | | | | | \$ | 208,176 |

¹ Using S&P's rating.

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

See Notes to Financial Statements.

22

ANNUAL REPORT

FEBRUARY 28, 2011

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

Credit default swaps on traded indexes sold protection outstanding as of February 28, 2011 were as follows:

| Index | Receive Fixed Rate | Counterparty | Expiration Date | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Depreciation |
|--|--------------------------|--------------------------------|--------------------|-------------------------------|--|----------------------------|
| Dow Jones CDX North America High Yield Index Series 10, 10 15% | 0.00% | Deutsche Bank AG | 6/20/11 | CCC | \$ 664 | \$ (5,119) |
| Dow Jones CDX North America High Yield Index Series 9, 10 15% | 0.00% | Deutsche Bank AG | 12/20/12 | CCC | \$ 479 | (18,542) |
| Dow Jones CDX North America High Yield Index Series 15 | 5.00% | Credit Suisse International | 12/20/15 | B | \$ 1,825 | (5,830) |
| Total | | | | | | \$ (29,491) |

¹ Using S&P's rating.

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

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes 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 and derivatives)

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 derivatives 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, 2011 in determining the fair valuation of the Fund's investments and derivatives:

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

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 14,114,299 | \$ 139,367 | \$ 412,146 | \$ 14,665,812 |
| Corporate Bonds | | 261,794,251 | 5,083,048 | 266,877,299 |
| Floating Rate Loan Interests | | 14,817,901 | 6,878,236 | 21,696,137 |
| Other Interest | 88 | 6,337,403 | 7 | 6,337,498 |
| Preferred Stocks | 2,310,046 | 553,636 | | 2,863,682 |
| Warrants | | | 154 | 154 |
| Short-Term Securities | 1,721,866 | | | 1,721,866 |
| Liabilities: | | | | |
| Unfunded Loan Commitments | | | (11,592) | (11,592) |
| Total | \$ 18,146,299 | \$ 283,642,558 | \$ 12,361,999 | \$ 314,150,856 |

| Derivative Financial Instruments ¹ | | | | |
|---|---------------------|---------------------|---------|---------------------|
| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Credit contracts | | \$ 258,038 | | \$ 258,038 |
| Foreign currency exchange contracts | | 889 | | 889 |
| Liabilities: | | | | |
| Credit contract | | (630,730) | | (630,730) |
| Equity contracts | \$ (251,679) | | | (251,679) |
| Foreign currency exchange contracts | | (156,373) | | (156,373) |
| Total | \$ (251,679) | \$ (528,176) | | \$ (779,855) |

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

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund, Inc. (COY)

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

| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Warrants | Unfunded Loan Commitments (Liabilities) | Total |
|--|-------------------|---------------------|---------------------------------|--------------------|---------------|--|----------------------|
| Assets/Liabilities: | | | | | | | |
| Balance, as of February 28, 2010 | \$ 75,096 | \$ 3,961,360 | \$ 19,218,811 | \$ 4,212,670 | \$ 150 | \$ (51,643) | \$ 27,416,444 |
| Accrued discounts/premiums | | 27,601 | 259,504 | | | | 287,105 |
| Net realized gain (loss) | | 3,474 | 304,406 | 1,359,868 | | | 1,667,748 |
| Net change in unrealized appreciation/depreciation ² | (759,245) | (774,415) | 401,353 | 1,659,864 | | 40,051 | 567,608 |
| Purchases | 1,186,185 | 2,332,077 | 3,657,874 | 1,297,125 | 4 | | 8,473,265 |
| Sales | | (98,716) | (12,548,447) | (2,191,925) | | | (14,839,088) |
| Transfers in ³ | | 32 | | | | | 32 |
| Transfers out ³ | (89,890) | (368,365) | (4,415,265) | (6,337,595) | | | (11,211,115) |
| Balance, as of February 28, 2011 | \$ 412,146 | \$ 5,083,048 | \$ 6,878,236 | \$ 7 | \$ 154 | \$ (11,592) | \$ 12,361,999 |

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, 2011 was \$(1,980,476).

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

See Notes to Financial Statements.

Schedule of Investments February 28, 2011

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

(Percentages shown are based on Net Assets)

| Common Stocks | Shares | Value |
|--|--------|------------|
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. (a) | 29,600 | \$ 473,008 |
| Chemicals 0.1% | | |
| LyondellBasell Industries NV, Class A (a) | 3,185 | 121,285 |
| Wellman Holdings, Inc. (a) | 1,522 | 76 |
| | | 121,361 |
| Commercial Banks 0.1% | | |
| CIT Group, Inc. (a) | 6,855 | 296,959 |
| Commercial Services & Supplies 0.1% | | |
| Air Lease Corp. (a)(b) | 12,900 | 270,900 |
| Communications Equipment 0.6% | | |
| Loral Space & Communications Ltd. (a) | 20,518 | 1,552,392 |
| Construction Materials 0.0% | | |
| Nortek, Inc. (a) | 2,145 | 95,452 |
| Diversified Financial Services 0.3% | | |
| Bank of America Corp. | 57,000 | 814,530 |
| Citigroup, Inc. (a) | 1 | 5 |
| | | 814,535 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (a) | 70,784 | 1,486 |
| Food Products 0.1% | | |
| Zhongpin, Inc. (a) | 11,724 | 217,949 |
| Health Care Equipment & Supplies 0.1% | | |
| Zimmer Holdings, Inc. (a) | 5,620 | 350,351 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. (a) | 1,099 | 4,671 |
| Household Durables 0.3% | | |
| Beazer Homes USA, Inc. | 94,500 | 439,425 |
| Pulte Group, Inc. (a) | 61,751 | 426,082 |
| | | 865,507 |

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

| | | |
|--|---------------|--------------|
| Machinery 0.2% | | |
| Navistar International Corp. (a) | 7,849 | 486,481 |
| Media 1.3% | | |
| Charter Communications, Inc. (a) | 53,805 | 2,462,655 |
| Clear Channel Outdoor Holdings, Inc., Class A (a) | 11,444 | 168,685 |
| Gray Television, Inc. (a) | 114,093 | 253,286 |
| Sinclair Broadcast Group, Inc., Class A | 50,000 | 647,000 |
| | | 3,531,626 |
| Metals & Mining 0.1% | | |
| African Minerals Ltd. (a) | 31,850 | 280,372 |
| Oil, Gas & Consumable Fuels 0.7% | | |
| Alpha Natural Resources, Inc. (a) | 12,200 | 661,484 |
| Marathon Oil Corp. | 28,600 | 1,418,560 |
| | | 2,080,044 |
| Paper & Forest Products 0.4% | | |
| Ainsworth Lumber Co. Ltd. (a) | 122,117 | 403,474 |
| Ainsworth Lumber Co. Ltd. (a)(b) | 140,415 | 463,931 |
| Western Forest Products, Inc. (a) | 158,023 | 120,361 |
| Western Forest Products, Inc. (a)(b) | 45,762 | 34,856 |
| | | 1,022,622 |
| Road & Rail 0.3% | | |
| Dollar Thrifty Automotive Group, Inc. (a) | 17,900 | 950,669 |
| Semiconductors & Semiconductor Equipment 0.3% | | |
| Spansion, Inc., Class A (a) | 45,165 | 951,626 |
| SunPower Corp., Class B (a) | 778 | 13,133 |
| | | 964,759 |
| Common Stocks | Shares | Value |
| Software 0.2% | | |
| Bankruptcy Management Solutions, Inc. (a) | 501 | \$ 1,754 |
| HMH Holdings/EduMedia (a) | 89,670 | 448,350 |
| TiVo, Inc. (a) | 20,295 | 208,632 |
| | | 658,736 |
| Wireless Telecommunication Services 0.7% | | |
| American Tower Corp., Class A (a) | 11,542 | 622,806 |
| Crown Castle International Corp. (a) | 27,820 | 1,172,613 |
| FiberTower Corp. (a) | 76,542 | 254,120 |
| | | 2,049,539 |
| Total Common Stocks 6.1% | | 17,089,419 |

| Corporate Bonds | | Par (000) | |
|---|-----|--------------|-----------|
| Aerospace & Defense 0.3% | | | |
| DynCorp International, Inc., 10.38%, 7/01/17 (b) | USD | 230 | 247,250 |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | | 470 | 529,925 |
| | | | 777,175 |
| Air Freight & Logistics 0.5% | | | |
| National Air Cargo Group, Inc.: | | | |
| Series 1, 12.38%, 9/02/15 | | 720 | 720,396 |
| Series 2, 12.38%, 10/08/15 | | 727 | 727,317 |
| | | | 1,447,713 |
| Airlines 2.9% | | | |
| Air Canada, 9.25%, 8/01/15 (b) | | 1,060 | 1,134,200 |
| American Airlines, Inc.: | | | |
| 10.50%, 10/15/12 | | 940 | 1,031,650 |
| Series 2001-2, 7.86%, 4/01/13 | | 400 | 413,000 |
| Continental Airlines, Inc.: | | | |
| 6.75%, 9/15/15 (b) | | 630 | 647,325 |
| Series 1997-4-B, 6.90%, 7/02/18 (c) | | 396 | 402,010 |
| Series 2001-1-C, 7.03%, 12/15/12 | | 199 | 199,692 |
| Series 2010-1-B, 6.00%, 7/12/20 | | 500 | 498,750 |
| Delta Air Lines, Inc.: | | | |
| Series 2010-1-B, 6.38%, 7/02/17 | | 500 | 497,500 |
| Series B, 9.75%, 12/17/16 | | 992 | 1,071,332 |
| United Air Lines, Inc., 12.75%, 7/15/12 | | 2,062 | 2,304,696 |
| | | | 8,200,155 |
| Auto Components 1.5% | | | |
| Allison Transmission, Inc. (b): | | | |
| 11.00%, 11/01/15 | | 230 | 250,125 |
| 11.25%, 11/01/15 (d) | | 177 | 192,930 |
| Delphi International Holdings, Unsecured, 12.00%, 10/06/14 | | 91 | 100,214 |
| Exide Technologies, 8.63%, 2/01/18 (b) | | 370 | 394,513 |
| Icahn Enterprises LP: | | | |
| 4.00%, 8/15/13 (b)(e)(f) | | 255 | 252,450 |
| 8.00%, 1/15/18 | | 3,035 | 3,141,225 |
| | | | 4,331,457 |
| Beverages 0.2% | | | |
| Cott Beverages, Inc., 8.13%, 9/01/18 | | 264 | 284,130 |
| Crown European Holdings SA, 7.13%, 8/15/18 (b) | EUR | 245 | 360,065 |
| | | | 644,195 |

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

Biotechnology 0.2%

| | | | |
|---------------------------------|-----|-----|---------|
| QHP Pharma, 10.25%, 3/15/15 (b) | USD | 483 | 487,268 |
|---------------------------------|-----|-----|---------|

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2011

25

Schedule of Investments (continued)

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

| Corporate Bonds | | Par (000) | Value |
|---|-----|--------------|------------|
| Building Products 1.2% | | | |
| Associated Materials LLC, 9.13%, 11/01/17 (b) | USD | 490 | \$ 529,812 |
| Building Materials Corp. of America (b): | | | |
| 6.88%, 8/15/18 | | 530 | 543,250 |
| 7.00%, 2/15/20 | | 620 | 653,325 |
| Momentive Performance Materials, Inc.: | | | |
| 11.50%, 12/01/16 | | 170 | 184,450 |
| 9.00%, 1/15/21 (b) | | 1,280 | 1,361,600 |
| | | | 3,272,437 |
| Capital Markets 0.6% | | | |
| American Capital Ltd., 7.96%, 12/31/13 (g) | | 510 | 522,276 |
| E*Trade Financial Corp. (e)(h): | | | |
| 3.39%, 8/31/19 (b) | | 244 | 376,980 |
| Series A, 3.64%, 8/31/19 | | 7 | 10,815 |
| KKR Group Finance Co., 6.38%, 9/29/20 (b) | | 650 | 669,712 |
| | | | 1,579,783 |
| Chemicals 3.4% | | | |
| American Pacific Corp., 9.00%, 2/01/15 | | 880 | 864,600 |
| Chemtura Corp., 7.88%, 9/01/18 (b) | | 530 | 565,775 |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b) | | 165 | 183,563 |
| Hexion U.S. Finance Corp.: | | | |
| 8.88%, 2/01/18 | | 765 | 821,419 |
| 9.00%, 11/15/20 (b) | | 370 | 393,587 |
| Huntsman International LLC (b): | | | |
| 6.88%, 11/15/13 | EUR | 280 | 395,082 |
| 8.63%, 3/15/21 | USD | 500 | 555,000 |
| Ineos Finance Plc, 9.00%, 5/15/15 (b) | | 420 | 460,950 |
| KRATON Polymers LLC, 6.75%, 3/01/19 (b) | | 125 | 127,500 |
| MacDermid, Inc., 9.50%, 4/15/17 (b) | | 1,260 | 1,341,900 |
| Nalco Co., 6.63%, 1/15/19 (b) | | 335 | 346,306 |
| Nexeo Solutions LLC, 8.38%, 3/01/18 (b)(i) | | 185 | 188,237 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b) | | 680 | 746,300 |
| Omnova Solutions, Inc., 7.88%, 11/01/18 (b) | | 150 | 153,938 |
| Polymer Group, Inc., 7.75%, 2/01/19 (b) | | 144 | 149,940 |
| PolyOne Corp., 7.38%, 9/15/20 | | 215 | 227,900 |
| Rhodia SA, 6.88%, 9/15/20 (b) | | 765 | 783,169 |
| TPC Group LLC, 8.25%, 10/01/17 (b) | | 335 | 356,356 |
| Wellman Holdings, Inc., Subordinate Note (e): | | | |
| (Second Lien), 10.00%, 1/29/19 | | 844 | 734,280 |
| (Third Lien), 5.00%, 1/29/19 (d) | | 283 | 110,427 |
| | | | 9,506,229 |

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

Commercial Banks 2.8%

| | | |
|------------------|-------|-----------|
| CIT Group, Inc.: | | |
| 7.00%, 5/01/16 | 3,336 | 3,365,680 |
| 7.00%, 5/01/17 | 4,490 | 4,523,756 |
| | | 7,889,436 |

Commercial Services & Supplies 1.7%

| | | |
|--|-----|-----------|
| ACCO Brands Corp., 10.63%, 3/15/15 | 755 | 853,150 |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (b) | 226 | 232,215 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (b) | 525 | 564,375 |
| Casella Waste Systems, Inc., 7.75%, 2/15/19 (b) | 370 | 379,250 |
| International Lease Finance Corp., 8.25%, 12/15/20 | 331 | 368,237 |
| Mobile Mini, Inc., 7.88%, 12/01/20 (b) | 230 | 244,950 |
| RSC Equipment Rental, Inc. (b): | | |
| 10.00%, 7/15/17 | 585 | 672,750 |
| 8.25%, 2/01/21 | 590 | 623,925 |
| West Corp. (b): | | |
| 8.63%, 10/01/18 | 755 | 800,300 |
| 7.88%, 1/15/19 | 195 | 200,119 |
| | | 4,939,271 |

Communications Equipment 0.1%

| | | |
|--------------------------------|-----|---------|
| Avaya Inc., 7.00%, 4/01/19 (b) | 430 | 425,700 |
|--------------------------------|-----|---------|

| Corporate Bonds | | Par (000) | | Value |
|--|-----|--------------|----|-----------|
| Computers & Peripherals 0.3% | | | | |
| EMC Corp., 1.75%, 12/01/13 (e) | USD | 490 | \$ | 856,275 |
| Construction Materials 1.4% | | | | |
| Nortek, Inc.: | | | | |
| 11.00%, 12/01/13 | | 2,395 | | 2,550,178 |
| 10.00%, 12/01/18 (b) | | 1,190 | | 1,270,325 |
| | | | | 3,820,503 |
| Consumer Finance 0.7% | | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | | 680 | | 732,700 |
| Ford Motor Credit Co. LLC: | | | | |
| 3.05%, 1/13/12 (f) | | 215 | | 217,191 |
| 7.80%, 6/01/12 | | 200 | | 213,289 |
| 6.63%, 8/15/17 | | 840 | | 893,405 |
| | | | | 2,056,585 |
| Containers & Packaging 2.2% | | | | |
| Ardagh Packaging Finance Plc, 7.38%, | | | | |
| 10/15/17 (b) | EUR | 475 | | 676,783 |
| Ball Corp., 6.75%, 9/15/20 | USD | 525 | | 549,937 |
| Berry Plastics Corp.: | | | | |
| 8.25%, 11/15/15 | | 135 | | 144,619 |
| 9.75%, 1/15/21 (b) | | 925 | | 927,312 |
| Graham Packaging Co. LP, 8.25%, 10/01/18 | | 250 | | 269,375 |

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

| | | | |
|--|-----|-------|------------|
| Graphic Packaging International, Inc.: | | | |
| 9.50%, 6/15/17 | | 840 | 932,400 |
| 7.88%, 10/01/18 | | 400 | 430,000 |
| OI European Group BV, 6.88%, 3/31/17 | EUR | 155 | 222,717 |
| Pregis Corp., 12.38%, 10/15/13 | USD | 565 | 569,237 |
| Smurfit Kappa Acquisitions (b): | | | |
| 7.25%, 11/15/17 | EUR | 495 | 724,064 |
| 7.75%, 11/15/19 | | 470 | 693,981 |
| | | | 6,140,425 |
| Diversified Consumer Services 1.1% | | | |
| Service Corp. International, 7.00%, 6/15/17 | USD | 3,000 | 3,195,000 |
| Diversified Financial Services 6.1% | | | |
| Ally Financial, Inc.: | | | |
| 7.50%, 12/31/13 | | 280 | 305,200 |
| 2.51%, 12/01/14 (f) | | 394 | 387,166 |
| 8.30%, 2/12/15 | | 1,090 | 1,230,337 |
| 6.25%, 12/01/17 (b) | | 980 | 1,022,875 |
| 8.00%, 3/15/20 | | 1,900 | 2,139,875 |
| 7.50%, 9/15/20 (b) | | 1,220 | 1,334,375 |
| 8.00%, 11/01/31 | | 880 | 1,007,946 |
| 8.00%, 11/01/31 | | 1,000 | 1,145,000 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 450 | 496,125 |
| FCE Bank Plc, 7.13%, 1/15/13 | EUR | 1,050 | 1,526,837 |
| Leucadia National Corp., 8.13%, 9/15/15 | USD | 1,175 | 1,292,500 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b) | | 1,300 | 1,384,500 |
| Reynolds Group Issuer, Inc. (b): | | | |
| 7.75%, 10/15/16 | EUR | 400 | 585,102 |
| 7.13%, 4/15/19 | USD | 580 | 594,500 |
| 9.00%, 4/15/19 | | 1,720 | 1,793,100 |
| 6.88%, 2/15/21 | | 395 | 395,988 |
| 8.25%, 2/15/21 | | 490 | 491,225 |
| | | | 17,132,651 |

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 |
|--|--------------|--------------|
| Diversified Telecommunication Services 4.1% | | |
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12 | USD 1,035 | \$ 1,031,119 |
| Frontier Communications Corp.: | | |
| 8.25%, 4/15/17 (b) | 393 | 434,265 |
| 8.50%, 4/15/20 | 350 | 388,500 |
| GCI, Inc., 8.63%, 11/15/19 | 1,200 | 1,320,000 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | 350 | 384,125 |
| Level 3 Communications, Inc., 6.50%, 10/01/16 (e) | 280 | 399,700 |
| Level 3 Financing, Inc.: | | |
| 5.50%, 11/01/14 | 130 | 134,225 |
| 8.75%, 2/15/17 | 1,480 | 1,454,100 |
| Qwest Communications International, Inc.: | | |
| 7.50%, 2/15/14 | 2,020 | 2,050,300 |
| 8.00%, 10/01/15 | 600 | 654,750 |
| Series B, 7.50%, 2/15/14 | 1,450 | 1,471,750 |
| Qwest Corp., 7.63%, 6/15/15 | 525 | 602,438 |
| Windstream Corp.: | | |
| 8.13%, 8/01/13 | 460 | 506,575 |
| 7.88%, 11/01/17 | 630 | 684,337 |
| | | 11,516,184 |
| Electronic Equipment, Instruments & Components 0.7% | | |
| CDW LLC: | | |
| 11.00%, 10/12/15 | 120 | 130,500 |
| 11.50%, 10/12/15 (d) | 660 | 716,100 |
| 8.00%, 12/15/18 (b) | 570 | 612,750 |
| NXP BV, 3.05%, 10/15/13 (f) | 520 | 517,400 |
| | | 1,976,750 |
| Energy Equipment & Services 1.4% | | |
| Bayou Well Services, 0.16%, 12/22/13 | 625 | 625,000 |
| Calfrac Holdings LP, 7.50%, 12/01/20 (b) | 245 | 251,125 |
| Compagnie Générale de Géophysique-Veritas: | | |
| 7.50%, 5/15/15 | 985 | 1,019,475 |
| 7.75%, 5/15/17 | 250 | 264,375 |
| Exterran Holdings, Inc., 7.25%, 12/01/18 (b) | 445 | 456,125 |
| Frac Tech Services LLC, 7.13%, 11/15/18 (b) | 620 | 641,700 |
| Precision Drilling Corp., 6.63%, 11/15/20 (b) | 115 | 118,738 |
| Thermon Industries, Inc., 9.50%, 5/01/17 | 555 | 600,787 |
| | | 3,977,325 |
| Food & Staples Retailing 0.7% | | |

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

| | | |
|---|-----|-----------|
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) | 560 | 554,400 |
| BI-LO LLC, 9.25%, 2/15/19 (b) | 335 | 348,400 |
| Rite Aid Corp.: | | |
| 9.75%, 6/12/16 | 410 | 461,763 |
| 7.50%, 3/01/17 | 670 | 674,187 |
| | | 2,038,750 |

Food Products 0.7%

| | | |
|--|-------|-----------|
| B&G Foods, Inc., 7.63%, 1/15/18 | 220 | 234,850 |
| Blue Merger Sub, Inc., 7.63%, 2/15/19 (b) | 1,060 | 1,070,600 |
| Darling International, Inc., 8.50%, 12/15/18 (b) | 240 | 258,900 |
| Reddy Ice Corp., 11.25%, 3/15/15 | 440 | 462,000 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 | 70 | 82,600 |
| | | 2,108,950 |

Health Care Equipment & Supplies 1.4%

| | | |
|---------------------------------------|-------|-----------|
| DJO Finance LLC, 10.88%, 11/15/14 | 2,455 | 2,691,294 |
| Hologic, Inc., 2.00%, 12/15/37 (e)(g) | 1,375 | 1,325,156 |
| | | 4,016,450 |

| Corporate Bonds | | Par (000) | | Value |
|---|-----|--------------|----|------------|
| Health Care Providers & Services 5.6% | | | | |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (b) | USD | 280 | \$ | 291,900 |
| ConvaTec Healthcare E SA (b): | | | | |
| 7.38%, 12/15/17 | EUR | 600 | | 861,093 |
| 10.50%, 12/15/18 | USD | 470 | | 501,725 |
| DaVita, Inc., 6.38%, 11/01/18 | | 400 | | 405,500 |
| Gentiva Health Services Inc., 11.50%, 9/01/18 | | 710 | | 799,638 |
| HCA, Inc.: | | | | |
| 9.13%, 11/15/14 | | 1,785 | | 1,872,019 |
| 8.50%, 4/15/19 | | 1,020 | | 1,142,400 |
| 7.25%, 9/15/20 | | 2,315 | | 2,497,306 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (b) | | 650 | | 667,875 |
| Omnicare, Inc.: | | | | |
| 6.13%, 6/01/13 | | 178 | | 178,668 |
| 6.88%, 12/15/15 | | 460 | | 474,950 |
| 7.75%, 6/01/20 | | 625 | | 667,188 |
| Priory Group Ltd., 7.00%, 2/15/18 | GBP | 137 | | 228,281 |
| Tenet Healthcare Corp.: | | | | |
| 9.00%, 5/01/15 | USD | 1,799 | | 1,978,900 |
| 10.00%, 5/01/18 | | 644 | | 756,700 |
| 8.88%, 7/01/19 | | 2,279 | | 2,592,362 |
| | | | | 15,916,505 |

Health Care Technology 1.1%

| | | |
|---------------------------------------|-------|-----------|
| IMS Health, Inc., 12.50%, 3/01/18 (b) | 2,405 | 2,819,862 |
| MedAssets, Inc., 8.00%, 11/15/18 (b) | 165 | 169,538 |
| | | 2,989,400 |

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

| Hotels, Restaurants & Leisure 3.7% | | | |
|--|-----|-------|------------|
| Boyd Gaming Corp., 9.13%, 12/01/18 (b) | | 625 | 656,250 |
| Caesars Entertainment Operating Co., Inc., 10.00%, 12/15/18 | | 3,775 | 3,548,500 |
| Cirsa Funding Luxembourg SA, 8.75%, 5/15/18 | EUR | 53 | 76,063 |
| CityCenter Holdings LLC, 7.63%, 1/15/16 (b) | USD | 340 | 354,450 |
| Diamond Resorts Corp., 12.00%, 8/15/18 (b) | | 1,190 | 1,276,275 |
| Enterprise Inns Plc, 6.50%, 12/06/18 | GBP | 425 | 626,991 |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17 | USD | 660 | 749,100 |
| Inn of the Mountain Gods Resort & Casino (b): | | | |
| 1.25%, 11/30/20 (d) | | 1,046 | 543,920 |
| 8.75%, 11/30/20 | | 465 | 441,750 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (b) | | 380 | 313,500 |
| MGM Mirage, 13.00%, 11/15/13 | | 110 | 131,725 |
| MGM Resorts International: | | | |
| 10.38%, 5/15/14 | | 255 | 285,600 |
| 11.13%, 11/15/17 | | 820 | 945,050 |
| Palace Entertainment Holding LLC, 8.88%, 4/15/17 (b) | | 120 | 122,400 |
| Travelport LLC: | | | |
| 4.94%, 9/01/14 (f) | | 160 | 142,800 |
| 9.88%, 9/01/14 | | 190 | 185,488 |
| 9.00%, 3/01/16 | | 120 | 113,400 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(j) | | 305 | 31 |
| | | | 10,513,293 |

| Household Durables 4.0% | | | |
|--|-----|-------|-----------|
| American Standard Americas, 10.75%, 1/15/16 (b) | | 410 | 435,625 |
| Ashton Woods USA LLC, 21.57%, 6/30/15 (b)(k) | | 880 | 572,000 |
| Beazer Homes USA, Inc.: | | | |
| 8.13%, 6/15/16 | | 315 | 320,119 |
| 12.00%, 10/15/17 | | 1,345 | 1,563,562 |
| 9.13%, 6/15/18 | | 1,770 | 1,827,525 |
| Jarden Corp., 7.50%, 1/15/20 | EUR | 305 | 438,775 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | USD | 1,725 | 1,869,469 |
| Ryland Group, Inc., 6.63%, 5/01/20 | | 675 | 661,500 |

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 |
|---|--------------|--------------|
| Household Durables (concluded) | | |
| Standard Pacific Corp.: | | |
| 10.75%, 9/15/16 | USD 1,390 | \$ 1,633,250 |
| 8.38%, 5/15/18 | 475 | 503,500 |
| 8.38%, 5/15/18 (b) | 480 | 508,800 |
| 8.38%, 1/15/21 (b) | 780 | 822,900 |
| | | 11,157,025 |
| IT Services 1.8% | | |
| First Data Corp. (b): | | |
| 8.88%, 8/15/20 | 1,275 | 1,396,125 |
| 8.25%, 1/15/21 | 1,758 | 1,749,210 |
| 12.63%, 1/15/21 | 829 | 868,377 |
| SunGard Data Systems, Inc. (b): | | |
| 7.38%, 11/15/18 | 480 | 495,600 |
| 7.63%, 11/15/20 | 600 | 619,500 |
| | | 5,128,812 |
| Independent Power Producers & Energy Traders 3.2% | | |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b) | | |
| | 1,260 | 1,367,100 |
| Calpine Corp. (b): | | |
| 7.50%, 2/15/21 | 475 | 485,688 |
| 7.88%, 1/15/23 | 645 | 662,738 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b) | 3,395 | 3,535,390 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 174 | 181,630 |
| NRG Energy, Inc., 7.63%, 1/15/18 (b) | 2,745 | 2,858,231 |
| | | 9,090,777 |
| Industrial Conglomerates 2.5% | | |
| Sequa Corp. (b): | | |
| 11.75%, 12/01/15 | 2,340 | 2,538,900 |
| 13.50%, 12/01/15 (d) | 3,954 | 4,379,067 |
| | | 6,917,967 |
| Insurance 1.0% | | |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 1,700 | 1,797,750 |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (b) | 341 | 363,165 |
| USI Holdings Corp., 4.16%, 11/15/14 (b)(f) | 680 | 656,200 |

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

| | | |
|-------------------------------------|-------|-----------|
| | | 2,817,115 |
| Machinery 1.9% | | |
| AGY Holding Corp., 11.00%, 11/15/14 | 980 | 872,200 |
| Navistar International Corp.: | | |
| 3.00%, 10/15/14 (e) | 1,820 | 2,543,450 |
| 8.25%, 11/01/21 | 630 | 697,725 |
| Oshkosh Corp., 8.25%, 3/01/17 | 100 | 111,000 |
| Titan International, Inc. (b): | | |
| 5.63%, 1/15/17 (e) | 240 | 625,200 |
| 7.88%, 10/01/17 | 465 | 497,550 |
| | | 5,347,125 |

| | | |
|---|-------|-----------|
| Marine 0.7% | | |
| Horizon Lines, Inc., 4.25%, 8/15/12 (e) | 2,230 | 2,068,325 |

| | | |
|--|-----|---------|
| Media 12.8% | | |
| AMC Entertainment Holdings, Inc., 9.75%, 12/01/20 (b) | 510 | 546,975 |
| Affinion Group, Inc., 7.88%, 12/15/18 (b) | 570 | 545,775 |
| CCH II LLC, 13.50%, 11/30/16 | 543 | 657,344 |
| CCO Holdings LLC: | | |
| 7.88%, 4/30/18 | 470 | 501,725 |
| 8.13%, 4/30/20 | 470 | 507,013 |
| CMP Susquehanna Corp., 3.44%, 5/15/14 (b) | 160 | 112,787 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 390 | 436,800 |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(d) | 610 | 660,325 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|-------------|
| Media (concluded) | | |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (b) | USD 1,470 | \$1,525,125 |
| Checkout Holding Corp., 10.98%, 11/15/15 (b)(h) | 875 | 564,375 |
| Citadel Broadcasting Corp., 7.75%, 12/15/18 (b) | 255 | 273,488 |
| Clear Channel Communications, Inc., 9.00%, 3/01/21 (b) | 255 | 259,144 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 1,525 | 1,692,750 |
| Series B, 9.25%, 12/15/17 | 5,570 | 6,196,625 |
| Cox Enterprises, Inc.: | | |
| Loan Close 2, 4.00%, 8/15/18 | 648 | 648,241 |
| Loan Close 3, 12.00%, 8/15/18 | 741 | 741,125 |
| Shares Loan, 4.00%, 8/15/18 | 764 | 764,360 |
| DISH DBS Corp., 7.00%, 10/01/13 | 90 | 96,750 |
| Gray Television, Inc., 10.50%, 6/29/15 | 935 | 993,437 |
| Harland Clarke Holdings Corp.: | | |
| 6.00%, 5/15/15 (f) | 350 | 314,125 |
| 9.50%, 5/15/15 | 420 | 412,650 |
| Interactive Data Corp., 10.25%, 8/01/18 (b) | 1,030 | 1,153,600 |
| Liberty Global, Inc., 4.50%, 11/15/16 (e) | 400 | 693,000 |
| Liberty Media Corp., 3.13%, 3/30/23 | 1,113 | 1,371,772 |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b) | 805 | 829,150 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (b) | 620 | 666,500 |
| Nielsen Finance LLC: | | |

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

| | | | |
|--|-----|-------|------------|
| 11.63%, 2/01/14 | | 117 | 137,475 |
| 7.75%, 10/15/18 (b) | | 2,145 | 2,319,281 |
| ProQuest LLC, 9.00%, 10/15/18 (b) | | 500 | 517,500 |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(j) | | 850 | 8,499 |
| Rainbow National Services LLC (b): | | | |
| 8.75%, 9/01/12 | | 440 | 441,650 |
| 10.38%, 9/01/14 | | 1,582 | 1,647,257 |
| Regal Entertainment Group, 9.13%, 8/15/18 | | 335 | 358,450 |
| UPC Germany GmbH (b): | | | |
| 8.13%, 12/01/17 | | 755 | 809,738 |
| 8.13%, 12/01/17 | EUR | 441 | 654,964 |
| 9.63%, 12/01/19 | | 570 | 893,747 |
| UPC Holding BV, 9.88%, 4/15/18 (b) | USD | 500 | 555,000 |
| UPCB Finance II Ltd., 6.38%, 7/01/20 | EUR | 822 | 1,120,115 |
| Unitymedia GmbH, 9.63%, 12/01/19 | | 168 | 263,420 |
| Univision Communications, Inc., 7.88%, 11/01/20 (b) | USD | 460 | 493,350 |
| Virgin Media Secured Finance Plc, 7.00%, 1/15/18 | GBP | 618 | 1,082,510 |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b) | EUR | 388 | 574,242 |
| Ziggo Finance BV, 6.13%, 11/15/17 (b) | | 800 | 1,128,805 |
| | | | 36,170,964 |

Metals & Mining 4.2%

| | | | |
|---|-----|-------|------------|
| Drummond Co., Inc.: | | | |
| 9.00%, 10/15/14 (b) | USD | 630 | 672,525 |
| 7.38%, 2/15/16 | | 225 | 232,875 |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (b) | | 1,580 | 1,639,250 |
| Foundation PA Coal Co., 7.25%, 8/01/14 | | 1,975 | 2,014,500 |
| Goldcorp, Inc., 2.00%, 8/01/14 (e) | | 595 | 748,956 |
| New World Resources NV, 7.88%, 5/01/18 | EUR | 655 | 971,663 |
| Newmont Mining Corp., Series A, 1.25%, 7/15/14 (e) | USD | 430 | 573,512 |
| Novelis, Inc., 8.75%, 12/15/20 (b) | | 3,525 | 3,886,312 |
| Ryerson, Inc.: | | | |
| 7.66%, 11/01/14 (f) | | 400 | 384,000 |
| 12.00%, 11/01/15 | | 265 | 284,875 |
| Steel Dynamics, Inc., 7.38%, 11/01/12 | | 205 | 217,813 |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b) | | 200 | 220,500 |
| | | | 11,846,781 |

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 |
|---|-----|--------------|--------------|
| Multiline Retail 1.8% | | | |
| Dollar General Corp., 11.88%, 7/15/17 (d) | USD | 4,351 | \$ 5,030,844 |
| Oil, Gas & Consumable Fuels 7.4% | | | |
| Arch Coal, Inc., 7.25%, 10/01/20 | | 855 | 908,437 |
| Berry Petroleum Co., 8.25%, 11/01/16 | | 510 | 538,688 |
| Bill Barrett Corp., 9.88%, 7/15/16 | | 45 | 50,400 |
| Carrizo Oil & Gas, Inc., 8.63%, 10/15/18 (b) | | 230 | 244,375 |
| Chaparral Energy Inc., 8.25%, 9/01/21 (b) | | 255 | 259,463 |
| Chesapeake Energy Corp.: | | | |
| 6.63%, 8/15/20 | | 1,590 | 1,669,500 |
| 6.13%, 2/15/21 | | 955 | 974,100 |
| 2.25%, 12/15/38 (e) | | 800 | 732,000 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | | 266 | 289,940 |
| Concho Resources, Inc., 7.00%, 1/15/21 | | 410 | 429,475 |
| Connacher Oil and Gas Ltd. (b): | | | |
| 11.75%, 7/15/14 | | 175 | 189,438 |
| 10.25%, 12/15/15 | | 1,145 | 1,210,837 |
| Consol Energy, Inc., 8.25%, 4/01/20 | | 1,990 | 2,193,975 |
| Continental Resources, Inc., 7.13%, 4/01/21 | | 370 | 394,050 |
| Crosstex Energy LP, 8.88%, 2/15/18 (b) | | 180 | 198,450 |
| Denbury Resources Inc.: | | | |
| 8.25%, 2/15/20 | | 737 | 819,912 |
| 6.38%, 8/15/21 | | 350 | 353,500 |
| Energy Transfer Equity LP, 7.50%, 10/15/20 | | 135 | 146,306 |
| Energy XXI Gulf Coast, Inc. (b): | | | |
| 9.25%, 12/15/17 | | 425 | 456,875 |
| 7.75%, 6/15/19 | | 530 | 535,300 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (b) | | 770 | 812,350 |
| Linn Energy LLC (b): | | | |
| 8.63%, 4/15/20 | | 1,100 | 1,226,500 |
| 7.75%, 2/01/21 | | 590 | 626,875 |
| MarkWest Energy Partners LP, 6.75%, 11/01/20 | | 260 | 266,500 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b) | | 1,870 | 2,038,300 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (b) | | 230 | 233,450 |
| Peabody Energy Corp., 6.50%, 9/15/20 | | 555 | 593,850 |
| Petrohawk Energy Corp.: | | | |
| 10.50%, 8/01/14 | | 370 | 425,500 |
| 7.88%, 6/01/15 | | 460 | 487,600 |
| Range Resources Corp., 8.00%, 5/15/19 | | 400 | 440,500 |
| SM Energy Co., 6.63%, 2/15/19 (b) | | 285 | 288,206 |
| Teekay Corp., 8.50%, 1/15/20 | | 660 | 710,325 |
| United Refining Co., 10.50%, 2/28/18 (b)(i) | | 255 | 252,450 |
| | | | 20,997,427 |

Paper & Forest Products 3.0%

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

| | | |
|---|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(d) | 1,162 | 1,179,907 |
| Boise Paper Holdings LLC: | | |
| 9.00%, 11/01/17 | 330 | 367,950 |
| 8.00%, 4/01/20 | 165 | 181,913 |
| Clearwater Paper Corp.: | | |
| 10.63%, 6/15/16 | 390 | 445,575 |
| 7.13%, 11/01/18 (b) | 585 | 606,938 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b) | 1,600 | 1,804,000 |
| NewPage Corp., 11.38%, 12/31/14 | 2,695 | 2,688,262 |
| Verso Paper Holdings LLC: | | |
| 11.50%, 7/01/14 | 840 | 926,100 |
| 8.75%, 2/01/19 (b) | 235 | 245,575 |
| | | 8,446,220 |

Pharmaceuticals 0.8%

| | | |
|--|---------|-----------|
| Angiotech Pharmaceuticals, Inc., 4.06%, 12/01/13 (f) | 890 | 747,600 |
| Grifols, Inc., 8.25%, 2/01/18 (b) | 135 | 138,712 |
| Novasep Holding SAS, 9.63%, 12/15/16 (b) | EUR 531 | 593,534 |
| Valeant Pharmaceuticals International (b): | | |
| 6.75%, 10/01/17 | USD 380 | 393,300 |
| 7.00%, 10/01/20 | 480 | 496,200 |
| | | 2,369,346 |

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

Professional Services 0.3%

| | | |
|---|---------|------------|
| FTI Consulting, Inc., 6.75%, 10/01/20 (b) | USD 920 | \$ 920,000 |
|---|---------|------------|

Real Estate Investment Trusts (REITs) 0.4%

| | | |
|--|-----|-----------|
| Omega Healthcare Investors, Inc., 6.75%, 10/15/22 (b) | 540 | 545,400 |
| The Rouse Co. LP, 6.75%, 11/09/15 | 520 | 544,700 |
| | | 1,090,100 |

Real Estate Management & Development 1.9%

| | | |
|---|---------|-----------|
| CB Richard Ellis Services Inc., 6.63%, 10/15/20 | 335 | 345,469 |
| Forest City Enterprises, Inc., 7.63%, 6/01/15 | 1,425 | 1,382,250 |
| IVG Immobilien AG, 8.00%, 5/29/49 (f) | EUR 100 | 115,571 |
| Realogy Corp. (b): | | |
| 11.50%, 4/15/17 | USD 795 | 846,675 |
| 7.88%, 2/15/19 | 2,655 | 2,664,956 |
| | | 5,354,921 |

Road & Rail 2.1%

| | | |
|---|-----|---------|
| Avis Budget Car Rental LLC: | | |
| 9.63%, 3/15/18 | 510 | 569,925 |
| 8.25%, 1/15/19 | 775 | 822,469 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (b) | 410 | 428,450 |
| The Hertz Corp. (b): | | |
| 7.50%, 10/15/18 | 645 | 682,894 |
| 6.75%, 4/15/19 | 445 | 453,900 |

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

| | | | |
|--|-----|-------|-----------------|
| 7.38%, 1/15/21 | | 495 | 517,275 |
| Hertz Holdings Netherlands BV, 8.50%, 7/31/15 (b) | EUR | 1,325 | 1,988,432 |
| Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b) | USD | 360 | 373,500 |
| | | | <hr/> 5,836,845 |

Semiconductors & Semiconductor Equipment 0.3%

| | | | |
|--|--|-----|---------------|
| Linear Technology Corp., Series A, 3.00%, 5/01/27 (e) | | 435 | 473,606 |
| Spansion LLC, 7.88%, 11/15/17 (b) | | 280 | 285,600 |
| | | | <hr/> 759,206 |

Specialty Retail 1.6%

| | | | |
|--|--|-------|-----------------|
| Asbury Automotive Group, Inc., 8.38%, 11/15/20 (b) | | 330 | 346,500 |
| Claire s Escrow Corp., 8.88%, 3/15/19 (b)(i) | | 325 | 326,219 |
| Hillman Group, Inc., 10.88%, 6/01/18 | | 530 | 583,000 |
| Ltd. Brands, Inc., 8.50%, 6/15/19 | | 785 | 898,825 |
| PETCO Animal Supplies, Inc., 9.25%, 12/01/18 (b) | | 455 | 491,400 |
| Sonic Automotive, Inc., 9.00%, 3/15/18 | | 370 | 395,900 |
| Toys R Us-Delaware, Inc., 7.38%, 9/01/16 (b) | | 420 | 442,575 |
| United Auto Group, Inc., 7.75%, 12/15/16 | | 1,025 | 1,058,312 |
| | | | <hr/> 4,542,731 |

Thrifts & Mortgage Finance 0.2%

| | | | |
|---|--|-----|---------|
| Radian Group, Inc., 3.00%, 11/15/17 (e) | | 500 | 472,500 |
|---|--|-----|---------|

Transportation Infrastructure 0.2%

| | | | |
|---------------------------------|--|-----|---------|
| Aguila 3 SA, 7.88%, 1/31/18 (b) | | 431 | 447,162 |
|---------------------------------|--|-----|---------|

Wireless Telecommunication Services 4.2%

| | | | |
|---|--|-------|-----------|
| Clearwire Communications LLC (b): | | | |
| 12.00%, 12/01/15 | | 490 | 534,100 |
| 12.00%, 12/01/17 | | 1,130 | 1,220,400 |
| Cricket Communications, Inc.: | | | |
| 10.00%, 7/15/15 | | 765 | 843,412 |
| 7.75%, 5/15/16 | | 220 | 232,650 |
| Digicel Group Ltd. (b): | | | |
| 8.88%, 1/15/15 | | 700 | 728,000 |
| 9.13%, 1/15/15 (d) | | 1,783 | 1,856,994 |
| 8.25%, 9/01/17 | | 1,180 | 1,233,100 |
| 10.50%, 4/15/18 | | 500 | 570,000 |
| FiberTower Corp., 9.00%, 1/01/16 (d) | | 302 | 258,202 |
| Intelsat Jackson Holdings SA, 7.25%, 10/15/20 (b) | | 335 | 344,213 |
| iPCS, Inc., 2.43%, 5/01/13 (f) | | 815 | 804,813 |

See Notes to Financial Statements.

Schedule of Investments (continued)

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

| Corporate Bonds | | Par (000) | | Value |
|--|---------------|--------------|----|-------------|
| Wireless Telecommunication Services (concluded) | | | | |
| MetroPCS Wireless, Inc.: | | | | |
| 7.88%, 9/01/18 | USD | 520 | \$ | 549,250 |
| 6.63%, 11/15/20 | | 760 | | 740,050 |
| NII Holdings, Inc., 3.13%, 6/15/12 (e) | | 370 | | 368,150 |
| Sprint Capital Corp., 6.88%, 11/15/28 | | 1,510 | | 1,360,887 |
| Syniverse Holdings, Inc., 9.13%, 1/15/19 (b) | | 250 | | 270,000 |
| | | | | 11,914,221 |
| Total Corporate Bonds | 102.9% | | | 290,482,279 |

Floating Rate Loan Interests (f)

| | | | | |
|---|--|-------|--|-----------|
| Building Products 0.2% | | | | |
| Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/13/17 | | 625 | | 644,141 |
| Capital Markets 0.1% | | | | |
| Marsico Parent Co., LLC, Term Loan, 5.31%, 12/15/14 | | 375 | | 304,745 |
| Chemicals 0.4% | | | | |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Facility (First Lien), 3.52% 3.56%, 7/30/14 | | 374 | | 367,921 |
| Styron Sarl, Term Loan B, 6.00%, 7/27/17 | | 700 | | 706,300 |
| | | | | 1,074,221 |
| Commercial Services & Supplies 0.7% | | | | |
| AWAS Finance Luxembourg Sarl, Term Loan B, 7.75%, 6/10/16 | | 530 | | 544,244 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | | 550 | | 554,714 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 8/24/16 | | 998 | | 1,007,056 |
| | | | | 2,106,014 |
| Construction & Engineering 0.7% | | | | |
| | | 2,000 | | 2,000,000 |

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

Safeway Services, LLC, Last Out Term Loan, 15.63%,
12/18/17

Consumer Finance 1.5%

Springleaf Financial Funding Co. (FKA AGFS
Funding Co.), Term Loan, 7.25%, 4/21/15 4,250 4,287,825

Electric Utilities 0.1%

New Development Holdings LLC, Term Loan, 7.00%,
7/03/17 139 140,333

Food Products 0.3%

Advance Pierre Foods, Term Loan, 11.25%, 9/29/17 900 922,500

Health Care Providers & Services 0.7%

Harden Healthcare, Inc.:

Tranche A Additional Term Loan, 7.75%, 3/02/15 499 488,775

Tranche A Term Loan, 8.50%, 2/22/15 450 441,111

inVentiv Health, Inc. (FKA Ventive Health, Inc.),
Term Loan B, 6.50%, 8/04/16 896 899,418

1,829,304

Hotels, Restaurants & Leisure 0.8%

Harrah's Operating Co., Inc., Term Loan B-3, 3.30%,
1/28/15 425 394,601

Travelport LLC (FKA Travelport, Inc.), Loan, 8.31%,
3/27/12 2,097 1,871,141

2,265,742

Household Durables 0.7%

Visant Corp. (FKA Jostens):

Term Loan, 5.25%, 12/22/16 1,000 1,000,000

Tranche B Term Loan, 7.00%, 12/20/16 998 1,006,428

2,006,428

Floating Rate Loan Interests (f) **Par (000)** **Value**

IT Services 0.4%

First Data Corp.:

Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 USD 283 \$ 268,095

Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 407 385,554

Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 593 561,388

1,215,037

Independent Power Producers & Energy Traders 1.0%

Texas Competitive Electric Holdings Co., LLC (TXU):

Initial Tranche B-1 Term Loan, 3.76% 3.80%,
10/10/14 214 180,281

Initial Tranche B-2 Term Loan, 3.76% 3.80%,
10/10/14 254 213,709

2,792 2,347,700

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

| | | |
|---|-------|------------------------|
| Initial Tranche B-3 Term Loan, 3.76% 3.80%, 10/10/14 | | 2,741,690 |
| <hr/> | | |
| Media 4.0% | | |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 1,706 | 1,713,928 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.01%, 6/12/14 | 943 | 895,163 |
| Intelsat Jackson Holdings SA (FKA Intel Jackson Holdings Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | 7,300 | 7,349,049 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | 1,325 | 1,408,641 |
| | | <hr/> 11,366,781 <hr/> |
| Metals & Mining 0.1% | | |
| Euramax International, Inc., Domestic Term Loan: 10.00%, 6/29/13 | 181 | 174,162 |
| 14.00%, 6/29/13 | 174 | 167,188 |
| | | <hr/> 341,350 <hr/> |
| Oil, Gas & Consumable Fuels 1.2% | | |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15 | 2,327 | 2,385,047 |
| Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18 | 2,351 | 964,101 |
| | | <hr/> 3,349,148 <hr/> |
| Paper & Forest Products 0.4% | | |
| Verso Paper Finance Holdings LLC, 6.55% 7.30%, 2/01/13 (b) | 1,386 | 1,247,155 |
| Pharmaceuticals 0.2% | | |
| Axcan Intermediate Holdings, Inc., Term Loan, 5.50%, 2/10/17 | 667 | 668,333 |
| Real Estate Investment Trusts (REITs) 0.1% | | |
| iStar Financial, Inc., Term Loan (Second Lien), 1.76%, 6/28/11 | 225 | 221,906 |
| Real Estate Management & Development 0.3% | | |
| Realogy Corp.: Extended Synthetic Letter of Credit Loan, 0.11%, 10/10/16 | 134 | 128,451 |
| Extended Term Loan B, 4.56%, 10/10/16 | 737 | 706,364 |
| | | <hr/> 834,815 <hr/> |
| Specialty Retail 0.2% | | |
| Claire's Stores, Inc., Term Loan B, 3.01% 5.00%, 5/29/14 | 137 | 133,252 |
| Michaels Stores, Inc., Term Loan B-1, 2.56% 2.63%, 10/31/13 | 328 | 327,174 |

460,426

| | | |
|---|-------|------------|
| Wireless Telecommunication Services 0.7% | | |
| Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15 | 1,812 | 1,875,241 |
| Total Floating Rate Loan Interests 14.8% | | 41,903,135 |

See Notes to Financial Statements.

30

ANNUAL REPORT

FEBRUARY 28, 2011

Schedule of Investments (continued)

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

| Other Interests (1) | | Beneficial Interest (000) | Value |
|--|-----|---------------------------------|------------------|
| Auto Components 2.5% | | | |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests | USD | (m\$) | 6,999,556 |
| Lear Corp. Escrow | | 460 | 12,650 |
| | | | <u>7,012,206</u> |
| Hotels, Restaurants & Leisure 0.0% | | | |
| Buffets, Inc. | | 575 | 6 |
| Media 0.0% | | | |
| Adelphia Escrow | | 750 | 8 |
| Adelphia Recovery Trust | | 941 | 94 |
| | | | <u>102</u> |
| Total Other Interests 2.5% | | | <u>7,012,314</u> |

| Preferred Stocks | | Shares | |
|--|--|---------|----------------|
| Auto Components 0.7% | | | |
| Dana Holding Corp., 4.00% (b)(e) | | 12,700 | 2,084,388 |
| Automobiles 0.8% | | | |
| General Motors Co., 4.75% | | 45,800 | 2,330,304 |
| Diversified Financial Services 0.8% | | | |
| Citigroup, Inc., 7.50% (a)(e) | | 16,300 | 2,192,350 |
| Household Durables 0.1% | | | |
| Beazer Homes USA, Inc., 7.50% (e) | | 10,132 | 252,793 |
| Media 0.1% | | | |
| CMP Susquehanna Radio Holdings Corp., 0.00% (a)(b)(f) | | 37,314 | |
| TRA Global, Inc. (a) | | 286,652 | 463,230 |
| | | | <u>463,230</u> |

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

| | | |
|---|--------|-----------|
| Professional Services 0.1% | | |
| Nielsen Holdings NV, 6.25% (a)(e) | 4,500 | 248,344 |
| Real Estate Investment Trusts (REITs) 0.1% | | |
| MPG Office Trust, Inc., Series A, 7.63% (a) | 8,994 | 166,839 |
| Thrifts & Mortgage Finance 0.1% | | |
| Fannie Mae, Series O (a) | 30,000 | 96,000 |
| Freddie Mac, Series Z (a) | 75,961 | 147,364 |
| | | 243,364 |
| Total Preferred Stocks 2.8% | | 7,981,612 |

Warrants (n)

| | | |
|---|--------|--------|
| Containers & Packaging 0.0% | | |
| MDP Acquisitions Plc (Expires 10/01/13) | 700 | 45,176 |
| 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 | |

| Warrants (n) | Shares | Value |
|--|--------|--------|
| Software 0.0% | | |
| Bankruptcy Management Solutions, Inc. (Expires 9/29/17) | 334 | \$ 4 |
| HMH Holdings/EduMedia (Expires 3/09/17) | 11,225 | |
| | | 4 |
| Total Warrants 0.0% | | 45,410 |

| | | |
|---|--|-------------|
| Total Long-Term Investments (Cost \$347,503,136) 129.1% | | 364,514,169 |
|---|--|-------------|

Short-Term Securities

| | | |
|---|-----------|-----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (o)(p) | 1,845,167 | 1,845,167 |
| Total Short-Term Securities (Cost \$1,845,167) 0.7% | | 1,845,167 |

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 Bank USA | 19 | |
| Total Options Purchased (Cost \$18,578) 0.0% | | |
| Total Investments (Cost \$349,366,881*) 129.8% | | 366,359,336 |
| Liabilities in Excess of Other Assets (29.8)% | | (84,100,809) |
| Net Assets 100.0% | | <u>\$ 282,258,527</u> |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2011, as computed for federal income tax purposes were as follows:

| | |
|-------------------------------|----------------------|
| Aggregate cost | \$ 350,474,137 |
| Gross unrealized appreciation | \$ 27,978,939 |
| Gross unrealized depreciation | (12,093,740) |
| Net unrealized appreciation | <u>\$ 15,885,199</u> |

- (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.

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

- (d) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (e) Convertible security.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|-----------------------------|------------|----------------------------|
| Credit Suisse International | \$ 252,450 | \$ 6,518 |
| Credit Suisse International | \$ 326,219 | \$ 1,219 |
| Sterne Agee | \$ 188,237 | \$ 2,138 |

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

- (k) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (l) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (m) Amount is less than \$1,000.
- (n) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (o) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2010 | Net Activity | Shares Held at February 28, 2011 | Income |
|--|--|-----------------|--|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 3,276,755 | (1,431,588) | 1,845,167 | \$ 3,522 |

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

Foreign currency exchange contracts as of February 28, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Depreciation | | |
|-----------------------|------------------|--------------|--------------------|----------------------------|---------|--------------|
| USD | 452,842 | CAD | 449,000 | Citibank NA | 4/14/11 | \$ (8,849) |
| USD | 742,996 | GBP | 470,000 | Citibank NA | 4/14/11 | (20,741) |
| USD | 845,309 | GBP | 526,000 | Deutsche Bank AG | 4/14/11 | (9,426) |
| | | Royal Bank | | | | |
| USD | 87,706 | GBP | 54,500 | of Scotland | 4/14/11 | (855) |
| USD | 261,623 | GBP | 163,000 | UBS AG | 4/14/11 | (3,248) |
| USD | 12,272,708 | EUR | 8,968,000 | Citibank NA | 4/27/11 | (93,809) |
| USD | 409,202 | EUR | 303,000 | Deutsche Bank AG | 4/27/11 | (8,623) |
| | | Royal Bank | | | | |
| USD | 1,481,734 | EUR | 1,082,000 | of Scotland | 4/27/11 | (10,301) |
| Total | | | | | | \$ (155,852) |

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

Financial futures contracts sold as of February 28, 2011 were as follows:

| Contracts | Issue | Exchange | Expiration | Notional Value | Unrealized Depreciation |
|-----------|---------------------|--------------------|------------|----------------|-------------------------|
| 104 | S&P 500 Index Emini | Chicago Mercantile | March 2011 | \$ 6,608,302 | \$ (287,418) |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2011 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Depreciation |
|----------------------------------|----------------|-----------------------------|-----------------|-----------------------|-------------------------|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs International | 12/20/11 | \$ 510 | \$ (23,256) |
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs Bank USA | 12/20/13 | \$ 1,000 | (85,062) |
| Louisiana-Pacific Corp. | 5.00% | JPMorgan Chase Bank NA | 3/20/14 | \$ 500 | (114,192) |
| Harrah s Operating Company, Inc. | 5.00% | Deutsche Bank AG | 12/20/15 | \$ 1,300 | (181,365) |
| Republic of Hungary | 1.00% | Deutsche Bank AG | 12/20/15 | \$ 300 | (5,439) |
| Israel (State of) | 1.00% | Deutsche Bank AG | 3/20/16 | \$ 675 | (2,594) |
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 12/20/16 | \$ 225 | (44,665) |
| Total | | | | | \$ (456,573) |

Credit default swaps on traded indexes sold protection outstanding as of February 28, 2011 were as follows:

| Index | Receive Fixed Rate | Counterparty | Expiration Date | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Depreciation |
|--|--------------------|------------------|-----------------|----------------------------|------------------------------------|-------------------------|
| Dow Jones CDX North America High Yield Index Series 10, 10 15% | 0.00% | Deutsche Bank AG | 6/20/11 | CCC | \$ 717 | \$ (5,523) |
| Dow Jones CDX North America High Yield Index Series 9, 10 15% | 0.00% | Deutsche Bank AG | 12/20/12 | CCC | \$ 548 | (21,191) |

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

| | | | | | | | |
|---|-------|--------------------------------|----------|---|----|-------|--------------------|
| Dow Jones CDX North America High Yield Index Series 15 | 5.00% | Credit Suisse International | 12/20/15 | B | \$ | 2,000 | (6,389) |
| Total | | | | | | | \$ (33,103) |

¹ Using S&P's rating.

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

Credit default swaps on single-name issues sold protection outstanding as of February 28, 2011 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration Date | Issuer Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|---------------------------------------|--------------------|-----------------------------|-----------------|-----------------------------------|------------------------------------|--|
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 9/20/11 | CCC | \$ 225 | \$ 24,074 |
| MBIA Insurance Corp. Texas | 5.00% | Deutsche Bank AG | 3/20/12 | B | \$ 120 | 10,758 |
| Competitive Electric Holdings Co. LLC | 5.00% | Goldman Sachs International | 9/20/12 | D | \$ 500 | (50,478) |
| MBIA Insurance Corp. Advanced | 5.00% | Deutsche Bank AG | 12/20/12 | B | \$ 715 | 77,277 |
| Micro Devices, Inc. | 5.00% | JPMorgan Chase Bank NA | 3/20/15 | B+ | \$ 600 | 72,986 |
| Realogy Corp. Assured | 5.00% | JPMorgan Chase Bank NA | 9/20/15 | CC | \$ 125 | 19,128 |
| Guaranty Ltd. | 5.00% | Deutsche Bank AG | 12/20/15 | A+ | \$ 65 | 509 |
| D.R. Horton, Inc. M.D.C. | 1.00% | JPMorgan Chase Bank NA | 12/20/15 | BB | \$ 300 | 9,230 |
| Holdings, Inc. M.D.C. | 1.00% | Deutsche Bank AG | 12/20/15 | BBB | \$ 350 | 3,358 |
| Holdings, Inc. | 1.00% | JPMorgan Chase Bank NA | 12/20/15 | BBB | \$ 350 | 1,897 |
| Realogy Corp. Chesapeake | 5.00% | JPMorgan Chase Bank NA | 12/20/15 | CC | \$ 750 | 42,072 |
| Energy Corp. | 5.00% | Credit Suisse International | 3/20/16 | BB | \$ 275 | 5,156 |
| ARAMARK Corp. Chesapeake | 5.00% | Goldman Sachs International | 3/20/16 | B | \$ 500 | (907) |
| Energy Corp. Chesapeake | 5.00% | Goldman Sachs International | 3/20/16 | BB | \$ 275 | 3,059 |
| Energy Corp. | 5.00% | JPMorgan Chase Bank NA | 3/20/16 | BB | \$ 275 | 5,155 |
| Realogy Corp. General | 5.00% | JPMorgan Chase Bank NA | 3/20/16 | CC | \$ 150 | 630 |
| Motors Co. | 5.00% | Deutsche Bank AG | 3/20/21 | BB | \$ 400 | (1,002) |
| Total | | | | | | \$ 222,902 |

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

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

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes 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 and derivatives)

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 derivatives 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, 2011 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 15,904,408 | \$ 465,685 | \$ 719,326 | \$ 17,089,419 |
| Corporate Bonds | | 284,988,889 | 5,493,390 | 290,482,279 |
| Floating Rate Loan Interests | | 31,579,205 | 10,323,930 | 41,903,135 |
| Other Interests | 94 | 6,999,556 | 12,664 | 7,012,314 |
| Preferred Stocks | 5,089,650 | 2,428,732 | 463,230 | 7,981,612 |
| Warrants | | 45,176 | 234 | 45,410 |
| Short-Term Securities | 1,845,167 | | | 1,845,167 |
| Unfunded Loan Commitments | | 2,704 | | 2,704 |
| Liabilities: | | | | |
| Unfunded Loan Commitments | | | (25,965) | (25,965) |
| Total | \$ 22,839,319 | \$ 326,509,947 | \$ 16,986,809 | \$ 366,336,075 |

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|--------------|------------|---------|------------|
| Assets: | | | | |
| Credit contracts | | \$ 275,289 | | \$ 275,289 |
| Liabilities: | | | | |
| Credit contracts | | (542,063) | | (542,063) |
| Equity contracts | \$ (287,418) | | | (287,418) |
| Foreign currency exchange contracts | | (155,852) | | (155,852) |

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

| | | | | | | |
|--------------|----|-----------|----|-----------|----|-----------|
| Total | \$ | (287,418) | \$ | (422,626) | \$ | (710,044) |
|--------------|----|-----------|----|-----------|----|-----------|

- ¹ Derivative financial instruments are financial futures contracts, swaps, foreign currency exchange contracts and options. Financial futures contracts, swaps and foreign currency exchange contracts are shown at the unrealized appreciation/ depreciation on the instrument and options are shown at value.

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2011

33

Schedule of Investments (concluded)

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

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

| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Preferred Stocks | Warrants | Unfunded Loan Commitments Assets | Unfunded Loan Commitments (Liabilities) | Total |
|---|-------------------|---------------------|---------------------------------|--------------------|---------------------|---------------|---|--|----------------------|
| Assets/Liabilities: | | | | | | | | | |
| Balance, as of February 28, 2010 | \$ 79,746 | \$ 4,246,019 | \$ 21,135,986 | \$ 4,699,133 | \$ 1 | \$ 230 | \$ 95 | \$ (115,674) | \$ 30,045,536 |
| Accrued discounts/premiums | | 27,364 | 244,267 | | | | | | 271,631 |
| Net realized gain (loss) | | 13,371 | 272,097 | 1,506,252 | | | | | 1,791,720 |
| Net change in unrealized appreciation/depreciation ² | (460,899) | (821,110) | (120,555) | 1,835,429 | 85 | | (95) | 89,709 | 522,564 |
| Purchases | 1,195,932 | 2,186,273 | 6,573,830 | 1,390,300 | 463,144 | 4 | | | 11,809,483 |
| Sales | | (101,069) | (14,577,393) | (2,431,450) | | | | | (17,109,912) |
| Transfers in ³ | | 313,531 | | 12,650 | | | | | 326,181 |
| Transfers out ³ | (95,453) | (370,989) | (3,204,302) | (6,999,650) | | | | | (10,670,394) |
| Balance, as of February 28, 2011 | \$ 719,326 | \$ 5,493,390 | \$ 10,323,930 | \$ 12,664 | \$ 463,230 | \$ 234 | \$ | \$ (25,965) | \$ 16,986,809 |

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, 2011 was \$(1,518,751).

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

See Notes to Financial Statements.

Schedule of Investments February 28, 2011

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

| Asset-Backed Securities | | Par (000) | Value |
|--|-----|--------------|--------------|
| ARES CLO Funds, Series 2005-10A, Class B, 0.69%, 9/18/17 (a)(b) | USD | 1,250 | \$ 1,100,000 |
| Ballyrock CDO Ltd., Series 2006-1A, Class B, 0.66%, 8/28/19 (a)(b) | | 1,000 | 857,500 |
| CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16 | | 625 | 646,875 |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 0.78%, 6/19/21 (a)(b) | | 1,225 | 1,046,811 |
| Gannett Peak CLO Ltd., Class A2 (b): | | | |
| Series 2006-1A, 0.66%, 10/27/20 (a) | | 1,355 | 1,166,994 |
| Series 2006-1X, 0.66%, 10/27/20 | | 940 | 791,950 |
| LCM LP, Series 8A, Class C, 3.37%, 1/14/21 (a)(b) | | 1,850 | 1,845,375 |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.76%, 11/15/21 | | 1,245 | 1,151,625 |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 0.90%, 7/15/19 (a)(b) | | 1,075 | 922,275 |
| Total Asset-Backed Securities 2.1% | | | 9,529,405 |

| Common Stocks (c) | | Shares | |
|---|--|---------|---------|
| Airlines 0.1% | | | |
| Delta Air Lines, Inc. | | 23,544 | 264,635 |
| Chemicals 0.1% | | | |
| GEO Specialty Chemicals, Inc. | | 339,340 | 130,272 |
| LyondellBasell Industries NV, Class A | | 5,315 | 202,395 |
| Wellman Holdings, Inc. | | 5,373 | 269 |
| | | | 332,936 |
| Construction Materials 0.0% | | | |
| Nortek, Inc. | | 2,970 | 132,165 |
| Containers & Packaging 0.1% | | | |
| Smurfit Kappa Plc | | 36,342 | 451,354 |
| Electrical Equipment 0.0% | | | |
| Medis Technologies Ltd. | | 286,757 | 6,022 |
| Hotels, Restaurants & Leisure 0.0% | | | |
| Buffets Restaurants Holdings, Inc. | | 2,753 | 11,700 |

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

| | | |
|--|-----------|-----------|
| HRP PIK Corp., Class B (a) | 5,000 | 50 |
| | | 11,750 |
| Metals & Mining 0.1% | | |
| Euramax International | 2,337 | 619,384 |
| Paper & Forest Products 1.2% | | |
| Ainsworth Lumber Co. Ltd. | 294,149 | 971,868 |
| Ainsworth Lumber Co. Ltd. (a) | 1,335,501 | 4,412,492 |
| Western Forest Products, Inc. (a) | 211,149 | 160,826 |
| | | 5,545,186 |
| Semiconductors & Semiconductor Equipment 0.0% | | |
| SunPower Corp., Class B | 4,892 | 82,577 |
| Software 0.2% | | |
| Bankruptcy Management Solutions, Inc. | 1,870 | 6,546 |
| HMH Holdings/EduMedia | 159,199 | 795,995 |
| | | 802,541 |
| Specialty Retail 0.0% | | |
| Movie Gallery, Inc. | 503,737 | 504 |
| Total Common Stocks 1.8% | | 8,249,054 |

| Corporate Bonds | Par (000) | Value |
|--|-----------|--------------|
| Aerospace & Defense 0.7% | | |
| Bombardier, Inc., 7.75%, 3/15/20 (a) USD | 1,750 | \$ 1,898,750 |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | 1,000 | 1,127,500 |
| | | 3,026,250 |
| Airlines 0.7% | | |
| Air Canada, 9.25%, 8/01/15 (a) | 1,250 | 1,337,500 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 902 | 973,938 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 786 | 877,980 |
| | | 3,189,418 |
| Auto Components 1.3% | | |
| Icahn Enterprises LP: | | |
| 7.75%, 1/15/16 | 320 | 330,400 |
| 8.00%, 1/15/18 | 5,260 | 5,444,100 |
| Venture Holdings Co. LLC (c)(d): | | |
| 12.00%, 6/01/09 | 4,450 | |
| Series B, 9.50%, 7/01/05 | 1,800 | 180 |
| | | 5,774,680 |

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

| | | | |
|---|-----|-------|------------|
| Beverages 0.1% | | | |
| Crown European Holdings SA, 7.13%, 8/15/18 (a) | EUR | 410 | 602,558 |
| Biotechnology 0.1% | | | |
| QHP Pharma, 10.25%, 3/15/15 (a) | USD | 402 | 404,913 |
| Building Products 0.9% | | | |
| Associated Materials LLC, 9.13%, 11/01/17 (a) | | 810 | 875,813 |
| Building Materials Corp. of America, 7.00%, 2/15/20 (a) | | 1,300 | 1,369,875 |
| Momentive Performance Materials, Inc., 9.00%, 1/15/21 (a) | | 1,700 | 1,808,375 |
| | | | 4,054,063 |
| Capital Markets 0.6% | | | |
| American Capital Ltd., 7.96%, 12/31/13 | | 1,175 | 1,203,282 |
| E*Trade Financial Corp., 4.01%, 8/31/19 (a)(e)(f) | | 593 | 916,185 |
| KKR Group Finance Co., 6.38%, 9/29/20 (a) | | 540 | 556,376 |
| | | | 2,675,843 |
| Chemicals 3.2% | | | |
| American Pacific Corp., 9.00%, 2/01/15 | | 1,490 | 1,463,925 |
| GEO Specialty Chemicals, Inc. (a): 7.50%, 3/31/15 (e)(g) | | 4,171 | 4,170,787 |
| 10.00%, 3/31/15 | | 4,106 | 3,797,680 |
| Hexion U.S. Finance Corp.: 8.88%, 2/01/18 | | 455 | 488,556 |
| 9.00%, 11/15/20 (a) | | 605 | 643,569 |
| Huntsman International LLC, 8.63%, 3/15/21 (a) | | 825 | 915,750 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (a) | | 465 | 510,337 |
| Wellman Holdings, Inc., Subordinate Note (e): (Second Lien), 10.00%, 1/29/19 (a) | | 2,978 | 2,590,860 |
| (Third Lien), 5.00%, 1/29/19 (g) | | 1,002 | 390,812 |
| | | | 14,972,276 |
| Commercial Banks 2.1% | | | |
| CIT Group, Inc.: | | | |
| 7.00%, 5/01/14 | | 410 | 417,944 |
| 7.00%, 5/01/16 | | 2,655 | 2,678,231 |
| 7.00%, 5/01/17 | | 6,370 | 6,417,775 |
| | | | 9,513,950 |
| Commercial Services & Supplies 1.7% | | | |
| ACCO Brands Corp., 10.63%, 3/15/15 | | 660 | 745,800 |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a) | | 1,024 | 1,052,160 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | | 865 | 929,875 |
| The Geo Group, Inc., 7.75%, 10/15/17 | | 850 | 906,312 |
| International Lease Finance Corp., 8.25%, 12/15/20 | | 323 | 359,338 |

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 |
|--|-----|--------------|------------|
| Commercial Services & Supplies (concluded) | | | |
| Mobile Mini, Inc., 7.88%, 12/01/20 (a) | USD | 375 | \$ 399,375 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (a) | | 970 | 1,115,500 |
| West Corp. (a): | | | |
| 8.63%, 10/01/18 | | 1,745 | 1,849,700 |
| 7.88%, 1/15/19 | | 360 | 369,450 |
| | | | 7,727,510 |
| Communications Equipment 0.1% | | | |
| Avaya Inc., 7.00%, 4/01/19 (a) | | 255 | 252,450 |
| Construction Materials 1.1% | | | |
| Nortek, Inc.: | | | |
| 11.00%, 12/01/13 | | 2,983 | 3,177,107 |
| 10.00%, 12/01/18 (a) | | 1,730 | 1,846,775 |
| | | | 5,023,882 |
| Consumer Finance 0.9% | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | | 570 | 614,175 |
| Ford Motor Credit Co. LLC: | | | |
| 3.05%, 1/13/12 (b) | | 2,680 | 2,707,309 |
| 6.63%, 8/15/17 | | 900 | 957,220 |
| | | | 4,278,704 |
| Containers & Packaging 2.6% | | | |
| Ardagh Packaging Finance Plc, 7.38%, 10/15/17 (a) | EUR | 485 | 691,031 |
| Ball Corp., 6.75%, 9/15/20 | USD | 625 | 654,688 |
| Berry Plastics Corp.: | | | |
| 8.25%, 11/15/15 | | 2,100 | 2,249,625 |
| 9.75%, 1/15/21 (a) | | 1,145 | 1,147,862 |
| Beverage Packaging Holdings Luxembourg II SA, 8.00%, 12/15/16 | EUR | 260 | 362,377 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | USD | 975 | 1,082,250 |
| Smurfit Kappa Acquisitions: | | | |
| 7.25%, 11/15/17 (a) | EUR | 830 | 1,214,087 |
| 7.75%, 11/15/19 | | 2,300 | 3,396,075 |
| 7.75%, 11/15/19 (a) | | 785 | 1,159,095 |
| | | | 11,957,090 |
| Diversified Financial Services 3.7% | | | |

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

| | | | |
|--|-----|--------|------------|
| Ally Financial, Inc.: | | | |
| 5.38%, 6/06/11 | | 436 | 601,661 |
| 7.50%, 12/31/13 | USD | 90 | 98,100 |
| 8.30%, 2/12/15 | | 1,700 | 1,918,875 |
| 8.00%, 3/15/20 | | 170 | 191,463 |
| 7.50%, 9/15/20 (a) | | 3,260 | 3,565,625 |
| 8.00%, 11/01/31 | | 2,350 | 2,690,750 |
| 8.00%, 11/01/31 | | 1,530 | 1,752,451 |
| Archimedes Funding III Ltd., 5.50%, 11/29/11 (a) | | 2,636 | 1,186,159 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 665 | 733,162 |
| Preferred Term Securities VI, Ltd. (a)(c) | | 35,000 | 1,750 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (a) | | 1,445 | 1,538,925 |
| Reynolds Group Issuer, Inc. (a): | | | |
| 7.75%, 10/15/16 | EUR | 650 | 950,791 |
| 7.13%, 4/15/19 | USD | 480 | 492,000 |
| 6.88%, 2/15/21 | | 645 | 646,613 |
| 8.25%, 2/15/21 | | 800 | 802,000 |
| | | | 17,170,325 |

Diversified Telecommunication Services 2.1%

| | | | |
|---|--|-------|-----------|
| Frontier Communications Corp., 8.25%, 4/15/17 | | 856 | 945,880 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | | 1,260 | 1,382,850 |
| Level 3 Financing, Inc., 8.75%, 2/15/17 | | 1,500 | 1,473,750 |
| Qwest Corp., 8.38%, 5/01/16 | | 4,000 | 4,775,000 |
| tw telecom holdings, Inc., 8.00%, 3/01/18 | | 920 | 986,700 |
| | | | 9,564,180 |

| Corporate Bonds | | Par (000) | | Value |
|--|-----|--------------|----|-----------|
| Electronic Equipment, Instruments & Components 0.2% | | | | |
| CDW LLC, 8.00%, 12/15/18 (a) | USD | 820 | \$ | 881,500 |
| Muzak Holdings, LLC, 13.00%, 3/15/10 (c)(d) | | 2,675 | | 268 |
| | | | | 881,768 |
| Energy Equipment & Services 0.5% | | | | |
| Compagnie Générale de Géophysique-Veritas, 7.50%, 5/15/15 | | 1,385 | | 1,433,475 |
| Frac Tech Services LLC, 7.13%, 11/15/18 (a) | | 895 | | 926,325 |
| | | | | 2,359,800 |
| Food & Staples Retailing 0.5% | | | | |
| BI-LO LLC, 9.25%, 2/15/19 (a) | | 545 | | 566,800 |
| Rite Aid Corp., 9.75%, 6/12/16 | | 1,590 | | 1,790,738 |
| | | | | 2,357,538 |
| Food Products 0.7% | | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | | 900 | | 960,750 |

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

| | | |
|---|---------|-----------|
| Blue Merger Sub, Inc., 7.63%, 2/15/19 (a) | 1,730 | 1,747,300 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 | 449 | 529,820 |
| | | 3,237,870 |
| Gas Utilities 0.1% | | |
| Targa Resources Partners LP, 6.88%, 2/01/21 (a) | 485 | 480,150 |
| Health Care Equipment & Supplies 0.3% | | |
| DJO Finance LLC, 10.88%, 11/15/14 | 1,345 | 1,474,456 |
| Health Care Providers & Services 1.8% | | |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (a) | 455 | 474,338 |
| HCA, Inc., 7.88%, 2/15/20 | 1,620 | 1,779,975 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (a) | 405 | 416,138 |
| Omnicare, Inc., 6.88%, 12/15/15 | 1,055 | 1,089,287 |
| Priory Group Ltd., 7.00%, 2/15/18 | GBP 108 | 179,959 |
| Tenet Healthcare Corp.: | | |
| 9.00%, 5/01/15 | USD 680 | 748,000 |
| 8.88%, 7/01/19 | 3,280 | 3,731,000 |
| | | 8,418,697 |
| Health Care Technology 0.8% | | |
| IMS Health, Inc., 12.50%, 3/01/18 (a) | 2,980 | 3,494,050 |
| MedAssets, Inc., 8.00%, 11/15/18 (a) | 270 | 277,425 |
| | | 3,771,475 |
| Hotels, Restaurants & Leisure 1.4% | | |
| Caesars Entertainment Operating Co., Inc., 10.00%, 12/15/18 | 475 | 446,500 |
| CityCenter Holdings LLC, 7.63%, 1/15/16 (a) | 555 | 578,588 |
| Diamond Resorts Corp., 12.00%, 8/15/18 (a) | 1,040 | 1,115,400 |
| HRP Myrtle Beach Holdings LLC, 14.67%, 4/01/14 (a)(c)(d) | 6,892 | 689 |
| HRP Myrtle Beach Operations LLC (a)(c)(d): | | |
| 7.38%, 4/01/12 | 5,000 | 500 |
| 11.89%, 4/01/13 | 5,000 | 500 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (a) | 774 | 638,550 |
| MGM Resorts International, 11.13%, 11/15/17 | 1,340 | 1,544,350 |
| Travelport LLC, 4.94%, 9/01/14 (b) | 2,160 | 1,927,800 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (c)(d) | 530 | 53 |
| | | 6,252,930 |
| Household Durables 1.4% | | |
| Beazer Homes USA, Inc.: | | |
| 12.00%, 10/15/17 | 1,700 | 1,976,250 |
| 9.13%, 6/15/18 | 275 | 283,938 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 1,695 | 1,836,956 |
| Standard Pacific Corp. (a): | | |
| 8.38%, 5/15/18 | 785 | 832,100 |
| 8.38%, 1/15/21 | 1,280 | 1,350,400 |
| | | 6,279,644 |

See Notes to Financial Statements.

36

ANNUAL REPORT

FEBRUARY 28, 2011

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|--------------|
| IT Services 0.5% | | |
| First Data Corp. (a): | | |
| 8.25%, 1/15/21 | USD 1,636 | \$ 1,627,820 |
| 12.63%, 1/15/21 | 644 | 674,590 |
| | | 2,302,410 |
| Independent Power Producers & Energy Traders 3.0% | | |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (a) | 1,750 | 1,898,750 |
| Calpine Corp., 7.50%, 2/15/21 (a) | 945 | 966,263 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (a) | 3,190 | 3,321,913 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 2,515 | 2,625,288 |
| NRG Energy, Inc.: | | |
| 7.63%, 1/15/18 (a) | 4,750 | 4,945,937 |
| 8.50%, 6/15/19 | 250 | 266,250 |
| | | 14,024,401 |
| Industrial Conglomerates 1.6% | | |
| Sequa Corp. (a): | | |
| 11.75%, 12/01/15 | 2,850 | 3,092,250 |
| 13.50%, 12/01/15 (g) | 4,023 | 4,455,301 |
| | | 7,547,551 |
| Insurance 0.5% | | |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a) | 2,014 | 2,144,910 |
| Machinery 0.5% | | |
| Navistar International Corp., 8.25%, 11/01/21 | 1,340 | 1,484,050 |
| Titan International, Inc., 7.88%, 10/01/17 (a) | 940 | 1,005,800 |
| | | 2,489,850 |
| Media 5.7% | | |
| CCO Holdings LLC, 7.88%, 4/30/18 | 2,075 | 2,215,063 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 680 | 761,600 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (a) | 2,385 | 2,474,437 |
| Checkout Holding Corp., 10.98%, 11/15/15 (a)(f) | 1,425 | 919,125 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 639 | 709,290 |
| Series B, 9.25%, 12/15/17 | 5,422 | 6,031,975 |

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

| | | | |
|--|-----|-------|-------------------|
| DISH DBS Corp., 7.00%, 10/01/13 | | 3,000 | 3,225,000 |
| Interactive Data Corp., 10.25%, 8/01/18 (a) | | 1,715 | 1,920,800 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a) | | 1,020 | 1,096,500 |
| Nielsen Finance LLC, 11.63%, 2/01/14 | | 1,239 | 1,455,825 |
| ProQuest LLC, 9.00%, 10/15/18 (a) | | 415 | 429,525 |
| Regal Entertainment Group, 9.13%, 8/15/18 | | 640 | 684,800 |
| UPC Germany GmbH, 8.13%, 12/01/17 (a) | | 3,000 | 3,217,500 |
| Ziggo Finance BV, 6.13%, 11/15/17 (a) | EUR | 655 | 924,209 |
| | | | <u>26,065,649</u> |

Metals & Mining 1.6%

| | | | |
|---|-----|-------|------------------|
| Drummond Co., Inc., 9.00%, 10/15/14 (a) | USD | 1,056 | 1,127,280 |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (a) | | 2,070 | 2,147,625 |
| Novelis, Inc., 8.75%, 12/15/20 (a) | | 3,855 | 4,250,137 |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(d) | | 4,440 | 444 |
| | | | <u>7,525,486</u> |

Multiline Retail 0.4%

| | | | |
|---|--|-------|-----------|
| Dollar General Corp., 11.88%, 7/15/17 (g) | | 1,775 | 2,052,344 |
|---|--|-------|-----------|

| Corporate Bonds | | Par (000) | | Value |
|--|-----|--------------|----|-------------------|
| Oil, Gas & Consumable Fuels 4.5% | | | | |
| Chesapeake Energy Corp.: | | | | |
| 6.63%, 8/15/20 | USD | 2,645 | \$ | 2,777,250 |
| 6.13%, 2/15/21 | | 1,240 | | 1,264,800 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a) | | 436 | | 475,240 |
| Consol Energy, Inc., 8.25%, 4/01/20 | | 1,750 | | 1,929,375 |
| Crosstex Energy LP, 8.88%, 2/15/18 | | 100 | | 110,250 |
| Denbury Resources, Inc.: | | | | |
| 9.75%, 3/01/16 | | 925 | | 1,049,875 |
| 8.25%, 2/15/20 | | 670 | | 745,375 |
| 6.38%, 8/15/21 | | 570 | | 575,700 |
| El Paso Corp., 7.00%, 6/15/17 | | 1,575 | | 1,759,620 |
| Energy Transfer Equity LP, 7.50%, 10/15/20 | | 240 | | 260,100 |
| Forest Oil Corp., 8.50%, 2/15/14 | | 470 | | 522,875 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a) | | 2,165 | | 2,284,075 |
| Linn Energy LLC (a): | | | | |
| 8.63%, 4/15/20 | | 1,115 | | 1,243,225 |
| 7.75%, 2/01/21 | | 1,125 | | 1,195,312 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (a) | | 1,600 | | 1,744,000 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (a) | | 375 | | 380,625 |
| Petrohawk Energy Corp., 7.25%, 8/15/18 | | 855 | | 884,925 |
| Titan Petrochemicals Group Ltd., 8.50%, 3/18/12 (a) | | 1,760 | | 1,372,800 |
| United Refining Co., 10.50%, 2/28/18 (a)(h) | | 390 | | 386,100 |
| | | | | <u>20,961,522</u> |

Paper & Forest Products 2.7%

| | | | | |
|---|--|-------|--|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(g) | | 4,420 | | 4,485,792 |
| Clearwater Paper Corp., 10.63%, 6/15/16 | | 640 | | 731,200 |

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

| | | | |
|---|--|-------|------------|
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a) | | 2,950 | 3,326,125 |
| NewPage Corp., 11.38%, 12/31/14 | | 2,615 | 2,608,463 |
| Verso Paper Holdings LLC: | | | |
| 11.50%, 7/01/14 | | 550 | 606,375 |
| Series B, 4.05%, 8/01/14 (b) | | 890 | 885,550 |
| | | | 12,643,505 |

Pharmaceuticals 0.5%

| | | | |
|---|-----|-------|-----------|
| Angiotech Pharmaceuticals, Inc., 4.06%, 12/01/13 (b) | | 1,335 | 1,121,400 |
| Novasep Holding SAS, 9.63%, 12/15/16 (a) | EUR | 474 | 529,821 |
| Valeant Pharmaceuticals International (a): | | | |
| 6.75%, 10/01/17 | USD | 315 | 326,025 |
| 7.00%, 10/01/20 | | 400 | 413,500 |
| | | | 2,390,746 |

Professional Services 0.1%

| | | | |
|---|--|-----|---------|
| FTI Consulting, Inc., 6.75%, 10/01/20 (a) | | 560 | 560,000 |
|---|--|-----|---------|

Real Estate Investment Trusts (REITs) 0.3%

| | | | |
|-----------------------------------|--|-------|-----------|
| Omega Healthcare Investors, Inc.: | | | |
| 7.50%, 2/15/20 | | 1,010 | 1,070,600 |
| 6.75%, 10/15/22 (a) | | 450 | 454,500 |
| | | | 1,525,100 |

Real Estate Management & Development 0.8%

| | | | |
|--------------------|--|-------|-----------|
| Realogy Corp. (a): | | | |
| 11.50%, 4/15/17 | | 1,295 | 1,379,175 |
| 7.88%, 2/15/19 | | 2,300 | 2,308,625 |
| | | | 3,687,800 |

Road & Rail 0.9%

| | | | |
|--|--|-------|-----------|
| Avis Budget Car Rental LLC, 8.25%, 1/15/19 | | 280 | 297,150 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (a) | | 370 | 386,650 |
| The Hertz Corp. (a): | | | |
| 7.50%, 10/15/18 | | 1,750 | 1,852,812 |
| 6.75%, 4/15/19 | | 730 | 744,600 |
| 7.38%, 1/15/21 | | 810 | 846,450 |
| | | | 4,127,662 |

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 |
|---|--------------|--------------|
| Specialty Retail 0.3% | | |
| United Auto Group, Inc., 7.75%, 12/15/16 | USD 1,275 | \$ 1,316,438 |
| Textiles, Apparel & Luxury Goods 0.1% | | |
| Phillips-Van Heusen Corp., 7.75%, 11/15/23 | 410 | 451,548 |
| Transportation Infrastructure 0.1% | | |
| Aguila 3 SA, 7.88%, 1/31/18 (a) | 353 | 366,238 |
| Wireless Telecommunication Services 2.5% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | 3,050 | 3,225,375 |
| Digicel Group Ltd. (a): | | |
| 9.13%, 1/15/15 | 3,948 | 4,111,842 |
| 8.25%, 9/01/17 | 810 | 846,450 |
| Intelsat Jackson Holdings SA, 7.25%, 10/15/20 (a) | 980 | 1,006,950 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 815 | 821,622 |
| Sprint Capital Corp.: | | |
| 8.38%, 3/15/12 | 625 | 663,281 |
| 6.88%, 11/15/28 | 760 | 684,950 |
| | | 11,360,470 |
| Total Corporate Bonds 56.2% | | 259,246,050 |
| Floating Rate Loan Interests (b) | | |
| Aerospace & Defense 0.6% | | |
| Hawker Beechcraft Acquisition Co., LLC: | | |
| Letter of Credit Linked Deposit, 0.20%, 3/26/14 | 82 | 73,486 |
| Term Loan, 2.26% 2.30%, 3/26/14 | 1,454 | 1,299,411 |
| TransDigm, Inc., Term Loan (First Lien), 5.25%, 2/14/17 | 1,500 | 1,508,955 |
| | | 2,881,852 |
| Airlines 0.4% | | |
| Delta Air Lines, Inc., Credit-Linked Deposit Loan, 0.11% 2.26%, 4/30/12 | 1,940 | 1,925,450 |
| Auto Components 0.8% | | |
| Allison Transmission, Inc., Term Loan, 3.02%, 8/07/14 | 2,148 | 2,140,345 |

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

| | | |
|---|-------|------------------|
| Armored Auto Group, Inc. (FKA Viking Acquisition, Inc.), Term Loan, 6.00%, 11/02/16 | 1,560 | 1,567,800 |
| | | <u>3,708,145</u> |

Biotechnology 0.3%

| | | |
|--|-------|-----------|
| Grifols SA, Term Loan B, 6.00%, 10/01/16 | 1,405 | 1,421,392 |
|--|-------|-----------|

Building Products 1.6%

| | | |
|---|-----------|------------------|
| CPG International I, Inc., Term Loan B, 6.00%, 2/03/17 | 1,200 | 1,203,756 |
| Goodman Global, Inc.: | | |
| Initial Term Loan (First Lien), 5.75%, 10/13/16 | 3,242 | 3,265,683 |
| Term Loan (Second Lien), 9.00%, 10/13/17 | 1,200 | 1,236,750 |
| Momentive Performance Materials (Blitz 06-103 GmbH), Tranche B-2B Term Loan, 4.36%, 5/05/15 | EUR 1,069 | 1,435,185 |
| | | <u>7,141,374</u> |

Capital Markets 1.0%

| | | |
|---|-----------|------------------|
| HarbourVest Partners, Term Loan, 6.25%, 12/17/16 | USD 1,975 | 1,984,875 |
| Nuveen Investments, Inc.: | | |
| Extended Term Loan (First Lien), 3.30%, 11/13/14 | 968 | 938,979 |
| Non-Extended Term Loan (First Lien), 5.80% 5.81%, 5/13/17 | 1,682 | 1,675,258 |
| | | <u>4,599,112</u> |

| Floating Rate Loan Interests (b) | Par (000) | Value |
|---|-----------|-------------------|
| Chemicals 4.6% | | |
| AZ Chem US, Inc., Term Loan B, 6.75%, 11/18/16 | USD 1,187 | \$ 1,199,353 |
| CF Industries, Inc., Term Loan B-1, 4.25%, 4/05/15 | 169 | 169,669 |
| Chemtura Corp., Term Facility, 5.50%, 8/16/16 | 1,300 | 1,310,292 |
| General Chemical Corp., Tranche B Term Loan, 6.75% 7.25%, 9/30/15 | 2,569 | 2,607,091 |
| MacDermid, Inc., Tranche C Term Loan, 3.07%, 12/15/13 | EUR 692 | 923,558 |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 8/31/17 | USD 1,100 | 1,103,209 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term Facility (First Lien), 3.52% 3.56%, 7/30/14 | 2,925 | 2,877,464 |
| Solutia, Inc., Term Loan, 4.50%, 3/17/17 | 1,541 | 1,543,024 |
| Styron Sarl, Term Loan B, 6.00%, 7/27/17 | 2,800 | 2,825,200 |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 12/24/15 | 3,965 | 3,998,029 |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17 | 2,400 | 2,408,251 |
| | | <u>20,965,140</u> |

Commercial Banks 0.4%

| | | |
|--|-------|-----------|
| CIT Group, Inc., Tranche 3 Term Loan, 6.25%, 8/11/15 | 1,950 | 1,974,781 |
|--|-------|-----------|

Commercial Services & Supplies 2.1%

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

| | | |
|--|-------|-----------|
| ARAMARK Corp.: | | |
| Letter of Credit 1 Facility, 0.11%, 1/26/14 | 28 | 27,496 |
| Letter of Credit 2 Facility, 0.11%, 7/26/16 | 29 | 28,881 |
| US Term Loan, 2.18%, 1/26/14 | 342 | 341,322 |
| US Term Loan B, 3.55%, 7/26/16 | 438 | 439,162 |
| AWAS Finance Luxembourg Sarl, Loan, 7.75%, 6/10/16 | 830 | 852,306 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.), Tranche D Term Loan, 7.75%, 2/21/15 | 2,985 | 3,044,700 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | 384 | 384,150 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | 975 | 983,357 |
| Quad/Graphics, Inc., Term Loan, 5.50%, 4/20/16 | 945 | 940,918 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27%, 4/02/16 | 981 | 912,557 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 8/24/16 | 1,796 | 1,812,701 |
| | | 9,767,550 |
| Communications Equipment 1.4% | | |
| Avaya, Inc.: | | |
| Term Loan B, 3.03%, 10/24/14 | 1,842 | 1,785,769 |
| Term Loan B-3, 4.81%, 10/24/17 | 2,951 | 2,890,854 |
| CommScope, Inc., Term Loan B, 5.00%, 1/06/18 | 1,500 | 1,521,874 |
| | | 6,198,497 |
| Construction & Engineering 0.6% | | |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | 2,750 | 2,750,000 |
| Construction Materials 0.1% | | |
| Fairmount Minerals Ltd., Tranche B Term Loan, 6.25% 6.75%, 8/05/16 | 642 | 648,785 |
| Consumer Finance 1.1% | | |
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 7.25%, 4/21/15 | 5,000 | 5,044,500 |
| Containers & Packaging 0.4% | | |
| Berry Plastics Holding Corp., Term Loan C, 2.29% 2.31%, 4/03/15 | 341 | 331,776 |
| Graham Packaging Co., LP, Term Loan D, 6.00%, 9/16/16 | 1,696 | 1,708,771 |
| | | 2,040,547 |

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 (b) | Par (000) | Value |
|---|--------------|--------------|
| Diversified Consumer Services 2.6% | | |
| Coinmach Service Corp., Term Loan, 3.26% 3.31%, 11/14/14 | USD 4,559 | \$ 4,274,515 |
| Laureate Education: | | |
| Closing Date Term Loan, 3.55%, 8/17/14 | 712 | 697,097 |
| Delayed Draw Term Loan, 3.55%, 8/15/14 | 107 | 104,365 |
| Series A New Term Loan, 7.00%, 8/15/14 | 4,000 | 4,023,364 |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.76% 2.81%, 7/24/14 | 2,665 | 2,623,789 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | 265 | 261,290 |
| | | 11,984,420 |
| Diversified Financial Services 1.1% | | |
| Reynolds Group Holdings, Inc., Term Loan E, 4.25%, 2/09/18 | 3,000 | 3,015,624 |
| Whitelabel IV SA (Ontex): | | |
| Facility B1, 6.75%, 8/11/17 | EUR 565 | 788,938 |
| Facility B2, 6.75%, 8/11/17 | 935 | 1,305,589 |
| | | 5,110,151 |
| Diversified Telecommunication Services 1.1% | | |
| Hawaiian Telcom Communications, Inc., Term Loan, 9.00%, 10/28/15 | USD 3,618 | 3,679,911 |
| Level 3 Financing, Inc., Tranche A Incremental Term Loan, 2.55%, 3/13/14 | 1,600 | 1,560,000 |
| | | 5,239,911 |
| Electric Utilities 0.7% | | |
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | 2,962 | 2,990,658 |
| Electrical Equipment 0.1% | | |
| Generac Acquisition Corp., Term Loan (First Lien), 2.76% 2.80%, 11/10/13 | 308 | 306,243 |
| Electronic Equipment, Instruments & Components 0.9% | | |
| CDW LLC (FKA CDW Corp.): | | |
| Extended Term Loan B, 3.51%, 7/15/17 | 1,793 | 1,792,843 |
| Non-Extended Term Loan, 4.26%, 10/10/14 | 2,295 | 2,289,900 |
| | | 4,082,743 |

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

Energy Equipment & Services 0.4%

| | | | |
|--|--|-------|-----------|
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | | 1,677 | 1,692,446 |
|--|--|-------|-----------|

Food & Staples Retailing 2.0%

| | | | |
|--|-----|-------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.58%, 7/09/15 | GBP | 3,000 | 4,700,150 |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | USD | 2,146 | 2,164,113 |
| U.S. Foodservice, Inc., Term Loan B, 2.76%, 7/03/14 | | 2,209 | 2,132,366 |
| | | | 8,996,629 |

Food Products 3.6%

| | | | |
|---|--|-------|-----------|
| Advance Pierre Foods, Term Loan: 11.25%, 9/29/17 | | 1,800 | 1,845,000 |
| (Second Lien), 7.00%, 9/29/16 | | 2,893 | 2,912,638 |
| Del Monte Corp., Term Loan B, 4.50%, 2/01/18 | | 5,050 | 5,081,562 |
| Green Mountain Coffee Roasters, Inc., Term B Facility, 5.50%, 11/09/16 | | 1,200 | 1,207,875 |
| Michaels Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 4.25%, 2/25/18 | | 1,159 | 1,169,152 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | | 1,505 | 1,516,295 |

| Floating Rate Loan Interests (b) | Par (000) | Value |
|--|--------------|------------|
| Food Products (concluded) | | |
| Solvest, Ltd. (Dole): | | |
| Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17 | USD 793 | \$ 798,582 |
| Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17 | 1,969 | 1,982,342 |
| | | 16,513,446 |

Health Care Equipment & Supplies 0.4%

| | | | |
|---|--|-------|-----------|
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | | 1,722 | 1,709,233 |
|---|--|-------|-----------|

Health Care Providers & Services 4.7%

| | | | |
|--|--|-------|-----------|
| CHS/Community Health Systems, Inc.: | | | |
| Extended Term Loan, 3.76% 3.81%, 1/25/17 | | 1,440 | 1,443,462 |
| Non-Extended Delayed Draw Term Loan, 2.51% 2.56%, 7/25/14 | | 125 | 123,826 |
| Non-Extended Term Loan, 2.51% 2.56%, 7/25/14 | | 2,443 | 2,423,527 |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 10/20/16 | | 1,300 | 1,305,958 |
| DaVita, Inc., Tranche B Term Loan, 4.50%, 10/20/16 | | 2,000 | 2,014,272 |
| HCA, Inc.: | | | |
| Tranche A-1 Term Loan, 1.55%, 11/16/12 | | 4,494 | 4,469,177 |
| Tranche B-1 Term Loan, 2.56%, 11/18/13 | | 245 | 244,183 |
| Harden Healthcare, Inc.: | | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | | 2,518 | 2,467,150 |
| Tranche A Term Loan, 8.50%, 2/22/15 | | 720 | 705,778 |
| | | 3,473 | 3,488,344 |

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

| | | | |
|--|-----|-------|------------|
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16 | | | |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 5.75%, 12/03/16 | | 1,300 | 1,317,875 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | | 1,836 | 1,847,469 |
| | | | 21,851,021 |
| Health Care Technology 1.0% | | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | | 2,721 | 2,743,392 |
| MedAssets, Inc., Term Loan B, 5.25%, 11/15/16 | | 1,600 | 1,612,000 |
| | | | 4,355,392 |
| Hotels, Restaurants & Leisure 5.1% | | | |
| Blackstone UTP Capital LLC, Loan, 7.75%, 11/06/14 | | 2,475 | 2,524,500 |
| Dunkin' Brands, Inc., Term Loan B-1, 4.25%, 11/09/17 | | 2,900 | 2,919,920 |
| Gateway Casinos & Entertainment, Ltd., Term Loan B, 6.50% - 7.50%, 5/12/16 | CAD | 1,100 | 1,137,165 |
| Harrah's Operating Co., Inc.: Term Loan B-1, 3.30%, 1/28/15 | USD | 1,424 | 1,321,694 |
| Term Loan B-2, 3.30%, 1/28/15 | | 1,260 | 1,167,301 |
| Term Loan B-3, 3.30%, 1/28/15 | | 5,815 | 5,398,829 |
| Term Loan B-4, 9.50%, 10/31/16 | | 578 | 611,989 |
| Seaworld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term B Loan, 4.00%, 8/17/17 | | 2,624 | 2,630,235 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.50%, 6/30/16 | | 3,386 | 3,424,460 |
| Travelport LLC (FKA Travelport, Inc.), Extended Delayed Draw Term Loan, 4.96%, 8/21/15 | | 499 | 484,215 |
| VML US Finance LLC (FKA Venetian Macau): New Project Term Loan, 4.79%, 5/27/13 | | 822 | 821,656 |
| Term B Delayed Draw Project Loan, 4.79%, 5/25/12 | | 1,051 | 1,052,108 |
| Term B Funded Project Loan, 4.79%, 5/27/13 | | 182 | 182,184 |
| | | | 23,676,256 |

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 (b) | Par (000) | Value |
|--|--------------|--------------|
| Household Durables 0.8% | | |
| Visant Corp. (FKA Jostens): | | |
| Term Loan, 5.25%, 12/22/16 | USD 1,800 | \$ 1,800,000 |
| Tranche B Term Loan, 7.00%, 12/20/16 | 1,895 | 1,912,212 |
| | | 3,712,212 |
| IT Services 3.2% | | |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | 3,085 | 3,037,847 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | 522 | 526,693 |
| First Data Corp.: | | |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | 1,625 | 1,538,396 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | 3,938 | 3,729,008 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | 2,326 | 2,202,238 |
| TransUnion LLC, Replacement Term Loan, 4.75%, 2/03/18 | 3,730 | 3,750,518 |
| | | 14,784,700 |
| Independent Power Producers & Energy Traders 0.4% | | |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-2 Term Loan, 3.76% 3.80%, 10/10/14 | 2,160 | 1,820,444 |
| Initial Tranche B-3 Term Loan, 3.76% 3.80%, 10/10/14 | 195 | 164,329 |
| | | 1,984,773 |
| Industrial Conglomerates 0.8% | | |
| Sequa Corp., Term Loan, 3.56%, 12/03/14 | 1,393 | 1,378,200 |
| Tomkins Plc, Term Loan A, 4.25%, 9/16/16 | 2,467 | 2,486,979 |
| | | 3,865,179 |
| Internet & Catalog Retail 0.2% | | |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | 1,025 | 1,027,562 |
| Leisure Equipment & Products 0.3% | | |
| EB Sports Corp., Loan, 0%, 5/01/12 | 1,551 | 1,550,765 |
| Media 10.4% | | |
| Acosta, Inc., Term Loan, 4.75%, 2/03/18 | 1,800 | 1,813,500 |
| | 993 | 997,463 |

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

| | | | |
|---|-----|-------|-----------|
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/09/16 | | | |
| Cengage Learning Acquisitions, Inc. (Thomson Learning): | | | |
| Term Loan, 2.55%, 7/03/14 | | 1,247 | 1,199,712 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | 1,266 | 1,272,009 |
| Charter Communications Operating, LLC: | | | |
| Term Loan B, 7.25%, 3/06/14 | | 674 | 679,805 |
| Term Loan C, 3.56%, 9/06/16 | | 2,684 | 2,689,820 |
| Ellis Communications KDOC, LLC, Loan, 10.00%, 12/30/11 | | 6,303 | 2,363,533 |
| Getty Images, Inc., Initial Term Loan, 5.25%, 10/29/16 | | 2,793 | 2,827,041 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.01%, 6/12/14 | | 2,368 | 2,248,566 |
| Intelsat Jackson Holdings SA (FKA Intel Jackson Holdings Ltd.), Tranche B Term Loan, 5.25%, 3/07/18 | | 8,000 | 8,053,752 |
| Interactive Data Corp., Term Loan, 4.75%, 2/08/18 | | 1,700 | 1,713,964 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG): | | | |
| Facility B1, 3.68%, 6/30/15 | EUR | 304 | 385,163 |
| Facility C1, 3.93%, 6/30/16 | | 608 | 770,326 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | USD | 988 | 993,672 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 4,250 | 4,518,281 |
| Sinclair Television Group, Inc., New Tranche B Term Loan, 5.50%, 10/29/15 | | 1,587 | 1,604,475 |

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

Media (concluded)

| | | | |
|---|-----|-------|--------------|
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 1,900 | \$ 2,648,138 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.56%, 6/01/12 | USD | 1,926 | 1,885,478 |
| UPC Broadband Holding B.V., Term U, 4.88%, 12/31/17 | EUR | 1,246 | 1,713,299 |
| Univision Communications, Inc., Extended First Lien Term Loan, 4.51%, 3/31/17 | | 2,463 | 2,395,371 |
| Virgin Media Investment Holdings Ltd., Facility B, 4.52%, 12/31/15 | GBP | 1,250 | 2,031,875 |
| Weather Channel, Term Loan B, 4.25%, 2/01/17 | USD | 1,700 | 1,715,725 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.76%, 8/09/11 | | 1,266 | 1,227,656 |
| | | | 47,748,624 |

Metals & Mining 1.2%

| | | | |
|---|--|-------|-----------|
| Euramax International, Inc., Domestic Term Loan: 10.00%, 6/29/13 | | 1,286 | 1,238,193 |
| 14.00%, 6/29/13 | | 1,252 | 1,205,462 |
| Novelis Corp., Term Loan, 5.25%, 12/01/16 | | 3,150 | 3,187,126 |
| | | | 5,630,781 |

Multi-Utilities 0.1%

| | | | |
|--|--|---|-------|
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): Synthetic Letter of Credit, 0.16%, 11/01/13 | | 9 | 8,507 |
|--|--|---|-------|

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

| | | |
|---|---------|-----------|
| Term B Advance (First Lien), 2.81%, 11/01/13 | 421 | 418,363 |
| | | 426,870 |
| Multiline Retail 1.6% | | |
| Dollar General Corp., Tranche B-2 Term Loan, 3.01%, 7/07/14 | 1,439 | 1,439,290 |
| Hema Holding BV: | | |
| Facility B, 2.91%, 7/05/15 | EUR 369 | 504,799 |
| Facility C, 3.66%, 7/05/16 | 369 | 504,798 |
| Facility D, 5.91%, 1/01/17 | 2,900 | 3,931,844 |
| The Neiman Marcus Group, Inc., Tranche B-2 Term Loan, 4.30%, 4/06/16 | USD 961 | 965,276 |
| | | 7,346,007 |
| Oil, Gas & Consumable Fuels 1.4% | | |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/30/15 | 3,856 | 3,951,945 |
| Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18 | 6,306 | 2,585,544 |
| | | 6,537,489 |
| Paper & Forest Products 0.9% | | |
| Georgia-Pacific LLC, Term Loan B, 2.30%, 12/23/12 | 156 | 155,837 |
| Verso Paper Finance Holdings LLC, Term Loan With PIK Option, 6.55% 7.30%, 2/01/13 (g) | 4,351 | 3,915,875 |
| | | 4,071,712 |
| Personal Products 0.7% | | |
| NBTY, Inc., Term Loan B: | | |
| 6.25%, 9/20/17 | 1,700 | 1,717,354 |
| 4.75%, 10/01/17 | 1,595 | 1,595,000 |
| | | 3,312,354 |
| Pharmaceuticals 0.8% | | |
| Axcan Intermediate Holdings, Inc., Term Loan, 5.50%, 2/03/17 | 1,200 | 1,203,000 |
| Warner Chilcott Corp.: | | |
| Additional Term Loan C-3, 6.25%, 4/30/15 | 673 | 677,174 |
| Term Loan A, 6.00%, 10/30/14 | 671 | 670,797 |
| Term Loan B, 6.25%, 4/30/15 | 268 | 269,729 |
| Term Loan B-2, 6.25%, 4/30/15 | 443 | 445,717 |
| Term Loan B-3, 6.50%, 2/20/16 | 277 | 279,045 |
| | | 3,545,462 |

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 (b) | Par (000) | Value |
|---|--------------|------------------|
| Professional Services 0.9% | | |
| Booz Allen Hamilton, Inc., Tranche B Term Loan, 4.00%, 8/01/17 | USD 2,125 | \$ 2,145,188 |
| Fifth Third Processing Solutions, LLC, Term Loan B (First Lien), 5.50%, 10/21/16 | 2,100 | 2,116,275 |
| | | <u>4,261,463</u> |
| Real Estate Investment Trusts (REITs) 0.1% | | |
| iStar Financial, Inc., Term Loan (Second Lien), 1.76%, 6/28/11 | 400 | 394,500 |
| Real Estate Management & Development 1.5% | | |
| Realogy Corp.: | | |
| Extended Synthetic Letter of Credit Loan, 0.11%, 10/10/16 | 585 | 561,374 |
| Extended Term Loan B, 4.56%, 10/10/16 | 5,727 | 5,492,345 |
| Initial Term Loan B, 4.56%, 10/10/13 | 738 | 707,560 |
| Synthetic Letter of Credit, 4.51%, 10/10/13 | 87 | 83,851 |
| | | <u>6,845,130</u> |
| Semiconductors & Semiconductor Equipment 0.4% | | |
| Freescale Semiconductor, Inc., Term Loan B, 4.51%, 12/01/16 | 735 | 733,789 |
| Microsemi Corp., Term Loan B, 5.00%, 10/25/17 | 1,300 | 1,303,250 |
| | | <u>2,037,039</u> |
| Software 0.2% | | |
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16 | 1,092 | 1,097,891 |
| Specialty Retail 2.3% | | |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/18/17 | 1,425 | 1,429,749 |
| Gymboree Corp., Term Loan B, 5.00%, 2/11/18 | 1,150 | 1,153,450 |
| J. Crew Group, Inc., Term Loan B, 5.25%, 2/01/18 | 2,100 | 2,100,000 |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.56% 2.63%, 10/31/13 | 980 | 977,201 |
| Term Loan B-2, 4.81% 4.88%, 7/31/16 | 502 | 506,526 |
| Petco Animal Supplies, Inc., Term Loan B, 4.75%, 11/24/17 | 2,735 | 2,735,000 |
| Toys R Us Delaware, Inc., Initial Loan, 6.00%, 8/17/16 | 1,731 | 1,744,015 |

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

10,645,941

Textiles, Apparel & Luxury Goods 0.3%

Philips Van Huesen Corp., US Tranche B Term Loan, 5.25%, 5/06/16 1,215 1,220,175

Wireless Telecommunication Services 1.3%

Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15 5,694 5,893,615

Total Floating Rate Loan Interests 68.9% 317,515,918

| Other Interests (i) | Beneficial Interest (000) | |
|---|---------------------------|-----------|
| Auto Components 0.0% | | |
| Intermet Liquidating Trust, Class A | 833 | 8 |
| Diversified Financial Services 0.3% | | |
| J.G. Wentworth LLC Preferred Equity Interests (j) | 1 | 1,190,711 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets, Inc. | 1,440 | 14 |
| Household Durables 0.2% | | |
| Stanley Martin, Class B Membership Units (j) | 2 | 1,166,608 |

| Other Interests (i) | Beneficial Interest (000) | Value |
|--|---------------------------|-----------|
| Media 0.0% | | |
| Adelphia Escrow | USD 7,500 | \$ 75 |
| Adelphia Preferred Escrow | 5 | |
| Adelphia Recovery Trust | 9,406 | 941 |
| Adelphia Recovery Trust, Series ACC-6B INT | 500 | 5 |
| | | 1,021 |
| Metals & Mining 0.5% | | |
| RathGibson Acquisition Corp., LLC (j) | 280 | 2,399,439 |
| Specialty Retail 0.0% | | |
| Movie Gallery, Inc. Default Escrow | 21,700 | 217 |
| Total Other Interests 1.0% | | 4,758,018 |

Warrants (k)

Shares

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

| | | | |
|--|-----|----------------------------------|----------------|
| Health Care Providers & Services 0.0% | | | |
| HealthSouth Corp. (Expires 1/16/14) | | 126,761 | 1 |
| Hotels, Restaurants & Leisure 0.0% | | | |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14) | | 1,216 | 12 |
| Media 0.0% | | | |
| Charter Communications, Inc. (Expires 11/30/14) | | 12,661 | 113,949 |
| Oil, Gas & Consumable Fuels 0.0% | | | |
| Turbo Cayman Ltd. (No Expiration) | | 4 | |
| Software 0.0% | | | |
| Bankruptcy Management Solutions, Inc. (Expires 9/29/17) | | 1,247 | 13 |
| HMH Holdings/EduMedia (Expires 3/09/17) | | 24,924 | |
| | | | 13 |
| Total Warrants 0.0% | | | 113,975 |
| Total Long-Term Investments | | | |
| (Cost \$646,129,197) 130.0% | | | 599,412,420 |
| Short-Term Securities | | | |
| | | Beneficial Interest (000) | |
| Bank of New York Cash Reserves, 0.01% (1) | USD | 4,326 | 4,325,609 |
| | | Shares | |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (1)(m) | | 436,377 | 436,377 |
| Total Short-Term Securities | | | |
| (Cost \$4,761,986) 1.0% | | | 4,761,986 |
| Total Investments (Cost \$650,891,183*) 131.0% | | | 604,174,406 |
| Liabilities in Excess of Other Assets (31.0)% | | | (142,927,215) |
| Net Assets 100.0% | | | \$ 461,247,191 |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2011, as computed for federal income tax purposes were as follows:

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

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 646,863,438 |
| Gross unrealized appreciation | \$ 32,757,513 |
| Gross unrealized depreciation | (75,446,545) |
| Net unrealized depreciation | \$ (42,689,032) |

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2011

41

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

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

| Counterparty | Value | Unrealized Appreciation |
|-----------------------------|------------|----------------------------|
| Credit Suisse International | \$ 386,100 | \$ 9,968 |

- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (j) The investment is held by a wholly-owned taxable subsidiary of the Fund.
- (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, if any.
- (l) Represents the current yield as of report date.
- (m) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2010 | Net Activity | Shares Held at February 28, 2011 | Income |
|--|--|-----------------|--|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 1,319,723 | (883,346) | 436,377 | \$ 6,758 |

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

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.

Foreign currency exchange contracts as of February 28, 2011 were as follows:

| Currency Purchased | | Currency Sold | | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|------------|---------------|------------|------------------------|-----------------|--|
| CAD | 1,665,000 | USD | 1,686,879 | Deutsche Bank AG | 4/14/11 | \$ 25,186 |
| USD | 3,144,142 | CAD | 3,122,000 | Citibank NA | 4/14/11 | (66,108) |
| USD | 3,777,540 | GBP | 2,421,500 | Citibank NA | 4/14/11 | (157,331) |
| USD | 2,160,883 | GBP | 1,340,500 | Deutsche Bank AG | 4/14/11 | (17,393) |
| EUR | 978,000 | USD | 1,342,980 | Citibank NA | 4/27/11 | 5,643 |
| USD | 26,131,156 | EUR | 19,102,000 | Citibank NA | 4/27/11 | (209,746) |
| USD | 643,525 | EUR | 470,000 | Royal Bank of Scotland | 4/27/11 | (4,586) |
| Total | | | | | | \$ (424,335) |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2011 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Depreciation |
|--------------------------------|----------------|-----------------------------|------------|-----------------------|-------------------------|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs International | 12/20/11 | \$ 855 | \$ (38,989) |
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs International | 9/20/13 | \$ 250 | (38,968) |
| Total | | | | | \$ (77,957) |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes 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 and derivatives)

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 derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

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

The following tables summarize the inputs used as of February 28, 2011 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------------------|-----------------------|----------------------|-----------------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term Investments: | | | | |
| Asset-Backed Securities | | \$ 3,136,080 | \$ 6,393,325 | \$ 9,529,405 |
| Common Stocks | \$ 2,284,046 | 5,038,422 | 926,586 | 8,249,054 |
| Corporate Bonds | | 246,469,012 | 12,777,038 | 259,246,050 |
| Floating Rate Loan Interests | | 266,762,262 | 50,753,656 | 317,515,918 |
| Other Interests | 941 | | 4,757,077 | 4,758,018 |
| Warrants | 113,949 | | 26 | 113,975 |
| Short-Term Securities | 436,377 | 4,325,609 | | 4,761,986 |
| Unfunded Loan Commitments | | 37,225 | | 37,225 |
| Total | \$ 2,835,313 | \$ 525,768,610 | \$ 75,607,708 | \$ 604,211,631 |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Debt Strategies Fund, Inc. (DSU)

| Derivative Financial Instruments ¹ | | | | |
|---|---------|---------------------|---------|---------------------|
| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 30,829 | | \$ 30,829 |
| Liabilities: | | | | |
| Credit contracts | | (77,957) | | (77,957) |
| Foreign currency exchange contracts | | (455,164) | | (455,164) |
| Total | | \$ (502,292) | | \$ (502,292) |

¹ Derivative financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts 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 in determining fair value:

| | Asset-Backed Securities | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Warrants | Total |
|---|-------------------------|-------------------|----------------------|------------------------------|---------------------|--------------|----------------------|
| Assets: | | | | | | | |
| Balance, as of February 28, 2010 | | \$ 311,675 | \$ 11,805,208 | \$ 58,483,045 | \$ 2,253,500 | \$ 31,175 | \$ 72,884,603 |
| Accrued discounts/premiums | \$ 12,821 | | 533,581 | 686,771 | | | 1,233,173 |
| Net realized gain (loss) | 50,993 | | 238,047 | (9,765,991) | 364,537 | (79,953) | (9,192,367) |
| Net change in unrealized appreciation/depreciation ² | 120,324 | (1,145,463) | 2,530,290 | 12,157,544 | 1,149,754 | 48,789 | 14,861,238 |
| Purchases | 7,206,687 | 2,511,924 | 740,336 | 32,272,189 | 2,668,500 | 15 | 45,399,651 |
| Sales | (997,500) | | (3,070,477) | (46,615,324) | (1,678,273) | | (52,361,574) |
| Transfers in ³ | | | 53 | 7,555,783 | | | 7,555,836 |
| Transfers out ³ | | (751,550) | | (4,020,361) | (941) | | (4,772,852) |
| Balance, as of February 28, 2011 | \$ 6,393,325 | \$ 926,586 | \$ 12,777,038 | \$ 50,753,656 | \$ 4,757,077 | \$ 26 | \$ 75,607,708 |

² Included in the 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, 2011 was \$2,969,358.

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

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

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

| | Credit Contracts |
|---|-----------------------------|
| Liabilities: | |
| Balance, as of February 28, 2010 | \$ (94,696) |
| Accrued discounts/premiums | |
| Net realized gain (loss) | |
| Net change in unrealized appreciation/depreciation ⁴ | 94,696 |
| Purchases | |
| Sales | |
| Transfers in ⁵ | |
| Transfers out ⁵ | |
| Balance, as of February 28, 2011 | — |

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, 2011 was \$0.

⁵ The Fund's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

Schedule of Investments February 28, 2011

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

| Asset-Backed Securities | Par (000) | Value |
|--|--------------|------------------|
| ARES CLO Funds (a)(b): | | |
| Series 2005-10A, Class B, 0.69%, 9/18/17 | USD 500 | \$ 440,000 |
| Series 2011-16A, Class C, 2.90%, 5/17/21 (c) | 500 | 493,150 |
| Ballyrock CDO Ltd., Series 2006-1A, Class B, 0.66%, 8/28/19 (a)(b) | 500 | 428,750 |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 0.78%, 6/19/21 (a)(b) | 395 | 337,543 |
| Centurion CDO 9 Ltd., Series 2005-9A, Class B, 1.07%, 7/17/19 (a)(b) | 500 | 411,605 |
| Flagship CLO, Series 2006-1A, Class B, 0.64%, 9/20/19 (a)(b) | 1,000 | 825,000 |
| Fraser Sullivan CLO Ltd., Series 2006-2A, Class B, 0.70%, 12/20/20 (a)(b) | 500 | 441,875 |
| Gannett Peak CLO Ltd., Class A2: | | |
| Series 2006-1A, 0.66%, 10/27/20 (a)(b) | 440 | 378,950 |
| Series 2006-1X, 0.66%, 10/27/20 | 305 | 256,963 |
| Goldman Sachs Asset Management CLO Plc, | | |
| Series 2007-1A, Class B, 0.75%, 8/01/22 (a)(b) | 665 | 558,932 |
| KKR CLO Ltd., Series 2005-1A, Class B, 0.75%, 4/26/17 (a)(b) | 500 | 456,250 |
| Landmark CDO Ltd., Series 2006-8A, Class B, 0.66%, 10/19/20 (a)(b) | 570 | 495,809 |
| MAPS CLO Fund LLC, Series 2005-1A, Class C, 1.25%, 12/21/17 (a)(b) | 300 | 261,750 |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.76%, 11/15/21 | 405 | 374,625 |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 0.90%, 7/15/19 (a)(b) | 345 | 295,986 |
| Total Asset-Backed Securities 4.3% | | 6,457,188 |

| Common Stocks (d) | Shares | |
|---------------------------------------|--------|--------------|
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. | 10,732 | 4,120 |
| Wellman Holdings, Inc. | 181 | 9 |
| | | <u>4,129</u> |
| Construction Materials 0.0% | | |
| Nortek, Inc. | 710 | 31,595 |
| Electrical Equipment 0.0% | | |

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

| | | |
|--|--------|----------------|
| Medis Technologies Ltd. | 13,053 | 274 |
| Semiconductors & Semiconductor Equipment 0.1% | | |
| SunPower Corp., Class B | 5,332 | 90,005 |
| Software 0.1% | | |
| HMH Holdings/EduMedia | 47,227 | 236,135 |
| Total Common Stocks 0.2% | | 362,138 |

| Corporate Bonds | Par (000) | |
|---|-----------|------------------|
| Airlines 0.4% | | |
| Air Canada, 9.25%, 8/01/15 (a) | USD 250 | 267,500 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 270 | 292,181 |
| | | 559,681 |
| Auto Components 0.8% | | |
| Delphi International Holdings Unsecured, 12.00%, 10/06/14 | 16 | 17,769 |
| Icahn Enterprises LP, 7.75%, 1/15/16 | 1,105 | 1,140,912 |
| | | 1,158,681 |

| Corporate Bonds | Par (000) | Value |
|--|-----------|------------------|
| Capital Markets 0.0% | | |
| E*Trade Financial Corp., 4.25%, 8/31/19 (a)(e)(f) | USD 46 | \$ 71,070 |
| Chemicals 1.3% | | |
| CF Industries, Inc., 6.88%, 5/01/18 | 480 | 530,100 |
| GEO Specialty Chemicals, Inc. (a): 7.50%, 3/31/15 (e)(g) | 702 | 702,101 |
| 10.00%, 3/31/15 | 691 | 638,768 |
| Wellman Holdings, Inc., Subordinate Note (Third Lien), 5.00%, 1/29/19 (e)(g) | 200 | 78,075 |
| | | 1,949,044 |

| | | |
|---------------------------------|-------|------------------|
| Commercial Banks 1.3% | | |
| CIT Group, Inc.: 7.00%, 5/01/14 | 80 | 81,550 |
| 7.00%, 5/01/16 | 220 | 221,925 |
| 7.00%, 5/01/17 | 1,660 | 1,672,450 |
| | | 1,975,925 |

| | | |
|---|-----|---------|
| Commercial Services & Supplies 0.6% | | |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a) | 626 | 643,215 |
| | 280 | 301,000 |

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

Brickman Group Holdings, Inc., 9.13%,
11/01/18 (a)

| | | | |
|--|-----|-------|-----------|
| | | | 944,215 |
| Construction Materials 0.5% | | | |
| Nortek, Inc., 11.00%, 12/01/13 | | 713 | 759,510 |
| Consumer Finance 0.5% | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | | 190 | 204,725 |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a) | | 525 | 564,375 |
| | | | 769,100 |
| Containers & Packaging 1.3% | | | |
| Berry Plastics Corp., 8.25%, 11/15/15 | | 900 | 964,125 |
| OI European Group BV, 6.88%, 3/31/17 | EUR | 113 | 162,367 |
| Smurfit Kappa Acquisitions (a): | | | |
| 7.25%, 11/15/17 | | 275 | 402,258 |
| 7.75%, 11/15/19 | | 265 | 391,287 |
| | | | 1,920,037 |
| Diversified Financial Services 1.4% | | | |
| Ally Financial, Inc., 2.51%, 12/01/14 (b) | USD | 1,175 | 1,154,620 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 85 | 93,712 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (a) | | 300 | 319,500 |
| Reynolds Group Issuer, Inc. (a): | | | |
| 7.75%, 10/15/16 | EUR | 200 | 292,551 |
| 6.88%, 2/15/21 | USD | 210 | 210,525 |
| | | | 2,070,908 |
| Diversified Telecommunication Services 0.6% | | | |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | | 360 | 395,100 |
| Qwest Communications International, Inc.: | | | |
| 8.00%, 10/01/15 | | 300 | 327,375 |
| Series B, 7.50%, 2/15/14 | | 217 | 220,255 |
| | | | 942,730 |
| Electronic Equipment, Instruments & Components 0.2% | | | |
| CDW LLC, 8.00%, 12/15/18 (a) | | 270 | 290,250 |
| Food & Staples Retailing 0.1% | | | |
| AmeriQual Group LLC, 9.50%, 4/01/12 (a) | | 170 | 168,300 |
| Food Products 0.4% | | | |
| B&G Foods, Inc., 7.63%, 1/15/18 | | 300 | 320,250 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 | | 187 | 220,660 |
| | | | 540,910 |

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 |
|---|--------------|------------|
| Health Care Equipment & Supplies 0.5% | | |
| DJO Finance LLC, 10.88%, 11/15/14 | USD 685 | \$ 750,931 |
| Health Care Providers & Services 0.8% | | |
| HCA, Inc., 7.25%, 9/15/20 | 255 | 275,081 |
| Tenet Healthcare Corp.: | | |
| 9.00%, 5/01/15 | 95 | 104,500 |
| 8.88%, 7/01/19 | 690 | 784,875 |
| | | 1,164,456 |
| Health Care Technology 0.8% | | |
| IMS Health, Inc., 12.50%, 3/01/18 (a) | 980 | 1,149,050 |
| Hotels, Restaurants & Leisure 1.0% | | |
| Caesars Entertainment Operating Co., Inc., 10.00%, 12/15/18 | 25 | 23,500 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (a) | 488 | 402,600 |
| MGM Resorts International, 10.38%, 5/15/14 | 260 | 291,200 |
| Travelport LLC, 4.94%, 9/01/14 (b) | 815 | 727,388 |
| | | 1,444,688 |
| Independent Power Producers & Energy Traders 2.6% | | |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (a) | 715 | 775,775 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (a) | 500 | 520,676 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 1,425 | 1,487,489 |
| NRG Energy, Inc., 7.63%, 1/15/18 (a) | 1,000 | 1,041,250 |
| | | 3,825,190 |
| Industrial Conglomerates 0.5% | | |
| Sequa Corp., 13.50%, 12/01/15 (a)(g) | 679 | 751,624 |
| Media 2.4% | | |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 230 | 257,600 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (a) | 460 | 477,250 |
| Checkout Holding Corp., 10.98%, 11/15/15 (a)(f) | 460 | 296,700 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 212 | 235,320 |

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

| | | |
|--|-------|-----------|
| Series B, 9.25%, 12/15/17 | 847 | 942,288 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a) | 330 | 354,750 |
| UPC Germany GmbH, 8.13%, 12/01/17 (a) | 1,000 | 1,072,500 |
| | | 3,636,408 |

| | | |
|---|-----|-----------|
| Metals & Mining 0.7% | | |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (a) | 445 | 461,688 |
| Novelis, Inc., 8.38%, 12/15/17 (a) | 495 | 545,737 |
| | | 1,007,425 |

| | | |
|---|-----|---------|
| Multiline Retail 0.2% | | |
| Dollar General Corp., 11.88%, 7/15/17 (g) | 235 | 271,719 |

| | | |
|---|-----|---------|
| Oil, Gas & Consumable Fuels 0.1% | | |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a) | 144 | 156,960 |

| | | |
|---|-----|---------|
| Paper & Forest Products 0.1% | | |
| Verso Paper Holdings LLC, Series B, 4.05%, 8/01/14 (b) | 180 | 179,100 |

| | | |
|---|-----|---------|
| Pharmaceuticals 0.2% | | |
| Angiotech Pharmaceuticals, Inc., 4.06%, 12/01/13 (b) | 255 | 214,200 |
| Valeant Pharmaceuticals International (a): 6.75%, 10/01/17 | 50 | 51,750 |
| 7.00%, 10/01/20 | 65 | 67,194 |
| | | 333,144 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|------------|
| Professional Services 0.1% | | |
| FTI Consulting, Inc., 6.75%, 10/01/20 (a) | USD 95 | \$ 95,000 |
| Real Estate Investment Trusts (REITs) 0.1% | | |
| Omega Healthcare Investors, Inc., 6.75%, 10/15/22 (a) | 75 | 75,750 |
| Wireless Telecommunication Services 1.5% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | 825 | 872,437 |
| Digicel Group Ltd. (a): | | |
| 9.13%, 1/15/15 (g) | 399 | 415,559 |
| 8.25%, 9/01/17 | 265 | 276,925 |
| iPCS, Inc., 2.43%, 5/01/13 (b) | 500 | 493,750 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 155 | 156,259 |
| | | 2,214,930 |
| Total Corporate Bonds 21.0% | | 31,176,736 |

Floating Rate Loan Interests (b)**Aerospace & Defense 3.0%**

| | | |
|---|-------|-----------|
| DynCorp International, Term Loan, 6.25%, 7/07/16 | 923 | 930,184 |
| Hawker Beechcraft Acquisition Co., LLC: Letter of Credit Linked Deposit, 0.20%, 3/26/14 | 42 | 37,407 |
| Term Loan, 2.26% 2.30%, 3/26/14 | 685 | 612,434 |
| The SI Organization, Inc., New Tranche B, Term Loan, 4.50%, 11/22/16 | 1,100 | 1,108,250 |
| Scitor Corp., Term Loan B, 5.75%, 2/01/17 | 850 | 846,813 |
| TransDigm, Inc., Term Loan (First Lien), 5.25%, 2/14/17 | 950 | 955,671 |
| | | 4,490,759 |

Auto Components 1.2%

| | | |
|--|-----|-----------|
| Allison Transmission, Inc., Term Loan, 3.02%, 8/07/14 | 834 | 831,186 |
| Armored Auto Group, Inc. (FKA Viking Acquisition, Inc.), Term Loan, 6.00%, 11/05/16 | 580 | 582,900 |
| GPX International Tire Corp., Tranche B Term Loan (d)(h): 8.37%, 3/30/12 | 549 | |
| 0.00%, 4/11/12 | 9 | |
| UCI International, Inc., Term Loan, 5.50%, 7/06/17 | 400 | 401,375 |
| | | 1,815,461 |

Automobiles 0.8%

| | | |
|---|-------|-----------|
| Ford Motor Co., Tranche B-1 Term Loan, 3.02%, 12/15/13 | 1,221 | 1,220,415 |
|---|-------|-----------|

Biotechnology 0.4%

| | | |
|--|-----|---------|
| Grifols SA, Term Loan B, 6.00%, 10/01/16 | 575 | 581,709 |
|--|-----|---------|

Building Products 3.3%

| | | |
|---|---------|-----------|
| Armstrong World Industries, Inc., Term Loan B, 5.00%, 5/17/17 | 825 | 834,273 |
| CPG International I, Inc., Term Loan B, 6.00%, 2/03/17 | 950 | 952,974 |
| Goodman Global, Inc., Initial Term Loan (First Lien), 5.75%, 10/13/16 | 2,494 | 2,512,064 |
| Momentive Performance Materials (Blitz 06-103 GmbH), Tranche B-25 Term Loan, 4.36%, 5/05/15 | EUR 343 | 460,594 |
| PGT Industries, Inc., Tranche A-2 Term Loan, 6.75%, 2/14/12 | USD 213 | 209,076 |
| | | 4,968,981 |

Capital Markets 1.9%

| | | |
|--|-----|---------|
| American Capital Ltd., Term Loan B, 7.50%, 12/31/13 | 237 | 238,174 |
| HarbourVest Partners, Term Loan, 6.25%, 12/17/16 | 988 | 992,438 |

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2011

45

Schedule of Investments (continued)

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

| Floating Rate Loan Interests (b) | Par (000) | Value |
|--|--------------|------------|
| Capital Markets (concluded) | | |
| Nuveen Investments, Inc.: | | |
| Extended Term Loan (First Lien), 3.30%, 11/13/14 | USD 634 | \$ 614,808 |
| Non-Extended Term Loan (First Lien), 5.80% 5.81%, 5/13/17 | 916 | 912,470 |
| | | 2,757,890 |
| Chemicals 6.9% | | |
| AZ Chem US, Inc., Term Loan B, 6.75%, 11/21/16 | 594 | 599,677 |
| Chemtura Corp., Exit Term Loan, 5.50%, 8/29/16 | 800 | 806,333 |
| General Chemical Corp., Tranche B Term Loan, 6.75% 7.25%, 10/06/15 | 1,047 | 1,063,086 |
| MacDermid, Inc., Tranche C Term Loan, 3.07%, 4/12/14 | EUR 283 | 377,482 |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 8/31/17 | USD 625 | 626,823 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term Facility (First Lien), 3.52% 3.56%, 7/30/14 | 988 | 971,646 |
| Rockwood Specialties Group, Inc., Term Loan B, 3.75%, 2/01/18 | 950 | 960,094 |
| Solutia, Inc., Term Loan, 4.50%, 3/17/17 | 548 | 548,939 |
| Styron Sarl, Term Loan B, 6.00%, 7/27/17 | 1,400 | 1,412,600 |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 12/14/15 | 1,460 | 1,472,162 |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17 | 1,400 | 1,404,813 |
| | | 10,243,655 |
| Commercial Banks 1.2% | | |
| CIT Group, Inc., Tranche 3 Term Loan, 6.25%, 8/11/15 | 1,700 | 1,721,604 |
| Commercial Services & Supplies 4.3% | | |
| ARAMARK Corp.: | | |
| Letter of Credit 1 Facility, 0.11%, 1/26/14 | 9 | 8,927 |
| Letter of Credit 2 Facility, 0.11%, 7/26/16 | 13 | 12,910 |
| US Term Loan, 2.18%, 1/26/14 | 111 | 110,814 |
| US Term Loan B, 3.55%, 7/26/16 | 196 | 196,297 |
| AWAS Finance Luxembourg Sarl, Loan, 7.75%, 6/10/16 | 287 | 294,200 |
| Advanced Disposal Services, Inc., Term Loan (First Lien), 6.00%, 1/14/15 | 495 | 498,094 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.), Tranche D Term Loan, 7.75%, 2/21/15 | 995 | 1,014,900 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | 492 | 492,500 |

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

| | | |
|---|-------|-----------|
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | 1,000 | 1,008,571 |
| Diversey, Inc. (FKA Johnson Diversey, Inc.), Tranche B | | |
| Dollar Term Loan, 5.25%, 11/24/15 | 429 | 428,958 |
| Protection One, Inc., Term Loan, 6.00%, 6/04/16 | 538 | 539,230 |
| Quad/Graphics, Inc., Term Loan, 5.50%, 4/20/16 | 299 | 297,132 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27%, 4/02/14 | 965 | 897,450 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 8/24/16 | 524 | 528,704 |
| | | 6,328,687 |

Communications Equipment 1.8%

| | | |
|--|-------|-----------|
| Avaya, Inc.: | | |
| Term Loan B, 3.03%, 10/24/14 | 628 | 608,415 |
| Term Loan B-3, 4.81%, 10/24/17 | 1,019 | 998,552 |
| CommScope, Inc., Term Loan B, 5.00%, 1/06/18 | 1,000 | 1,014,583 |
| | | 2,621,550 |

Construction & Engineering 0.6%

| | | |
|--|-----|---------|
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | 900 | 900,000 |
|--|-----|---------|

Construction Materials 0.3%

| | | |
|---|-----|---------|
| Fairmount Minerals Ltd., Tranche B Term Loan, 6.25% 6.75%, 8/05/16 | 452 | 456,553 |
|---|-----|---------|

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

Consumer Finance 1.4%

| | | | | |
|---|-----|-------|----|-----------|
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 7.25%, 4/21/15 | USD | 2,075 | \$ | 2,093,467 |
|---|-----|-------|----|-----------|

Containers & Packaging 0.8%

| | | | | |
|---|--|-----|--|-----------|
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | | 153 | | 153,790 |
| Berry Plastics Holding Corp., Term Loan C, 2.29% 2.31%, 4/03/15 | | 139 | | 135,002 |
| Graham Packaging Co., LP: Term Loan C, 6.75%, 4/05/14 | | 273 | | 274,308 |
| Term Loan D, 6.00%, 9/16/16 | | 599 | | 603,096 |
| | | | | 1,166,196 |

Diversified Consumer Services 3.1%

| | | | | |
|---|--|-------|--|-----------|
| Coinmach Service Corp., Term Loan, 3.26% 3.31%, 11/14/14 | | 1,755 | | 1,644,854 |
| Laureate Education: | | | | |
| Delayed Draw Term Loan, 3.55%, 8/15/14 | | 98 | | 95,619 |
| Series A New Term Loan, 7.00%, 8/15/14 | | 1,299 | | 1,306,640 |
| Term Loan B, 3.55%, 8/17/14 | | 652 | | 638,678 |
| ServiceMaster Co.: | | | | |
| Closing Date Term Loan, 2.76% 2.81%, 7/24/14 | | 923 | | 908,790 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | | 92 | | 90,502 |

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

| | | | |
|---|---------------|-------------------|-----------|
| | | | 4,685,083 |
| Diversified Financial Services 2.6% | | | |
| MSCI, Inc., Term Loan B, 4.75%, 6/01/16 | | 880 | 884,146 |
| Reynolds Group Holdings, Inc., Term Loan E, 4.25%, 2/09/18 | | 2,300 | 2,311,978 |
| Whitelabel IV SA (Ontex): | | | |
| Facility B1, 6.75%, 8/11/17 | EUR | 188 | 262,980 |
| Facility B2, 6.75%, 8/11/17 | | 312435,196 | 3,894,300 |
| Diversified Telecommunication Services 2.8% | | | |
| Hawaiian Telcom Communications, Inc., Term Loan, 9.00%, 10/28/15 | USD | 700 | 711,958 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | | 796 | 805,552 |
| Level 3 Financing, Inc.: | | | |
| Term Loan B, 11.50%, 3/13/14 | | 150 | 160,875 |
| Tranche A Incremental Term Loan, 2.55%, 3/13/14 | | 1,550 | 1,511,250 |
| US Telepacific Corp., Term Loan B, 5.75%, 2/18/17 | | 900 | 905,062 |
| | | | 4,094,697 |
| Electric Utilities 1.1% | | | |
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | | 1,561 | 1,575,967 |
| Electronic Equipment, Instruments & Components 0.9% | | | |
| CDW LLC (FKA CDW Corp.): | | | |
| Extended Term Loan B, 3.51%, 7/15/17 | | 526 | 525,909 |
| Non-Extended Term Loan, 4.26%, 10/10/14 | | 790 | 788,245 |
| Flextronics International Ltd.: | | | |
| Delayed Draw Term Loan A-2, 2.51%, 10/01/14 | | 24 | 24,046 |
| Delayed Draw Term Loan A-3, 2.51%, 10/01/14 | | 21 | 20,611 |
| | | | 1,358,811 |
| Energy Equipment & Services 0.7% | | | |
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | | 1,015 | 1,024,435 |
| Food & Staples Retailing 2.8% | | | |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.58%, 7/06/15 7/09/15 | GBP | 675 | 1,057,534 |
| Bolthouse Farms, Inc., Term Loan (First Lien), 5.50% 5.75%, 2/11/16 | USD | 574 | 577,309 |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | | 1,288 | 1,298,468 |
| See Notes to Financial Statements. | | | |
| 46 | ANNUAL REPORT | FEBRUARY 28, 2011 | |

Schedule of Investments (continued)

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

| Floating Rate Loan Interests (b) | Par (000) | Value |
|---|--------------|------------|
| Food & Staples Retailing (concluded) | | |
| Rite Aid Corp., Term Loan B, 6.00%, 7/09/14 | USD 249 | \$ 249,180 |
| U.S. Foodservice, Inc., Term Loan B, 2.76%, 7/03/14 | 948 | 915,305 |
| | | 4,097,796 |
| Food Products 6.0% | | |
| Advance Pierre Foods, Term Loan: 11.25%, 9/29/17 | 600 | 615,000 |
| (Second Lien), 7.00%, 9/29/16 | 1,038 | 1,044,708 |
| CII Investment, LLC (FKA Cloverhill): Delayed Draw Term Loan, 8.50%, 12/31/11 | 103 | 128,322 |
| Term Loan A, 8.50%, 10/14/14 | 394 | 389,966 |
| Term Loan B, 8.50%, 10/14/14 | 479 | 474,284 |
| Del Monte Corp., Term Loan B, 4.50%, 2/01/18 | 3,650 | 3,672,812 |
| Green Mountain Coffee Roasters, Inc., Term B Facility, 5.50%, 11/09/16 | 500 | 503,282 |
| Michaels Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 4.25%, 2/25/18 | 547 | 551,819 |
| Pinnacle Foods Finance LLC: Term Loan B, 2.76%, 4/02/14 | 160 | 159,400 |
| Tranche D Term Loan, 6.00%, 4/02/14 | 631 | 635,760 |
| Solvest, Ltd. (Dole): Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17 | 206 | 207,592 |
| Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17 | 519 | 522,694 |
| | | 8,905,639 |
| Health Care Equipment & Supplies 0.8% | | |
| Biomet, Inc., Dollar Term Loan, 3.26% 3.30%, 3/25/15 | 202 | 201,297 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | 400 | 396,911 |
| Fresenius SE: Tranche C-1 Dollar Term Loan, 4.50%, 9/10/14 | 341 | 342,173 |
| Tranche C-2 Term Loan, 4.50%, 9/10/14 | 182 | 182,806 |
| | | 1,123,187 |
| Health Care Providers & Services 6.3% | | |
| CHS/Community Health Systems, Inc.: Extended Term Loan, 3.76% 3.81%, 1/25/17 | 416 | 418,006 |
| Non-Extended Delayed Draw Term Loan, 2.51% 2.56%, 7/25/14 | 62 | 61,905 |
| Non-Extended Term Loan, 2.51% 2.56%, 7/25/14 | 1,172 | 1,162,436 |

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

| | | |
|--|-------|-----------|
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/20/16 | 700 | 703,208 |
| DaVita, Inc., Tranche B Term Loan, 4.50%, 10/20/16 | 900 | 906,423 |
| HCA, Inc.: | | |
| Term Loan B2, 3.55%, 3/31/17 | 553 | 554,349 |
| Tranche A-1 Term Loan, 1.55%, 11/16/12 | 801 | 796,190 |
| Tranche B-1 Term Loan, 2.55%, 11/18/13 | 311 | 309,507 |
| Harden Healthcare, Inc.: | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | 665 | 651,700 |
| Tranche A Term Loan, 8.50%, 2/22/15 | 360 | 352,889 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.): | | |
| Term Loan B, 6.50%, 7/31/16 | 1,269 | 1,274,363 |
| Term Loan B2, 4.75%, 8/04/16 | 450 | 451,781 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 5.75%, 12/03/16 | 700 | 709,625 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 1,003 | 1,009,336 |
| | | 9,361,718 |

Health Care Technology 1.1%

| | | |
|--|-----|-----------|
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | 977 | 985,456 |
| MedAssets, Inc., Term Loan B, 5.25%, 11/15/16 | 650 | 654,875 |
| | | 1,640,331 |

| Floating Rate Loan Interests (b) | Par (000) | Value |
|---|--------------|------------|
| Hotels, Restaurants & Leisure 9.1% | | |
| BLB Management Services, Inc. (Wembly, Inc.), Loan (Exit), 8.50%, 11/05/15 | USD 473 | \$ 475,256 |
| Blackstone UTP Capital LLC, Loan, 7.75%, 11/06/14 | 743 | 757,350 |
| Boyd Gaming Corp., Term Loan A, 3.81%, 12/31/15 | 325 | 321,074 |
| Dunkin' Brands, Inc., Term Loan B-1, 4.25%, 11/09/17 | 1,200 | 1,208,243 |
| Gateway Casinos & Entertainment, Ltd., Term Loan B, 6.50% 7.50%, 5/12/16 | CAD 1,198 | 1,237,959 |
| Harrah's Operating Co., Inc.: | | |
| Term Loan B-1, 3.30%, 1/28/15 | USD 128 | 118,981 |
| Term Loan B-2, 3.30%, 1/28/15 | 165 | 152,861 |
| Term Loan B-3, 3.30%, 1/28/15 | 3,585 | 3,329,025 |
| Term Loan B-4, 9.50%, 10/31/16 | 400 | 423,889 |
| Seaworld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term B Loan, 4.00%, 8/17/17 | 1,287 | 1,289,564 |
| Sea World, Term Loan B, 4.00%, 8/16/17 | 313 | 314,719 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.50%, 6/30/16 | 943 | 953,957 |
| Travelport LLC (FKA Travelport, Inc.), Extended Delayed Draw Term Loan, 4.96%, 8/21/15 | 249 | 241,665 |
| Universal City Development Partners Ltd., Term Loan, 5.50%, 11/16/14 | 769 | 776,705 |
| VML US Finance LLC (FKA Venetian Macau): | | |
| New Project Term Loan, 4.79%, 5/27/13 | 325 | 324,932 |
| Term B Delayed Draw Project Loan, 4.79%, 5/25/12 | 529 | 529,816 |
| Term B Funded Project Loan, 4.79%, 5/27/13 | 1,027 | 1,027,816 |

| | | |
|--|-------|------------|
| | | 13,483,812 |
| Household Durables 1.0% | | |
| Visant Corp. (FKA Jostens): | | |
| Term Loan, 5.25%, 12/22/16 | 775 | 775,000 |
| Tranche B Term Loan, 7.00%, 12/22/17 | 698 | 704,499 |
| | | 1,479,499 |
| IT Services 4.7% | | |
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | | |
| | 1,101 | 1,084,208 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | | |
| | 194 | 195,698 |
| First Data Corp.: | | |
| Initial B-1 Term Loan, 3.01%, 9/24/14 | 1,515 | 1,434,657 |
| Initial B-2 Term Loan, 3.01%, 9/24/14 | 1,787 | 1,692,113 |
| Initial B-3 Term Loan, 3.01%, 9/24/14 | 869 | 822,173 |
| TransUnion LLC, Term Loan, 4.75%, 2/03/18 | 1,742 | 1,751,454 |
| | | 6,980,303 |
| Independent Power Producers & Energy Traders 0.8% | | |
| Texas Competitive Electric Holdings Co., LLC (TXU): | | |
| Initial Tranche B-1 Term Loan, 3.76% 3.80%, 10/10/14 | 815 | 686,737 |
| Initial Tranche B-3 Term Loan, 3.76% 3.80%, 10/10/14 | 611 | 513,957 |
| | | 1,200,694 |
| Industrial Conglomerates 1.5% | | |
| Sequa Corp., Term Loan, 3.56%, 12/03/14 | | |
| | 796 | 787,703 |
| Tomkins Plc, Term Loan A, 4.25%, 9/16/16 | | |
| | 1,480 | 1,492,187 |
| | | 2,279,890 |
| Insurance 0.8% | | |
| CNO Financial Group, Inc., Term Loan, 7.50%, 9/30/16 | | |
| | 1,225 | 1,232,145 |
| Internet & Catalog Retail 0.2% | | |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | | |
| | 357 | 358,172 |

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 (b) | Par (000) | Value |
|---|--------------|------------|
| Machinery 0.3% | | |
| Navistar Financial Corp., Term Loan B, 4.55%, 12/16/12 | USD 425 | \$ 423,406 |
| Marine 0.2% | | |
| Horizon Lines, LLC: Revolving Loan, 3.31%, 8/08/12 | 246 | 228,439 |
| Term Loan, 3.31%, 8/08/12 | 134 | 127,782 |
| | | 356,221 |
| Media 19.5% | | |
| Acosta, Inc., Term Loan, 4.75%, 2/03/18 | 1,250 | 1,259,375 |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/09/16 | 1,044 | 1,049,222 |
| Atlantic Broadband Finance, LLC, Tranche B Term Loan, 5.00%, 11/12/15 | 483 | 482,508 |
| Bresnan Telecommunications Co. LLC, Term Loan, 4.50%, 11/30/17 | 1,600 | 1,609,778 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning): Term Loan, 2.55%, 7/03/14 | 1,247 | 1,199,712 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 499 | 501,540 |
| Charter Communications Operating, LLC: Term Loan B, 7.25%, 3/06/14 | 211 | 213,073 |
| Term Loan C, 3.56%, 9/06/16 | 1,292 | 1,295,269 |
| Clarke American Corp., Term Facility, 2.76% 2.80%, 6/30/14 | 719 | 685,806 |
| Foxco Acquisition Sub. LLC, Term Loan B, 7.50%, 7/14/15 | 492 | 490,774 |
| Getty Images, Inc., Initial Term Loan B, 5.25%, 10/29/16 | 1,147 | 1,161,106 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.01%, 11/07/16 | 748 | 709,852 |
| Intelsat Jackson Holdings SA (FKA Intel Jackson Holdings Ltd.), Tranche B Term Loan, 5.25%, 3/07/18 | 3,500 | 3,523,517 |
| Interactive Data Corp., Term Loan, 4.75%, 2/08/18 | 1,450 | 1,461,910 |
| Knology, Inc., Term Loan B, 4.00%, 8/31/17 | 650 | 654,063 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG), Facility B1, 3.68%, 6/03/15 | EUR 304 | 385,163 |
| MCNA Cable Holdings LLC (OneLink Communications), Loan, 0%, 3/01/13 | USD 541 | 502,725 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | 494 | 496,836 |

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

Newsday, LLC, Fixed Rate Term Loan, 10.50%,
8/01/13

| | | | |
|---|-----|-------|------------|
| Nielsen Finance LLC: | | 1,325 | 1,408,641 |
| Class A Dollar Term Loan, 2.26%, 8/09/13 | | 13 | 12,813 |
| Class B Dollar Term Loan, 4.01%, 5/01/16 | | 1,348 | 1,353,825 |
| Sinclair Television Group, Inc., New Tranche B Term Loan, 5.50%, 10/29/15 | | 614 | 620,284 |
| Springer Science+Business Media SA, Facility A1, 6.75%, 7/01/16 | EUR | 1,000 | 1,393,757 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.56%, 6/01/12 | USD | 1,017 | 995,532 |
| UPC Broadband Holding B.V., Term U, 4.88%, 12/31/17 | EUR | 810 | 1,114,676 |
| Univision Communications, Inc., Extended First Lien Term Loan, 4.51%, 3/31/17 | | 1,219 | 1,185,680 |
| Virgin Media Investment Holdings Ltd., Facility B, 4.52%, 12/31/15 | GBP | 750 | 1,219,125 |
| Weather Channel, Term Loan B, 4.25%, 2/01/17 | USD | 1,350 | 1,362,488 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.76%, 8/09/11 | | 633 | 613,828 |
| | | | 28,962,878 |

| Floating Rate Loan Interests (b) | Par (000) | Value | |
|---|--------------|-------|------------|
| Metals & Mining 1.4% | | | |
| Euramax International, Inc., Domestic Term Loan: 10.00%, 6/29/13 | USD | 282 | \$ 271,825 |
| 14.00%, 6/29/13 | | 275 | 264,632 |
| Novelis, Inc., Term Loan B, 5.25%, 12/17/16 | | 1,600 | 1,618,858 |
| | | | 2,155,315 |

| | | | |
|--|--|-----|---------|
| Multi-Utilities 0.1% | | | |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): Synthetic Letter of Credit, 0.16%, 11/01/13 | | 4 | 3,742 |
| Term B Advance (First Lien), 2.81%, 11/01/13 | | 185 | 184,037 |
| | | | 187,779 |

| | | | |
|---|-----|-----|-----------|
| Multiline Retail 1.0% | | | |
| Dollar General Corp., Tranche B-2 Term Loan, 3.01%, 7/07/14 | | 360 | 360,572 |
| Hema Holding BV: Facility B, 2.91%, 7/06/15 | EUR | 209 | 286,052 |
| Facility C, 3.66%, 7/05/16 | | 209 | 286,052 |
| The Neiman Marcus Group, Inc., Tranche B-2 Term Loan, 4.30%, 4/06/16 | USD | 537 | 539,419 |
| | | | 1,472,095 |

| | | | |
|---|--|-------|-----------|
| Oil, Gas & Consumable Fuels 1.4% | | | |
| EquiPower Resources Holdings, LLC, Term Facility B, 5.75%, 1/11/18 | | 750 | 755,625 |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/30/15 | | 1,245 | 1,276,587 |

2,032,212

Paper & Forest Products 1.2%

| | | |
|--|-------|------------------|
| Georgia-Pacific LLC, Term Loan B, 2.30%, 12/23/12 | 617 | 617,020 |
| Verso Paper Finance Holdings LLC, Term Loan With PIK Option, 6.55% 7.30%, 2/01/13 (g) | 1,372 | 1,235,209 |
| | | <u>1,852,229</u> |

Personal Products 0.9%

| | | |
|---|-----|------------------|
| NBTY, Inc., Term Loan B: 4.75%, 10/01/17 | 675 | 675,000 |
| 6.25%, 9/20/17 | 700 | 707,146 |
| | | <u>1,382,146</u> |

Pharmaceuticals 1.2%

| | | |
|--|-----|------------------|
| Axcan Intermediate Holdings, Inc., Term Loan, 5.50%, 2/10/17 | 767 | 768,583 |
| Warner Chilcott Corp.: Additional Term Loan C-3, 6.25%, 4/30/15 | 216 | 217,636 |
| Term Loan A, 6.00%, 10/30/14 | 377 | 376,880 |
| Term Loan B-1, 6.25%, 4/30/15 | 98 | 99,056 |
| Term Loan B-2, 6.25%, 4/30/15 | 166 | 166,573 |
| Term Loan B-3, 6.50%, 2/20/16 | 85 | 85,869 |
| | | <u>1,714,597</u> |

Professional Services 1.6%

| | | |
|---|-------|------------------|
| Booz Allen Hamilton, Inc., Tranche B Term Loan, 4.00%, 8/01/17 | 1,550 | 1,564,725 |
| Fifth Third Processing Solutions, LLC, Term Loan B (First Lien), 5.50%, 10/21/16 | 800 | 806,200 |
| | | <u>2,370,925</u> |

Real Estate Investment Trusts (REITs) 0.1%

| | | |
|---|-----|---------|
| iStar Financial, Inc., Term Loan (Second Lien), 1.76%, 6/28/11 | 125 | 123,281 |
|---|-----|---------|

Real Estate Management & Development 2.4%

| | | |
|--|-------|------------------|
| Mattamy Funding Partnership, Term Loan, 2.56%, 4/11/13 | 228 | 217,934 |
| Realogy Corp.: Extended Synthetic Letter of Credit Loan, 0.11%, 10/10/16 | 229 | 219,623 |
| Extended Term Loan B, 4.56%, 10/10/16 | 3,190 | 3,059,879 |
| | | <u>3,497,436</u> |

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 (b) | Par (000) | Value |
|---|--------------|------------|
| Road & Rail 0.2% | | |
| Transtar Industries, Term Loan (First Lien), 6.25%, 12/07/16 | USD 275 | \$ 279,125 |
| Semiconductors & Semiconductor Equipment 0.7% | | |
| Freescale Semiconductor, Inc., Term Loan B, 4.51%, 12/01/16 | 467 | 466,180 |
| Microsemi Corp., Term Loan B, 5.00%, 10/25/17 | 550 | 551,375 |
| | | 1,017,555 |
| Software 1.1% | | |
| Rovi Solutions Corp., Tranche B Term Loan, 4.00%, 2/01/18 | 550 | 555,500 |
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16 | 695 | 698,658 |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16 | 360 | 362,700 |
| | | 1,616,858 |
| Specialty Retail 4.0% | | |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/18/17 | 475 | 476,583 |
| Gymboree Corp., Term Loan B, 5.00%, 2/11/18 | 750 | 752,250 |
| J. Crew Group, Inc., Term Loan B, 5.25%, 2/01/18 | 1,500 | 1,500,000 |
| Matalan Finance Plc, Term Facility, 5.61%, 3/24/16 | GBP 277 | 448,263 |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.56% 2.63%, 10/31/13 | USD 392 | 390,766 |
| Term Loan B-2, 4.81% 4.88%, 7/31/16 | 256 | 258,078 |
| Petco Animal Supplies, Inc., Term Loan B, 4.75%, 11/24/17 | 1,250 | 1,250,000 |
| Toys R Us Delaware, Inc., Initial Loan, 6.00%, 8/17/16 | 871 | 877,019 |
| | | 5,952,959 |
| Textiles, Apparel & Luxury Goods 0.4% | | |
| Philips Van Huesen Corp., US Tranche B Term Loan, 5.25%, 5/06/16 | 620 | 621,512 |
| Wireless Telecommunication Services 1.0% | | |
| MetroPCS Wireless, Inc., Tranche B-2 Term Loan, 3.81%, 11/03/16 | 481 | 483,309 |
| Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15 | 1,035 | 1,071,566 |

1,554,875

| | |
|--|-------------|
| Total Floating Rate Loan Interests 112.9% | 167,716,810 |
|--|-------------|

| Other Interests (i) | Beneficial Interest (000) |
|---|---------------------------|
| Auto Components 1.1% | |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests | (j) 1,581,837 |
| Diversified Financial Services 0.2% | |
| J.G. Wentworth LLC Preferred Equity Interests (n) | (j) 299,336 |
| Total Other Interests 1.3% | 1,881,173 |

| Warrants (k) | Shares |
|---|-------------|
| Software 0.0% | |
| HMH Holdings/EduMedia (Expires 3/09/17) | 5,330 |
| Total Warrants 0.0% | |
| Total Long-Term Investments (Cost \$205,618,477) 139.7% | 207,594,045 |

| Short-Term Securities | Shares | Value |
|--|-----------|--------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (l)(m) | 2,714,267 | \$ 2,714,267 |
| Total Short-Term Securities (Cost \$2,714,267) 1.8% | | 2,714,267 |

| 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 | 11 |

Total Options Purchased

(Cost \$10,756) 0.0%

| | | |
|--|----------------|-----------------------|
| Total Investments (Cost \$208,343,500*) | 141.5% | 210,308,312 |
| Liabilities in Excess of Other Assets | (41.5)% | (61,756,626) |
| Net Assets | 100.0% | <u>\$ 148,551,686</u> |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2011, as computed for federal income tax purposes were as follows:

| | |
|-------------------------------|---------------------|
| Aggregate cost | \$ 207,676,963 |
| Gross unrealized appreciation | \$ 6,743,816 |
| Gross unrealized depreciation | (4,112,467) |
| Net unrealized appreciation | <u>\$ 2,631,349</u> |

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Variable rate security. Rate shown is as of report date.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|-----------------|------------|----------------------------|
| Bank of America | \$ 493,150 | |

- (d) Non-income producing security.
- (e) Convertible security.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (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.

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

- (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, if any.

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2011

49

Schedule of Investments (continued)

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

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

| Affiliate | Shares Held at February 28, 2010 | Net Activity | Shares Held at February 28, 2011 | Income |
|--|--|-----------------|--|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 1,797,812 | 916,455 | 2,714,267 | \$ 4,635 |

- (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.

Foreign currency exchange contracts as of February 28, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|---------------------------|--------------------|--|
| USD 1,198,856 | CAD 1,189,500 | Citibank NA | 4/14/11 | \$ (24,267) |
| USD 2,281,189 | GBP 1,462,000 | Citibank NA | 4/14/11 | (94,521) |
| EUR 500,000 | USD 685,732 | Citibank NA | 4/27/11 | 3,748 |
| USD 6,636,588 | EUR 4,851,000 | Citibank NA | 4/27/11 | (52,749) |
| USD 205,380 | EUR 150,000 | Royal Bank of Scotland | 4/27/11 | (1,464) |
| Total | | | | \$ (169,253) |

- (n) The investment is held by a wholly-owned taxable subsidiary of the Fund.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes 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

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

risks and default rates) or other market-corroborated inputs)

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

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 derivatives, 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, 2011 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------------------|-----------------------|----------------------|-----------------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Asset-Backed Securities | | \$ 1,919,893 | \$ 4,537,295 | \$ 6,457,188 |
| Common Stocks | \$ 121,874 | | 240,264 | 362,138 |
| Corporate Bonds | | 29,337,423 | 1,839,313 | 31,176,736 |
| Floating Rate Loan Interests | | 146,750,834 | 20,965,976 | 167,716,810 |
| Other Interests | | 1,581,837 | 299,336 | 1,881,173 |
| Short-Term Securities | 2,714,267 | | | 2,714,267 |
| Unfunded Loan Commitments | | 33,410 | 2,079 | 35,489 |
| Liabilities: | | | | |
| Unfunded Loan Commitments | | | (5,523) | (5,523) |
| Total | \$ 2,836,141 | \$ 179,623,397 | \$ 27,878,740 | \$ 210,338,278 |

Derivative Financial Instruments¹

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|---------|---------------------|---------|---------------------|
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 3,748 | | \$ 3,748 |
| Liabilities: | | | | |
| Foreign currency exchange contracts | | (173,001) | | (173,001) |
| Total | | \$ (169,253) | | \$ (169,253) |

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

See Notes to Financial Statements.

Schedule of Investments (concluded)

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

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

| | Asset-Backed Securities | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Unfunded Loan Commitments Assets | Unfunded Loan Commitments (Liabilities) | Total |
|---|-------------------------|-------------------|---------------------|------------------------------|-------------------|----------------------------------|---|----------------------|
| Assets/Liabilities: | | | | | | | | |
| Balance, as of February 28, 2010 | | \$ 30,435 | \$ 1,016,670 | \$ 18,711,638 | \$ 1,622,470 | \$ 4,076 | \$ (38,101) | \$ 21,347,188 |
| Accrued discounts/premiums | \$ 8,655 | | 51,257 | 152,065 | | | | 211,977 |
| Net realized gain (loss) | | | 2,082 | (1,528,382) | 522,162 | | | (1,004,138) |
| Net change in unrealized appreciation/depreciation ² | 6,345 | (427,908) | 358,286 | 2,504,090 | 482,325 | (1,997) | 32,578 | 2,953,719 |
| Purchases | 4,522,295 | 669,332 | 433,768 | 14,980,795 | | | | 20,606,190 |
| Sales | | | (22,750) | (13,608,197) | (745,700) | | | (14,376,647) |
| Transfers in ³ | | | | 4,239,553 | | | | 4,239,553 |
| Transfers out ³ | | (31,595) | | (4,485,586) | (1,581,921) | | | (6,099,102) |
| Balance, as of February 28, 2011 | \$ 4,537,295 | \$ 240,264 | \$ 1,839,313 | \$ 20,965,976 | \$ 299,336 | \$ 2,079 | \$ (5,523) | \$ 27,878,740 |

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, 2011 was \$725,447.

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

See Notes to Financial Statements.

Schedule of Investments February 28, 2011

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

| Asset-Backed Securities | Par (000) | Value |
|---|--------------|------------|
| ARES CLO Funds, Series 2005-10A, Class B, 0.69%, 9/18/17 (a)(b) | \$ 500 | \$ 440,000 |
| CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16 | 500 | 517,500 |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 0.78%, 6/19/21 (a)(b) | 635 | 542,633 |
| Gannett Peak CLO Ltd.: Series 2006-1A, Class A2, 0.66%, 10/27/20 (a)(b) | 705 | 607,181 |
| Series 2006-1X, Class A2, 0.66%, 10/27/20 | 495 | 417,038 |
| LCM LP, Series 8A, Class C, 3.37%, 1/14/21 (a)(b) | 1,500 | 1,496,250 |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.76%, 11/15/21 | 645 | 596,625 |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 0.90%, 7/15/19 (a)(b) | 560 | 480,441 |
| Total Asset-Backed Securities 2.2% | | 5,097,668 |

| Common Stocks (c) | Shares | |
|--|---------|---------|
| Capital Markets 0.2% | | |
| E*Trade Financial Corp. | 27,100 | 433,058 |
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. | 142,466 | 54,693 |
| Wellman Holdings, Inc. | 5,131 | 256 |
| | | 54,949 |
| Commercial Banks 0.1% | | |
| CIT Group, Inc. | 3,300 | 142,956 |
| Construction Materials 0.0% | | |
| Nortek, Inc. | 2,570 | 114,365 |
| Containers & Packaging 0.1% | | |
| Smurfit Kappa Plc | 18,171 | 225,677 |
| Machinery 0.1% | | |
| Navistar International Corp. | 2,000 | 123,960 |
| Metals & Mining 0.1% | | |

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

| | | |
|---|---------|-----------|
| Euramax International | 935 | 247,748 |
| Paper & Forest Products 0.9% | | |
| Ainsworth Lumber Co. Ltd. | 215,634 | 712,455 |
| Ainsworth Lumber Co. Ltd. (a) | 421,556 | 1,392,820 |
| | | 2,105,275 |
| Software 0.1% | | |
| HMH Holdings/EduMedia | 75,677 | 378,384 |
| Total Common Stocks 1.6% | | 3,826,372 |

| Corporate Bonds | Par (000) | |
|---|--------------|-----------|
| Aerospace & Defense 0.7% | | |
| Bombardier, Inc., 7.75%, 3/15/20 (a) | \$ 900 | 976,500 |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | 520 | 586,300 |
| | | 1,562,800 |
| Airlines 0.8% | | |
| Air Canada, 9.25%, 8/01/15 (a) | 700 | 749,000 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 451 | 486,969 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 589 | 658,485 |
| | | 1,894,454 |

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Auto Components 1.2% | | |
| Icahn Enterprises LP: 7.75%, 1/15/16 | \$ 160 | \$ 165,200 |
| 8.00%, 1/15/18 | 2,690 | 2,784,150 |
| Venture Holdings Co. LLC (c)(d): 12.00%, 6/01/09 | 700 | |
| Series B, 9.50%, 7/01/05 | 3,325 | 333 |
| | | 2,949,683 |
| Biotechnology 0.1% | | |
| QHP Pharma, 10.25%, 3/15/15 (a) | 214 | 216,182 |
| Building Products 0.5% | | |
| Associated Materials LLC, 9.13%, 11/01/17 (a) | 430 | 464,938 |
| Building Materials Corp. of America, 7.00%, 2/15/20 (a) | 675 | 711,281 |
| | | 1,176,219 |

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

| | | |
|---|-------|-----------|
| Capital Markets 0.4% | | |
| American Capital Ltd., 7.96%, 12/31/13 (e) | 600 | 614,442 |
| KKR Group Finance Co., 6.38%, 9/29/20 (a) | 280 | 288,491 |
| | | 902,933 |
| Chemicals 3.2% | | |
| American Pacific Corp., 9.00%, 2/01/15 | 610 | 599,325 |
| GEO Specialty Chemicals, Inc. (a): | | |
| 7.50%, 3/31/15 (f)(g) | 1,869 | 1,868,623 |
| 10.00%, 3/31/15 | 1,839 | 1,700,816 |
| Huntsman International LLC, 8.63%, 3/15/21 (a) | 435 | 482,850 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (a) | 240 | 263,400 |
| Wellman Holdings, Inc., Subordinate Note (g): | | |
| (Second Lien), 10.00%, 1/29/19 | 2,383 | 2,073,210 |
| (Third Lien), 5.00%, 1/29/19 (f) | 1,722 | 671,628 |
| | | 7,659,852 |
| Commercial Banks 2.0% | | |
| CIT Group, Inc.: | | |
| 7.00%, 5/01/14 | 250 | 254,844 |
| 7.00%, 5/01/16 | 640 | 645,600 |
| 7.00%, 5/01/17 | 3,955 | 3,984,662 |
| | | 4,885,106 |
| Commercial Services & Supplies 1.8% | | |
| ACCO Brands Corp., 10.63%, 3/15/15 | 365 | 412,450 |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a) | 724 | 743,910 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 455 | 489,125 |
| The Geo Group, Inc. 7.75%, 10/15/17 | 450 | 479,813 |
| International Lease Finance Corp., 8.25%, 12/15/20 | 136 | 151,300 |
| Mobile Mini, Inc., 7.88%, 12/01/20 (a) | 195 | 207,675 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (a) | 550 | 632,500 |
| West Corp. (a): | | |
| 8.63%, 10/01/18 | 910 | 964,600 |
| 7.88%, 1/15/19 | 185 | 189,856 |
| | | 4,271,229 |
| Communications Equipment 0.1% | | |
| Avaya Inc., 7.00%, 4/01/19 (a) | 200 | 198,000 |
| Construction Materials 1.1% | | |
| Nortek, Inc., 11.00%, 12/01/13 | 2,581 | 2,749,214 |
| Consumer Finance 0.9% | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | 300 | 323,250 |
| Ford Motor Credit Co. LLC: | | |
| 3.05%, 1/13/12 (b) | 1,340 | 1,353,655 |
| 6.63%, 8/15/17 | 400 | 425,431 |
| | | 2,102,336 |

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 |
|--|--------------|-------------------|
| Containers & Packaging 0.9% | | |
| Ball Corp., 6.75%, 9/15/20 | \$ 325 | \$ 340,438 |
| Berry Plastics Corp., 8.25%, 11/15/15 | 1,100 | 1,178,375 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | 555 | 616,050 |
| | | <u>2,134,863</u> |
| Diversified Financial Services 4.4% | | |
| Ally Financial, Inc.: | | |
| 8.30%, 2/12/15 | 4,700 | 5,305,125 |
| 7.50%, 9/15/20 (a) | 1,020 | 1,115,625 |
| 8.00%, 11/01/31 | 420 | 480,900 |
| 8.00%, 11/01/31 | 480 | 549,789 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | 350 | 385,875 |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (a) | 850 | 905,250 |
| Reynolds Group Issuer, Inc. (a): | | |
| 7.13%, 4/15/19 | 250 | 256,250 |
| 6.88%, 2/15/21 | 335 | 335,837 |
| 8.25%, 2/15/21 | 1,210 | 1,213,025 |
| | | <u>10,547,676</u> |
| Diversified Telecommunication Services 2.1% | | |
| Frontier Communications Corp., 8.25%, 4/15/17 | 415 | 458,575 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | 650 | 713,375 |
| Qwest Corp., 8.38%, 5/01/16 | 3,000 | 3,581,250 |
| tw telecom holdings, Inc., 8.00%, 3/01/18 | 230 | 246,675 |
| | | <u>4,999,875</u> |
| Electronic Equipment, Instruments & Components 0.2% | | |
| CDW LLC, 8.00%, 12/15/18 (a) | 430 | 462,250 |
| Energy Equipment & Services 0.5% | | |
| Compagnie Générale de Géophysique-Veritas, 7.50%, 5/15/15 | 725 | 750,375 |
| Frac Tech Services LLC, 7.13%, 11/15/18 (a) | 470 | 486,450 |
| | | <u>1,236,825</u> |
| Food & Staples Retailing 0.5% | | |

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

| | | |
|--------------------------------|-----|-----------|
| BI-LO LLC, 9.25%, 2/15/19 (a) | 285 | 296,400 |
| Rite Aid Corp., 9.75%, 6/12/16 | 825 | 929,156 |
| | | 1,225,556 |

Food Products 0.5%

| | | |
|---|-----|-----------|
| B&G Foods, Inc., 7.63%, 1/15/18 | 500 | 533,750 |
| Blue Merger Sub, Inc., 7.63%, 2/15/19 (a) | 220 | 222,200 |
| Smithfield Foods, Inc., 10.00%, 7/15/14 | 299 | 352,820 |
| | | 1,108,770 |

Gas Utilities 0.1%

| | | |
|---|-----|---------|
| Targa Resources Partners LP, 6.88%, 2/01/21 (a) | 250 | 247,500 |
|---|-----|---------|

Health Care Equipment & Supplies 0.7%

| | | |
|---------------------------------------|-----|-----------|
| DJO Finance LLC, 10.88%, 11/15/14 | 710 | 778,338 |
| Hologic, Inc., 2.00%, 12/15/37 (e)(g) | 830 | 799,912 |
| | | 1,578,250 |

Health Care Providers & Services 3.2%

| | | |
|---|-------|-----------|
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (a) | 235 | 244,988 |
| HCA, Inc.: | | |
| 8.50%, 4/15/19 | 210 | 235,200 |
| 7.88%, 2/15/20 | 2,584 | 2,839,170 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (a) | 210 | 215,775 |
| Omnicare, Inc., 6.88%, 12/15/15 | 555 | 573,037 |
| Tenet Healthcare Corp.: | | |
| 10.00%, 5/01/18 | 850 | 998,750 |
| 8.88%, 7/01/19 | 2,230 | 2,536,625 |
| | | 7,643,545 |

Corporate Bonds

| | Par (000) | Value |
|---------------------------------------|--------------|--------------|
| Health Care Technology 0.8% | | |
| IMS Health, Inc., 12.50%, 3/01/18 (a) | \$ 1,580 | \$ 1,852,550 |
| MedAssets, Inc., 8.00%, 11/15/18 (a) | 140 | 143,850 |
| | | 1,996,400 |

Hotels, Restaurants & Leisure 1.2%

| | | |
|---|-----|-----------|
| CityCenter Holdings LLC, 7.63%, 1/15/16 (a) | 290 | 302,325 |
| Diamond Resorts Corp., 12.00%, 8/15/18 (a) | 540 | 579,150 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (a) | 357 | 294,525 |
| MGM Resorts International: | | |
| 10.38%, 5/15/14 | 720 | 806,400 |
| 11.13%, 11/15/17 | 750 | 864,375 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (c)(d) | 220 | 22 |
| | | 2,846,797 |

Household Durables 1.6%

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

| | | |
|--|-------|-----------|
| Beazer Homes USA, Inc., 12.00%, 10/15/17 | 1,000 | 1,162,500 |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | 900 | 975,375 |
| Standard Pacific Corp. (a): | | |
| 8.38%, 5/15/18 | 410 | 434,600 |
| 8.38%, 1/15/21 | 1,170 | 1,234,350 |
| | | 3,806,825 |

IT Services 0.4%

| | | |
|-----------------------|-----|---------|
| First Data Corp. (a): | | |
| 8.25%, 1/15/21 | 561 | 558,195 |
| 12.63%, 1/15/21 | 333 | 348,818 |
| | | 907,013 |

Independent Power Producers & Energy Traders 3.1%

| | | |
|--|-------|-----------|
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (a) | 1,600 | 1,736,000 |
| Calpine Corp., 7.50%, 2/15/21 (a) | 495 | 506,137 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (a) | 1,065 | 1,109,040 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 2,135 | 2,228,624 |
| NRG Energy, Inc.: | | |
| 7.63%, 1/15/18 (a) | 1,580 | 1,645,175 |
| 8.50%, 6/15/19 | 165 | 175,725 |
| | | 7,400,701 |

Industrial Conglomerates 1.5%

| | | |
|----------------------|-------|-----------|
| Sequa Corp. (a): | | |
| 11.75%, 12/01/15 | 1,430 | 1,551,550 |
| 13.50%, 12/01/15 (f) | 1,930 | 2,137,450 |
| | | 3,689,000 |

Insurance 0.5%

| | | |
|---|-------|-----------|
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a) | 1,036 | 1,103,340 |
|---|-------|-----------|

Machinery 0.7%

| | | |
|--|-----|-----------|
| Navistar International Corp., 8.25%, 11/01/21 | 960 | 1,063,200 |
| Titan International, Inc., 7.88%, 10/01/17 (a) | 490 | 524,300 |
| | | 1,587,500 |

Media 6.2%

| | | |
|---|-------|-----------|
| CCO Holdings LLC, 7.88%, 4/30/18 | 1,075 | 1,147,562 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 390 | 436,800 |
| Checkout Holding Corp., 10.64%, 11/15/15 (a)(h) | 745 | 480,525 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 340 | 377,400 |
| Series B, 9.25%, 12/15/17 | 4,326 | 4,812,675 |
| DISH DBS Corp.: | | |
| 7.00%, 10/01/13 | 850 | 913,750 |
| 6.63%, 10/01/14 | 750 | 795,000 |

See Notes to Financial Statements.

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

Schedule of Investments (continued)

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

| Corporate Bonds | Par (000) | Value |
|--|--------------|--------------|
| Media (concluded) | | |
| Interactive Data Corp., 10.25%, 8/01/18 (a) | \$ 900 | \$ 1,008,000 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a) | 530 | 569,750 |
| Nielsen Finance LLC, 11.63%, 2/01/14 | 636 | 747,300 |
| ProQuest LLC, 9.00%, 10/15/18 (a) | 220 | 227,700 |
| Regal Entertainment Group, 9.13%, 8/15/18 | 290 | 310,300 |
| UPC Germany GmbH, 8.13%, 12/01/17 (a) | 1,500 | 1,608,750 |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 | 1,250 | 1,368,750 |
| | | 14,804,262 |
| Metals & Mining 1.6% | | |
| Drummond Co., Inc., 9.00%, 10/15/14 (a) | 553 | 590,327 |
| FMG Resources August 2006 Pty Ltd., 7.00%, 11/01/15 (a) | 1,080 | 1,120,500 |
| Novelis, Inc., 8.75%, 12/15/20 (a) | 2,015 | 2,221,537 |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(d) | 2,175 | 218 |
| | | 3,932,582 |
| Multiline Retail 0.5% | | |
| Dollar General Corp., 11.88%, 7/15/17 (f) | 948 | 1,096,125 |
| Oil, Gas & Consumable Fuels 4.4% | | |
| Chesapeake Energy Corp.: | | |
| 6.63%, 8/15/20 | 1,382 | 1,451,100 |
| 6.13%, 2/15/21 | 775 | 790,500 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a) | 240 | 261,600 |
| Consol Energy, Inc., 8.25%, 4/01/20 | 900 | 992,250 |
| Crosstex Energy LP, 8.88%, 2/15/18 | 55 | 60,637 |
| Denbury Resources, Inc.: | | |
| 9.75%, 3/01/16 | 520 | 590,200 |
| 8.25%, 2/15/20 | 351 | 390,487 |
| 6.38%, 8/15/21 | 295 | 297,950 |
| El Paso Corp., 7.00%, 6/15/17 | 825 | 921,706 |
| Energy Transfer Equity LP, 7.50%, 10/15/20 | 125 | 135,469 |
| Forest Oil Corp., 8.50%, 2/15/14 | 280 | 311,500 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a) | 1,140 | 1,202,700 |
| Linn Energy LLC (a): | | |
| 8.63%, 4/15/20 | 580 | 646,700 |
| 7.75%, 2/01/21 | 590 | 626,875 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (a) | 815 | 888,350 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (a) | 190 | 192,850 |
| Petrohawk Energy Corp., 7.25%, 8/15/18 | 450 | 465,750 |
| United Refining Co., 10.50%, 2/28/18 (a)(i) | 210 | 207,900 |

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

10,434,524

| Paper & Forest Products 1.9% | | |
|---|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(f) | 1,390 | 1,410,929 |
| Clearwater Paper Corp., 10.63%, 6/15/16 | 365 | 417,012 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a) | 1,630 | 1,837,825 |
| Verso Paper Holdings LLC: | | |
| 11.50%, 7/01/14 | 315 | 347,288 |
| Series B, 4.05%, 8/01/14 (b) | 485 | 482,575 |
| | | 4,495,629 |

| Pharmaceuticals 0.4% | | |
|--|-----|-----------|
| Angiotech Pharmaceuticals, Inc., 4.06%, 12/01/13 (b) | 810 | 680,400 |
| Valeant Pharmaceuticals International (a): | | |
| 6.75%, 10/01/17 | 165 | 170,775 |
| 7.00%, 10/01/20 | 210 | 217,088 |
| | | 1,068,263 |

| Professional Services 0.1% | | |
|---|-----|---------|
| FTI Consulting, Inc., 6.75%, 10/01/20 (a) | 295 | 295,000 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|------------|
| Real Estate Investment Trusts (REITs) 0.3% | | |
| Omega Healthcare Investors, Inc.: | | |
| 7.50%, 2/15/20 | \$ 530 | \$ 561,800 |
| 6.75%, 10/15/22 (a) | 235 | 237,350 |
| | | 799,150 |

| Road & Rail 0.9% | | |
|---|-----|-----------|
| Avis Budget Car Rental LLC, 8.25%, 1/15/19 | 185 | 196,331 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (a) | 200 | 209,000 |
| The Hertz Corp. (a): | | |
| 7.50%, 10/15/18 | 915 | 968,757 |
| 6.75%, 4/15/19 | 375 | 382,500 |
| 7.38%, 1/15/21 | 425 | 444,125 |
| | | 2,200,713 |

| Specialty Retail 0.4% | | |
|--|-----|---------|
| United Auto Group, Inc., 7.75%, 12/15/16 | 845 | 872,463 |

| Textiles, Apparel & Luxury Goods 0.1% | | |
|--|-----|---------|
| Phillips-Van Heusen Corp., 7.75%, 11/15/23 | 215 | 236,787 |

| Transportation Infrastructure 0.1% | | |
|---|-----|---------|
| Aguila 3 SA, 7.88%, 1/31/18 (a) | 176 | 182,600 |

| Wireless Telecommunication Services 2.7% | | |
|---|----|--------|
| Cricket Communications, Inc.: | | |
| 10.00%, 7/15/15 | 90 | 99,225 |

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

| | | |
|---|-------|-------------|
| 7.75%, 5/15/16 | 1,770 | 1,871,775 |
| Digicel Group Ltd. (a): | | |
| 12.00%, 4/01/14 | 800 | 938,000 |
| 8.25%, 9/01/17 | 270 | 282,150 |
| Intelsat Jackson Holdings SA, 7.25%, 10/15/20 (a) | 505 | 518,888 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 415 | 418,372 |
| Sprint Capital Corp.: | | |
| 8.38%, 3/15/12 | 325 | 344,906 |
| 6.88%, 11/15/28 | 2,310 | 2,081,887 |
| | | 6,555,203 |
| Total Corporate Bonds 55.3% | | 132,063,995 |

Floating Rate Loan Interests (b)

| | | |
|---|-----|-----------|
| Aerospace & Defense 1.0% | | |
| Hawker Beechcraft Acquisition Co., LLC: | | |
| Letter of Credit Linked Deposit, 0.20%, 3/26/14 | 44 | 39,720 |
| Term Loan, 2.26% 2.30%, 3/26/14 | 744 | 664,785 |
| TASC, Inc., Tranche B Term Loan, 5.75%, 12/18/15 | 871 | 870,966 |
| TransDigm, Inc., Term Loan (First Lien), 5.25%, 2/14/17 | 750 | 754,477 |
| | | 2,329,948 |

Airlines 0.5%

| | | |
|--|-------|-----------|
| Delta Air Lines, Inc., Credit-Linked Deposit Loan, 0.11% 2.26%, 4/30/12 | 1,213 | 1,203,406 |
|--|-------|-----------|

Auto Components 0.8%

| | | |
|--|-------|-----------|
| Allison Transmission, Inc., Term Loan, 3.02%, 8/07/14 | 1,203 | 1,198,374 |
| Armored Auto Group, Inc. (FKA Viking Acquisition, Inc.), Term Loan, 6.00%, 11/02/16 | 815 | 819,075 |
| | | 2,017,449 |

Automobiles 0.6%

| | | |
|--|-------|-----------|
| Ford Motor Co.: | | |
| Tranche B-1 Term Loan, 3.02%, 12/15/13 | 1,281 | 1,280,616 |
| Tranche B-2 Term Loan, 3.02%, 12/15/13 | 141 | 140,834 |
| | | 1,421,450 |

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 (b) | Par (000) | Value |
|---|--------------|------------|
| Biotechnology 0.3% | | |
| Grifols SA, Term Loan B, 6.00%, 10/01/16 | \$ 710 | \$ 718,284 |
| Building Products 1.3% | | |
| CPG International I, Inc., Term Loan B, 6.00%, 2/03/17 | 600 | 601,878 |
| Goodman Global, Inc.: | | |
| Initial Term Loan (First Lien), 5.75%, 10/13/16 | 1,746 | 1,758,445 |
| Term Loan (Second Lien), 9.00%, 10/13/17 | 600 | 618,375 |
| | | 2,978,698 |
| Capital Markets 1.0% | | |
| HarbourVest Partners, Term Loan, 6.25%, 12/17/16 | 988 | 992,438 |
| Nuveen Investments, Inc.: | | |
| Term Loan, 5.80% 5.81%, 5/13/17 | 754 | 751,547 |
| Term Loan (First Lien), 3.30%, 11/13/14 | 646 | 625,986 |
| | | 2,369,971 |
| Chemicals 4.6% | | |
| AZ Chem US, Inc., Term Loan B, 6.75%, 11/18/16 | 594 | 599,677 |
| CF Industries, Inc., Term Loan B-1, 4.25%, 4/05/15 | 88 | 88,000 |
| Chemtura Corp., Exit Term Loan, 5.50%, 8/16/16 | 800 | 806,334 |
| General Chemical Corp., Tranche B Term Loan, 6.75% 7.25%, 9/30/15 | 1,397 | 1,417,448 |
| Nexo Solutions LLC, Term Loan B, 5.00%, 8/31/17 | 600 | 601,750 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Term Facility (First Lien), 3.52% 3.56%, 7/30/14 | 1,671 | 1,644,131 |
| Solutia, Inc., Term Loan, 4.50%, 3/17/17 | 845 | 845,502 |
| Styron Sarl, Term Loan B, 6.00%, 7/27/17 | 1,600 | 1,614,400 |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 12/24/15 | 2,080 | 2,097,326 |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17 | 1,300 | 1,304,469 |
| | | 11,019,037 |
| Commercial Banks 0.5% | | |
| CIT Group, Inc., Tranche 3 Term Loan, 6.25%, 8/11/15 | 1,213 | 1,227,908 |
| Commercial Services & Supplies 2.4% | | |
| ARAMARK Corp.: | | |
| Letter of Credit 1 Facility, 0.11%, 1/26/14 | 17 | 16,503 |
| Letter of Credit 2 Facility, 0.11%, 7/26/16 | 19 | 18,704 |
| US Term Loan, 2.18%, 1/26/14 | 205 | 204,864 |

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

| | | |
|---|-------|------------------|
| US Term Loan B, 3.55%, 7/26/16 | 284 | 284,402 |
| AWAS Finance Luxembourg Sarl, Term Loan B, 7.75%, 6/10/16 | 428 | 438,989 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.), Tranche D Term Loan, 7.75%, 2/21/15 | 1,493 | 1,522,350 |
| Casella Waste Systems, Inc., Term Loan B, 7.00%, 4/09/14 | 217 | 216,700 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16 | 1,075 | 1,084,214 |
| Quad/Graphics, Inc., Term Loan, 5.50%, 4/20/16 | 498 | 495,220 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.27%, 4/02/14 | 552 | 513,664 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 8/24/16 | 998 | 1,007,056 |
| | | <u>5,802,666</u> |

Communications Equipment 1.3%

| | | |
|--|-------|------------------|
| Avaya, Inc.: | | |
| Term Loan B, 3.03%, 10/24/14 | 967 | 937,172 |
| Term Loan B-3, 4.81%, 10/24/17 | 1,550 | 1,518,081 |
| CommScope, Inc., Term Loan B, 5.00%, 1/06/18 | 750 | 760,937 |
| | | <u>3,216,190</u> |

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

Construction & Engineering 0.8%

| | | |
|---|--------|------------------|
| Brand Energy & Infrastructure Services, Inc. (FR Brand Acquisition Corp.), Synthetic Letter of Credit, Term Loan (First Lien), 0.19%, 2/07/14 | \$ 500 | \$ 489,792 |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/18/17 | 1,500 | 1,500,000 |
| | | <u>1,989,792</u> |

Construction Materials 0.1%

| | | |
|--|-----|---------|
| Fairmount Minerals Ltd., Tranche B Term Loan, 6.25% 6.75%, 8/05/16 | 333 | 336,407 |
|--|-----|---------|

Consumer Finance 1.5%

| | | |
|--|-------|-----------|
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 7.25%, 4/21/15 | 3,500 | 3,531,150 |
|--|-------|-----------|

Containers & Packaging 0.6%

| | | |
|--|-----|------------------|
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | 142 | 142,828 |
| Berry Plastics Holding Corp., Term Loan C, 2.29% 2.31%, 4/03/15 | 494 | 479,810 |
| Graham Packaging Co., LP, Term Loan D, 6.00%, 9/16/16 | 898 | 904,644 |
| | | <u>1,527,282</u> |

Diversified Consumer Services 2.7%

| | | |
|--|-------|-----------|
| Coinmach Service Corp., Term Loan, 3.26% 3.31%, 11/14/14 | 2,188 | 2,051,222 |
|--|-------|-----------|

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

| | | |
|---|-------|-----------|
| Laureate Education: | | |
| Delayed Draw Term Loan, 3.55%, 8/15/14 | 111 | 108,368 |
| Series A New Term Loan, 7.00%, 8/15/14 | 2,080 | 2,092,460 |
| Term Loan B, 3.55%, 8/17/14 | 739 | 723,836 |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.76% 2.81%, 7/24/14 | 1,398 | 1,376,509 |
| Delayed Draw Term Loan, 2.77%, 7/24/14 | 139 | 137,080 |
| | | 6,489,475 |
| Diversified Financial Services 0.7% | | |
| Reynolds Group Holdings, Inc., Term Loan E, 4.25%, 2/09/18 | 1,550 | 1,558,072 |
| Diversified Telecommunication Services 1.3% | | |
| Hawaiian Telcom Communications, Inc., Term Loan, 9.00%, 10/28/15 | 850 | 864,521 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | 920 | 931,419 |
| Level 3 Financing, Inc., Tranche A Incremental Term Loan, 2.55%, 3/13/14 | 1,350 | 1,316,250 |
| | | 3,112,190 |
| Electric Utilities 0.7% | | |
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | 1,728 | 1,744,550 |
| Electronic Equipment, Instruments & Components 0.9% | | |
| CDW LLC (FKA CDW Corp.): | | |
| Term Loan, 4.26%, 10/10/14 | 1,195 | 1,192,345 |
| Term Loan B, 5.26%, 7/15/17 | 959 | 959,194 |
| | | 2,151,539 |
| Energy Equipment & Services 0.4% | | |
| MEG Energy Corp., Tranche D Term Loan, 6.00%, 4/03/16 | 837 | 844,870 |
| Food & Staples Retailing 1.1% | | |
| Pilot Travel Centers LLC, Initial Tranche B Term Loan, 5.25%, 6/30/16 | 1,073 | 1,082,057 |
| U.S. Foodservice, Inc., Term Loan B, 2.76%, 7/03/14 | 1,532 | 1,478,742 |
| | | 2,560,799 |

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 (b) | Par (000) | Value |
|--|--------------|-------------------|
| Food Products 3.6% | | |
| Advance Pierre Foods, Term Loan (Second Lien), 7.00%, 9/29/16 | \$ 2,359 | \$ 2,375,306 |
| Del Monte Corp., Term Loan B, 4.50%, 2/01/18 | 2,650 | 2,666,563 |
| Green Mountain Coffee Roasters, Inc., Term B Facility, 5.50%, 11/09/16 | 700 | 704,594 |
| Michaels Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 4.25%, 2/25/18 | 587 | 592,135 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | 800 | 805,952 |
| Solvest, Ltd. (Dole): | | |
| Tranche B-1 Term Loan, 5.00% 5.50%, 3/02/17 | 434 | 437,295 |
| Tranche C-1 Term Loan, 5.00% 5.50%, 3/02/17 | 1,076 | 1,083,066 |
| | | <u>8,664,911</u> |
| Health Care Equipment & Supplies 0.3% | | |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.26%, 5/20/14 | 800 | 793,822 |
| Health Care Providers & Services 5.1% | | |
| CHS/Community Health Systems, Inc.: | | |
| Extended Term Loan, 3.76% 3.81%, 1/25/17 | 836 | 837,726 |
| Non-Extended Delayed Draw Term Loan, 2.51% 2.56%, 7/25/14 | 76 | 75,134 |
| Non-Extended Term Loan, 2.51% 2.56%, 7/25/14 | 1,443 | 1,431,229 |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/20/16 | 700 | 703,208 |
| DaVita, Inc., Tranche B Term Loan, 4.50%, 10/20/16 | 1,100 | 1,107,850 |
| HCA, Inc.: | | |
| Tranche A-1 Term Loan, 1.55%, 11/16/12 | 2,395 | 2,381,572 |
| Tranche B-1 Term Loan, 2.55%, 11/18/13 | 125 | 124,583 |
| Harden Healthcare, Inc.: | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | 1,330 | 1,303,400 |
| Tranche A Term Loan, 8.50%, 2/22/15 | 360 | 352,889 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 7/31/16 | 2,115 | 2,123,938 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 5.75%, 12/03/16 | 700 | 709,625 |
| Vanguard Health Holding Co. II, LLC (Vanguard Health Systems, Inc.), Initial Term Loan, 5.00%, 1/29/16 | 962 | 968,676 |
| | | <u>12,119,830</u> |

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

Health Care Technology 1.0%

| | | |
|---|-------|-----------|
| IMS Health, Inc., Tranche B Dollar Term Loan, 5.25%, 2/26/16 | 1,454 | 1,466,503 |
| MedAssets, Inc., Term Loan B, 5.25%, 11/15/16 | 900 | 906,750 |
| | | 2,373,253 |

Hotels, Restaurants & Leisure 5.2%

| | | |
|---|-------|-----------|
| Blackstone UTP Capital LLC, Loan, 7.75%, 11/06/14 | 1,238 | 1,262,250 |
| Dunkin Brands, Inc., Term Loan B-1, 4.25%, 11/09/17 | 1,300 | 1,308,930 |
| Harrah's Operating Co., Inc.: | | |
| Term Loan B-2, 3.30%, 1/28/15 | 265 | 245,504 |
| Term Loan B-3, 3.30%, 1/28/15 | 3,766 | 3,496,785 |
| Term Loan B-4, 9.50%, 10/31/16 | 638 | 675,573 |
| Seaworld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term B Loan, 4.00%, 8/17/17 | 1,436 | 1,439,138 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.50%, 6/30/16 | 1,838 | 1,858,993 |
| Travelport LLC (FKA Travelport, Inc.), Extended Delayed Draw Term Loan, 4.96%, 8/21/15 | 249 | 242,107 |

| | | |
|--|----------------------|--------------|
| | Par (000) | Value |
|--|----------------------|--------------|

Floating Rate Loan Interests (b)

Hotels, Restaurants & Leisure (concluded)

| | | |
|---|--------|------------|
| VML US Finance LLC (FKA Venetian Macau): | | |
| New Project Term Loan, 4.79%, 5/27/13 | \$ 822 | \$ 821,656 |
| Term B Delayed Draw Project Loan, 4.79%, 5/25/12 | 541 | 541,739 |
| Term B Funded Project Loan, 4.79%, 5/27/13 | 581 | 581,749 |
| | | 12,474,424 |

Household Durables 0.9%

| | | |
|--------------------------------------|-------|-----------|
| Visant Corp. (FKA Jostens): | | |
| Term Loan, 7.00%, 12/20/16 | 1,202 | 1,212,745 |
| Tranche B Term Loan, 5.25%, 12/22/16 | 950 | 950,000 |
| | | 2,162,745 |

IT Services 3.6%

| | | |
|---|-------|-----------|
| Ceridian Corp., US Term Loan, 3.26%, 11/09/14 | 1,560 | 1,536,366 |
| EVERTEC, Inc., Term Loan B, 7.00%, 8/20/16 | 348 | 351,360 |
| First Data Corp.: | | |
| Initial Tranche B-1 Term Loan, 3.01%, 9/24/14 | 1,085 | 1,027,175 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | 1,905 | 1,803,997 |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | 1,564 | 1,480,587 |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Tranche B US Term Loan, 3.91% 3.94%, 2/28/16 | 402 | 402,914 |
| TransUnion LLC, Term Loan, 4.75%, 2/03/18 | 1,964 | 1,975,244 |
| | | 8,577,643 |

**Independent Power Producers &
Energy Traders 0.3%**

Texas Competitive Electric Holdings Co., LLC (TXU):

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

| | | |
|---|-----|---------|
| Initial Tranche B-2 Term Loan, 3.76% 3.80%, 10/10/14 | 479 | 403,562 |
| Initial Tranche B-3 Term Loan, 3.76% 3.80%, 10/10/14 | 225 | 188,978 |
| | | 592,540 |

| | | |
|--|-------|-----------|
| Industrial Conglomerates 0.7% | | |
| Sequa Corp., Term Loan, 3.56%, 12/03/14 | 475 | 469,756 |
| Tomkins Plc, Term Loan A, 4.25%, 9/16/16 | 1,233 | 1,243,489 |
| | | 1,713,245 |

| | | |
|--|-----|---------|
| Internet & Catalog Retail 0.2% | | |
| FTD Group, Inc., Tranche B Term Loan, 6.75%, 8/26/14 | 536 | 537,258 |

| | | |
|--|-------|-----------|
| Media 10.9% | | |
| Acosta, Inc., Term Loan, 4.75%, 2/03/18 | 900 | 906,750 |
| Affinion Group Holdings, Inc., Tranche B Term Loan, 5.00%, 10/09/16 | 744 | 748,097 |
| Cengage Learning Acquisitions, Inc. (Thomson Learning): Term Loan, 2.55%, 7/03/14 | 2,743 | 2,639,367 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 675 | 677,719 |
| Charter Communications Operating, LLC: Term Loan B-1, 7.25%, 3/06/14 | 352 | 355,122 |
| Term Loan C, 3.56%, 9/06/16 | 2,232 | 2,237,356 |
| Ellis Communications KDOC, LLC, Loan, 10.00%, 12/30/11 | 3,879 | 1,454,482 |
| Getty Images, Inc., Initial Term Loan B, 5.25%, 10/29/16 | 1,496 | 1,514,486 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.01%, 6/12/14 | 1,366 | 1,297,159 |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson Holdings Ltd.), Tranche B Term Loan, 5.25%, 3/07/18 | 4,250 | 4,278,556 |
| Interactive Data Corp., Term Loan, 4.75%, 2/08/18 | 900 | 907,393 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | 494 | 496,836 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | 3,250 | 3,455,156 |

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 (b) | Par (000) | Value |
|---|--------------|--------------|
| Media (concluded) | | |
| Sinclair Television Group, Inc., New Tranche B Term Loan, 5.50%, 10/29/15 | \$ 1,011 | \$ 1,022,094 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.56%, 6/01/12 | 965 | 944,551 |
| UPC Financing Partnership, Facility Term Loan, 3.76%, 12/30/16 | 425 | 425,351 |
| Univision Communications, Inc., Extended First Lien Term Loan, 4.51%, 3/31/17 | 1,289 | 1,253,563 |
| Weather Channel, Term Loan B, 4.25%, 2/01/17 | 900 | 908,325 |
| Yell Group Plc/Yell Finance (UK) Ltd., Facility A3, 2.76%, 8/09/11 | 633 | 613,828 |
| | | 26,136,191 |
| Metals & Mining 1.4% | | |
| Euramax International, Inc., Domestic Term Loan: 10.00%, 6/29/13 | 858 | 825,558 |
| 14.00%, 6/29/13 | 835 | 803,781 |
| Novelis Corp., Term Loan B, 5.25%, 12/01/16 | 1,650 | 1,669,447 |
| | | 3,298,786 |
| Multi-Utilities 0.2% | | |
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.): Synthetic Letter of Credit, 0.16%, 11/01/13 | 7 | 7,145 |
| Term B Advance (First Lien), 2.81%, 11/01/13 | 354 | 351,398 |
| | | 358,543 |
| Multiline Retail 0.5% | | |
| Dollar General Corp., Tranche B-2 Term Loan, 3.01%, 7/07/14 | 598 | 597,878 |
| The Neiman Marcus Group, Inc., Tranche B-2 Term Loan, 4.30%, 4/06/16 | 504 | 506,297 |
| | | 1,104,175 |
| Personal Products 0.7% | | |
| NBTY, Inc., Term Loan B: 6.25%, 9/20/17 | 700 | 707,146 |
| 4.75%, 10/01/17 | 875 | 875,000 |
| | | 1,582,146 |

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

| | | |
|--|-----|------------------|
| Pharmaceuticals 0.8% | | |
| Axcan Intermediate Holdings, Inc., Term Loan, 5.50%, 2/03/17 | 633 | 634,917 |
| Warner Chilcott Corp.: | | |
| Additional Term Loan C-3, 6.25%, 4/30/15 | 358 | 360,754 |
| Term Loan A, 6.00%, 10/30/14 | 362 | 362,083 |
| Term Loan B, 6.25%, 4/30/15 | 148 | 148,723 |
| Term Loan B-2, 6.25%, 4/30/15 | 245 | 245,935 |
| Term Loan B-3, 6.50%, 2/20/16 | 115 | 116,284 |
| | | <u>1,868,696</u> |

| | | |
|--|-------|------------------|
| Professional Services 0.9% | | |
| Booz Allen Hamilton, Inc., Tranche B Term Loan, 4.00%, 8/01/17 | 1,100 | 1,110,450 |
| Fifth Third Processing Solutions, LLC, Term Loan B (First Lien), 5.50%, 10/21/16 | 1,100 | 1,108,525 |
| | | <u>2,218,975</u> |

| | | |
|--|-----|---------|
| Real Estate Investment Trusts (REITs) 0.1% | | |
| iStar Financial, Inc., Term Loan (Second Lien), 1.76%, 6/28/11 | 225 | 221,906 |

| | | |
|---|-------|------------------|
| Real Estate Management & Development 1.2% | | |
| Realogy Corp.: | | |
| Extended Synthetic Letter of Credit Loan, 0.11%, 10/16/16 | 1,382 | 1,325,145 |
| Extended Term Loan B, 4.56%, 10/10/16 | 1,643 | 1,575,336 |
| | | <u>2,900,481</u> |

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

| | | |
|---|--------|------------------|
| Semiconductors & Semiconductor Equipment 0.5% | | |
| Freescale Semiconductor, Inc., Term Loan B, 4.51%, 12/01/16 | \$ 387 | \$ 386,726 |
| Microsemi Corp., Term Loan B, 5.00%, 10/25/17 | 700 | 701,750 |
| | | <u>1,088,476</u> |

| | | |
|---|-----|---------|
| Software 0.2% | | |
| Telcordia Technologies, Inc., Term Loan, 6.75%, 4/30/16 | 546 | 548,946 |

| | | |
|--|-------|-----------|
| Specialty Retail 2.6% | | |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/18/17 | 800 | 802,666 |
| Gymboree Corp., Term Loan B, 5.00%, 2/11/18 | 600 | 601,800 |
| J. Crew Group, Inc., Term Loan B, 5.25%, 2/01/18 | 1,100 | 1,100,000 |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.56% 2.63%, 10/31/13 | 239 | 238,280 |
| Term Loan B-2, 4.81% 4.88%, 7/31/16 | 739 | 744,696 |
| Petco Animal Supplies, Inc., Term Loan B, 4.75%, 11/24/17 | 1,535 | 1,535,000 |

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

| | | |
|--|-------|-------------|
| Toys R US Delaware, Inc., Initial Loan, 6.00%, 8/17/16 | 1,119 | 1,127,596 |
| | | 6,150,038 |
| Textiles, Apparel & Luxury Goods 0.3% | | |
| Philips Van Huesen Corp., US Tranche B Term Loan, 5.25%, 5/06/16 | 685 | 688,527 |
| Wireless Telecommunication Services 1.8% | | |
| Digicel International Finance Ltd., US Term Loan (Non-Rollover), 2.81%, 3/30/12 | 1,314 | 1,297,461 |
| Vodafone Americas Finance 2 Inc., Initial Loan, 6.88%, 7/30/15 | 2,847 | 2,946,808 |
| | | 4,244,269 |
| Total Floating Rate Loan Interests 68.1% | | 162,570,959 |

| Other Interests (j) | Beneficial Interest (000) | |
|---|---------------------------------|-----------|
| Auto Components 0.0% | | |
| Intermet Liquidating Trust, Class A | 320 | 3 |
| Diversified Financial Services 0.4% | | |
| J.G. Wentworth LLC Preferred Equity Interests (k) | (1) | 951,244 |
| Media 0.0% | | |
| Adelphia Preferred Escrow | 3 | |
| Adelphia Recovery Trust, Series ACC-6B INT | 250 | 2 |
| | | 2 |
| Metals & Mining 0.5% | | |
| RathGibson Acquisition Corp., LLC (k) | 137 | 1,174,574 |
| Total Other Interests 0.9% | | 2,125,823 |

| Warrants (m) | Shares | |
|---|--------|--------|
| Media 0.0% | | |
| Charter Communications, Inc. (Expires 11/30/14) | 6,862 | 61,758 |
| Total Warrants 0.0% | | 61,758 |

| | | |
|---|--|-------------|
| Total Long-Term Investments (Cost \$312,332,944) 128.1% | | 305,746,575 |
|---|--|-------------|

See Notes to Financial Statements.

ANNUAL REPORT

FEBRUARY 28, 2011

57

Schedule of Investments (continued)

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

| Short-Term Securities | Beneficial Interest (000) | Value |
|---|---------------------------------|-----------------------|
| Bank of New York Cash Reserves, 0.01% (n) | \$ 2,001 | \$ 2,001,455 |
| | | Shares |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (n)(o) | 270,650 | 270,650 |
| Total Short-Term Securities (Cost \$2,272,105) 0.1% | | 2,272,105 |
| Total Investments (Cost \$314,605,049*) 128.2% | | 308,018,680 |
| Liabilities in Excess of Other Assets (28.2)% | | (69,258,260) |
| Net Assets 100.0% | | \$ 238,760,420 |

* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2011, as computed for federal income tax purposes were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 313,384,900 |
| Gross unrealized appreciation | \$ 15,846,098 |
| Gross unrealized depreciation | (21,212,318) |
| Net unrealized depreciation | \$ (5,366,220) |

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.

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

- (e) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (g) Convertible security.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty | Value | Unrealized Appreciation |
|---------------|------------|----------------------------|
| Credit Suisse | \$ 207,900 | \$ 5,368 |

- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) The investment is held by a wholly-owned taxable subsidiary of the Fund.
- (l) Amount is less than \$1,000.
- (m) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (n) Represents the current yield as of report date.
- (o) Investments in companies considered to be an affiliate of the Fund during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2010 | Net Activity | Shares Held at February 28, 2011 | Income |
|--|--|-----------------|--|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 1,938,484 | (1,667,834) | 270,650 | \$ 5,351 |

Foreign currency exchange contracts as of February 28, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Depreciation | | |
|-----------------------|------------------|--------------|--------------------|----------------------------|---------|-------------|
| USD | 671,195 | CAD | 665,500 | Citibank NA | 4/14/11 | \$ (13,117) |

Credit default swaps on single-name issues buy protection outstanding as of February 28, 2011 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Depreciation |
|--------------------------------|----------------------|--------------------------------|------------|-----------------------------|----------------------------|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs International | 12/20/11 | \$ 460 | \$ (20,976) |
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs International | 9/20/13 | \$ 200 | (31,175) |
| Total | | | | | \$ (52,151) |

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.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes 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 and derivatives)

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 derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Senior High Income Fund, Inc. (ARK)

The following tables summarize the inputs used as of February 28, 2011 in determining the fair valuation of the Fund's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|--------------|----------------|---------------|----------------|
| Assets: | | | | |
| Investments in Securities: | | | | |
| Long-Term Investments: | | | | |
| Asset-Backed Securities | | \$ 1,630,255 | \$ 3,467,413 | \$ 5,097,668 |
| Common Stocks | \$ 1,752,470 | 1,640,569 | 433,333 | 3,826,372 |
| Corporate Bonds | | 125,454,839 | 6,609,156 | 132,063,995 |
| Floating Rate Loan Interests | | 143,885,523 | 18,685,436 | 162,570,959 |
| Other Interests | | | 2,125,823 | 2,125,823 |
| Warrants | 61,758 | | | 61,758 |
| Short-Term Securities | 270,650 | 2,001,455 | | 2,272,105 |
| Unfunded Loan Commitments | | 16,218 | | 16,218 |
| Total | \$ 2,084,878 | \$ 274,628,859 | \$ 31,321,161 | \$ 308,034,898 |

| Derivative Financial Instruments ¹ | | | | |
|---|---------|-------------|---------|-------------|
| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
| Liabilities: | | | | |
| Credit contracts | | \$ (52,151) | | \$ (52,151) |
| Foreign currency exchange contracts | | (13,117) | | (13,117) |
| Total | | \$ (65,268) | | \$ (65,268) |

¹ Derivative financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts 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 in determining fair value:

| | Asset-Backed Securities | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Total |
|----------------------------------|-------------------------|---------------|-----------------|------------------------------|-----------------|---------------|
| Assets: | | | | | | |
| Balance, as of February 28, 2010 | | \$ 179,112 | \$ 8,012,790 | \$ 17,012,972 | \$ 1,066,529 | \$ 26,271,403 |
| Accrued discounts/premiums | \$ 5,638 | | 157,976 | 145,179 | | 308,793 |
| Net realized gain (loss) | | | (1,232,710) | (764,108) | 140,206 | (1,856,612) |
| | 106,112 | (133,322) | 2,058,119 | 845,778 | (233,736) | 2,642,951 |

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

| | | | | | | |
|---|---------------------|-------------------|---------------------|----------------------|---------------------|----------------------|
| Net change in unrealized appreciation/depreciation ² | | | | | | |
| Purchases | 3,355,663 | 749,657 | 410,284 | 13,234,580 | | 17,750,184 |
| Sales | | | (2,797,325) | (10,166,063) | (200,295) | (13,163,683) |
| Transfers in ³ | | | 22 | 1,876,078 | 1,353,119 | 3,229,219 |
| Transfers out ³ | | (362,114) | | (3,498,980) | | (3,861,094) |
| Balance, as of February 28, 2011 | \$ 3,467,413 | \$ 433,333 | \$ 6,609,156 | \$ 18,685,436 | \$ 2,125,823 | \$ 31,321,161 |

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, 2011 was \$637,378.

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

See Notes to Financial Statements.

Statements of Assets and Liabilities

| February 28, 2011 | 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 | \$ 312,440,582 | \$ 364,514,169 | \$ 603,738,029 | \$ 207,594,045 | \$ 307,748,030 |
| Investments at value affiliated | 1,721,866 | 1,845,167 | 436,377 | 2,714,267 | 270,650 |
| Unrealized appreciation on swaps | 258,038 | 275,289 | | | |
| Unrealized appreciation on foreign currency exchange contracts | 889 | | 30,829 | 3,748 | |
| Unrealized appreciation on unfunded loan commitments | | 2,704 | 37,225 | 35,489 | 16,218 |
| Foreign currency at value ³ | 109,806 | 67,653 | 111,649 | 134,947 | 101,727 |
| Cash | | 351,653 | | | |
| Cash pledged as collateral for financial futures contracts | 510,000 | 565,000 | | | |
| Interest receivable | 5,622,299 | 6,231,204 | 7,124,250 | 1,403,076 | 3,268,318 |
| Investments sold receivable | 4,247,848 | 4,847,418 | 7,787,688 | 5,231,700 | 2,807,533 |
| Receivable from custodian | | | | | 602,027 |
| Swap premiums paid | 956,294 | 898,154 | 63,009 | | 45,480 |
| Swaps receivable | 67,065 | 70,753 | | | |
| Dividends receivable | 35,701 | 65,235 | 56,337 | | |
| Principal paydowns receivable | | | 378,055 | 122,724 | |
| Commitment fees receivable | | 97 | 1,385 | 1,043 | 573 |
| Prepaid expenses | 16,056 | 17,791 | 30,038 | 9,232 | 15,317 |
| Other assets | 5,843 | 7,935 | 474,535 | | 8,967 |
| Total assets | 325,992,287 | 379,760,222 | 620,269,406 | 217,250,271 | 314,884,840 |
| Liabilities | | | | | |
| Loan payable | 63,000,000 | 91,000,000 | 117,000,000 | 36,000,000 | 50,000,000 |
| Unrealized depreciation on swaps | 630,730 | 542,063 | 77,957 | | 52,151 |
| Unrealized depreciation on foreign currency exchange contracts | 156,373 | 155,852 | 455,164 | 173,001 | 13,117 |
| Unrealized depreciation on unfunded loan commitments | 11,592 | 25,965 | | 5,523 | |
| Cash held as collateral for swaps | 100,000 | | | | |
| Bank overdraft | 299,961 | | | 406,865 | |
| Investments purchased payable | 2,662,408 | 4,404,070 | 40,383,841 | 31,695,585 | 25,576,712 |
| Swap premiums received | 650,305 | 694,216 | | | |
| Investment advisory fees payable | 122,562 | 170,608 | 268,205 | 109,037 | 111,440 |
| Interest expense payable | 119,244 | 167,561 | 243,004 | 80,388 | 111,053 |
| Income dividends payable | 93,384 | 80,481 | 196,831 | | 121,151 |
| Swaps payable | 71,315 | 60,222 | 10,897 | | 14,850 |

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

| | | | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Margin variation payable | 33,945 | 37,960 | | | |
| Other affiliates payable | 1,404 | 1,572 | 2,511 | 820 | 1,278 |
| Officers and Directors fees payable | 683 | 744 | 80,472 | 397 | 770 |
| Deferred income | | 1,662 | 63,797 | 62,507 | 26,800 |
| Other accrued expenses payable | 127,155 | 128,067 | 239,536 | 109,912 | 95,098 |
| Other liabilities | 2,000 | 30,652 | | 54,550 | |
| Total liabilities | 68,083,061 | 97,501,695 | 159,022,215 | 68,698,585 | 76,124,420 |
| Net Assets | \$ 257,909,226 | \$ 282,258,527 | \$ 461,247,191 | \$ 148,551,686 | \$ 238,760,420 |

Net Assets Consist of

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Paid-in capital ⁴ | \$ 308,965,873 | \$ 324,916,847 | \$ 796,487,496 | \$ 199,373,640 | \$ 371,250,837 |
| Undistributed net investment income | 2,741,291 | 1,838,053 | 73,470 | 107,953 | 2,561,360 |
| Accumulated net realized loss | (67,277,548) | (60,771,640) | (288,525,254) | (52,754,423) | (128,418,219) |
| Net unrealized appreciation/depreciation | 13,479,610 | 16,275,267 | (46,788,521) | 1,824,516 | (6,633,558) |
| Net Assets | \$ 257,909,226 | \$ 282,258,527 | \$ 461,247,191 | \$ 148,551,686 | \$ 238,760,420 |
| Net asset value | \$ 7.42 | \$ 7.56 | \$ 4.28 | \$ 14.07 | \$ 4.22 |
| ¹ Investments at cost unaffiliated | \$ 298,181,456 | \$ 347,521,714 | \$ 650,454,806 | \$ 205,629,233 | \$ 314,334,399 |
| ² Investments at cost affiliated | \$ 1,721,866 | \$ 1,845,167 | \$ 436,377 | \$ 2,714,267 | \$ 270,650 |
| ³ Foreign currency at cost | \$ 108,977 | \$ 66,756 | \$ 110,811 | \$ 142,188 | \$ 99,866 |
| ⁴ Shares outstanding, 200 million shares authorized, par value \$0.10 per share | 34,754,122 | 37,356,898 | 107,772,006 | 10,559,321 | 56,606,319 |

See Notes to Financial Statements.

Statements of Operations

| Year Ended February 28, 2011 | 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 | \$ 25,184,320 | \$ 27,328,914 | \$ 40,728,972 | \$ 11,122,482 | \$ 20,024,364 |
| Dividends unaffiliated | 115,569 | 311,641 | | | |
| Facility and other fees | 99,943 | 146,145 | 809,090 | 283,695 | 455,900 |
| Dividends affiliated | 4,563 | 3,522 | 12,680 | 4,635 | 5,351 |
| Total income | 25,404,395 | 27,790,222 | 41,550,742 | 11,410,812 | 20,485,615 |
| Expenses | | | | | |
| Investment advisory | 1,491,017 | 2,005,126 | 3,160,807 | 1,282,722 | 1,349,606 |
| Borrowing costs ¹ | 272,115 | 286,745 | 451,932 | 175,447 | 274,895 |
| Professional | 147,269 | 141,553 | 347,402 | 168,549 | 189,975 |
| Accounting services | 55,504 | 57,889 | 96,674 | 33,019 | 51,472 |
| Transfer agent | 44,688 | 41,187 | 113,543 | 41,636 | 56,111 |
| Printing | 32,450 | 35,143 | 58,310 | 19,929 | 31,810 |
| Officer and Directors | 26,209 | 28,365 | 56,851 | 15,999 | 25,093 |
| Custodian | 18,773 | 51,087 | 58,829 | 63,171 | 32,737 |
| Registration | 12,474 | 13,034 | 39,076 | 9,330 | 19,828 |
| Miscellaneous | 70,746 | 70,004 | 60,139 | 33,526 | 30,985 |
| Total expenses excluding interest expense | 2,171,245 | 2,730,133 | 4,443,563 | 1,843,328 | 2,062,512 |
| Interest expense | 700,083 | 887,169 | 1,133,242 | 369,092 | 525,267 |
| Total expenses | 2,871,328 | 3,617,302 | 5,576,805 | 2,212,420 | 2,587,779 |
| Less fees waived by advisor | (1,970) | (1,439) | (2,372) | (1,925) | (2,085) |
| Total expenses after fees waived | 2,869,358 | 3,615,863 | 5,574,433 | 2,210,495 | 2,585,694 |
| Net investment income | 22,535,037 | 24,174,359 | 35,976,309 | 9,200,317 | 17,899,921 |
| Realized and Unrealized Gain (Loss) | | | | | |
| Net realized gain (loss) from: | | | | | |
| Investments | 6,397,246 | 8,160,623 | (4,003,230) | 109,963 | (2,912,063) |
| Financial futures contracts | (473,482) | (483,910) | | | |
| Swaps | (545,467) | (85,180) | (42,426) | 2,111 | (9,648) |

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

| | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Foreign currency transactions | 1,587,534 | 1,633,063 | 1,611,427 | 462,020 | (61,607) |
| | 6,965,831 | 9,224,596 | (2,434,229) | 574,094 | (2,983,318) |
| Net change in unrealized appreciation/depreciation on: | | | | | |
| Investments | 20,525,187 | 23,693,433 | 47,132,997 | 10,005,072 | 20,944,050 |
| Financial futures contracts | (251,679) | (287,418) | | | |
| Swaps | (10,133) | (36,782) | 26,857 | (856) | (51,653) |
| Foreign currency transactions | (1,512,741) | (1,579,906) | (2,326,031) | (759,815) | (14,099) |
| Unfunded loan commitments | 40,051 | 92,413 | 37,225 | 63,991 | 16,218 |
| | 18,790,685 | 21,881,740 | 44,871,048 | 9,308,392 | 20,894,516 |
| Total realized and unrealized gain | 25,756,516 | 31,106,336 | 42,436,819 | 9,882,486 | 17,911,198 |
| Net Increase in Net Assets Resulting from Operations | \$ 48,291,553 | \$ 55,280,695 | \$ 78,413,128 | \$ 19,082,803 | \$ 35,811,119 |

¹ See Note 6 of the Notes to Financial Statements for details of borrowings.

See Notes to Financial Statements.

Statements of Changes in Net Assets

| | BlackRock Corporate High Yield Fund, Inc. (COY) | | BlackRock Corporate High Yield Fund III, Inc. (CYE) | |
|--|--|----------------|--|----------------|
| | Year Ended February 28, | | Year Ended February 28, | |
| | 2011 | 2010 | 2011 | 2010 |
| Increase (Decrease) in Net Assets: | | | | |
| Operations | | | | |
| Net investment income | \$ 22,535,037 | \$ 22,380,112 | \$ 24,174,359 | \$ 23,836,686 |
| Net realized gain (loss) | 6,965,831 | (18,246,371) | 9,224,596 | (16,068,173) |
| Net change in unrealized appreciation/depreciation | 18,790,685 | 106,169,011 | 21,881,740 | 115,769,455 |
| Net increase in net assets resulting from operations | 48,291,553 | 110,302,752 | 55,280,695 | 123,537,968 |
| Dividends to Shareholders From | | | | |
| Net investment income | (21,257,066) | (25,342,365) | (22,906,514) | (25,189,541) |
| Capital Share Transactions | | | | |
| Reinvestment of dividends | 282,201 | 832,119 | 163,777 | 111,029 |
| Net Assets | | | | |
| Total increase in net assets | 27,316,688 | 85,792,506 | 32,537,958 | 98,459,456 |
| Beginning of year | 230,592,538 | 144,800,032 | 249,720,569 | 151,261,113 |
| End of year | \$ 257,909,226 | \$ 230,592,538 | \$ 282,258,527 | \$ 249,720,569 |
| Undistributed (distributions in excess of) net investment income | \$ 2,741,291 | \$ 649,435 | \$ 1,838,053 | \$ (405,353) |
| | BlackRock Debt Strategies Fund, Inc. (DSU) | | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | |
| | Year Ended February 28, | | Year Ended February 28, | |
| | 2011 | 2010 | 2011 | 2010 |
| Increase (Decrease) in Net Assets: | | | | |

Operations

| | | | | |
|--|---------------|---------------|--------------|--------------|
| Net investment income | \$ 35,976,309 | \$ 42,389,165 | \$ 9,200,317 | \$ 9,000,682 |
| Net realized gain (loss) | (2,434,229) | (109,291,069) | 574,094 | (18,507,006) |
| Net change in unrealized appreciation/depreciation | 44,871,048 | 275,497,465 | 9,308,392 | 65,070,894 |
| Net increase in net assets resulting from operations | 78,413,128 | 208,595,561 | 19,082,803 | 55,564,570 |

Dividends and Distributions to Shareholders From

| | | | | |
|---|--------------|--------------|-------------|--------------|
| Net investment income | (35,928,501) | (41,936,207) | (8,767,675) | (10,283,447) |
| Tax return of capital | (924,228) | (926,392) | (716,193) | (825,748) |
| Decrease in net assets resulting from dividends and distributions to shareholders | (36,852,729) | (42,862,599) | (9,483,868) | (11,109,195) |

Capital Share Transactions

| | | | | |
|---------------------------|---------|-----------|---------|---------|
| Reinvestment of dividends | 464,804 | 1,409,077 | 582,067 | 259,478 |
|---------------------------|---------|-----------|---------|---------|

Net Assets

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Total increase in net assets | 42,025,203 | 167,142,039 | 10,181,002 | 44,714,853 |
| Beginning of year | 419,221,988 | 252,079,949 | 138,370,684 | 93,655,831 |
| End of year | \$ 461,247,191 | \$ 419,221,988 | \$ 148,551,686 | \$ 138,370,684 |
| Undistributed (distributions in excess of) net investment income | \$ 73,470 | \$ (1,165,262) | \$ 107,953 | \$ (718,024) |

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: | 2011 | 2010 |
| Operations | | |
| Net investment income | \$ 17,899,921 | \$ 20,424,882 |
| Net realized loss | (2,983,318) | (40,130,950) |
| Net change in unrealized appreciation/depreciation | 20,894,516 | 114,058,095 |
| Net increase in net assets resulting from operations | 35,811,119 | 94,352,027 |
| Dividends to Shareholders From | | |
| Net investment income | (18,479,539) | (16,952,851) |
| Capital Share Transactions | | |
| Reinvestment of dividends | 255,895 | 130,893 |
| Net Assets | | |
| Total increase in net assets | 17,587,475 | 77,530,069 |
| Beginning of year | 221,172,945 | 143,642,876 |
| End of year | \$ 238,760,420 | \$ 221,172,945 |
| Undistributed net investment income | \$ 2,561,360 | \$ 3,223,424 |

See Notes to Financial Statements.

Statements of Cash Flows

| Year Ended February 28, 2011 | 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 | \$ 48,291,553 | \$ 55,280,695 | \$ 78,413,128 | \$ 19,082,803 | \$ 35,811,119 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: | | | | | |
| (Increase) decrease in interest receivable | (126,587) | (595,641) | (456,069) | 214,416 | (90,682) |
| Decrease in swap receivable | 53,685 | 50,969 | 5,337 | 7,389 | |
| (Increase) decrease in other assets | (1,328) | (3,420) | 113,708 | | 91,187 |
| Increase in commitment fees receivable | | (66) | (1,385) | (383) | (573) |
| Increase in receivable from custodian | | | | | (602,027) |
| (Increase) decrease in dividends receivable | (17,301) | (32,075) | 3,159 | | |
| Decrease in prepaid expenses | 2,289 | 1,719 | 5,477 | 1,895 | 2,976 |
| Increase in cash pledged as collateral for financial futures contracts | (510,000) | (565,000) | | | |
| Decrease in cash pledged as collateral for swaps | 500,000 | | | | |
| Decrease in cash held as collateral in connection with swaps | (500,000) | | | | |
| Increase in investment advisory fees payable | 10,031 | 22,683 | 44,735 | 13,921 | 12,503 |
| Increase in interest expense payable | 4,039 | 37,314 | 115,332 | 26,081 | 72,349 |
| Increase in other affiliates payable | 566 | 654 | 1,063 | 324 | 502 |
| Increase (decrease) in other liabilities | 2,000 | 30,652 | (204,300) | 54,538 | (99,899) |
| Increase (decrease) in other accrued expenses payable | 41,899 | 40,208 | 95,533 | 49,619 | (33,326) |
| Increase in margin variation payable | 33,945 | 37,960 | | | |
| Increase (decrease) in swaps payable | 7,284 | 26,996 | (6,457) | | 7,218 |
| Increase (decrease) in Officers and Directors fees payable | 56 | (77) | 14,782 | 24 | 499 |
| Net periodic and termination payments of swaps | (203,437) | (84,919) | 40,224 | | 36,197 |
| Net realized and unrealized gain on investments | (23,991,542) | (29,144,280) | (38,164,280) | (9,334,952) | (17,158,002) |
| Amortization of premium and accretion of discount on investments and swaps | (1,550,567) | (1,533,284) | (4,358,967) | (1,466,984) | (1,687,778) |
| Paid-in-kind income | (649,847) | (764,393) | (1,807,560) | (273,465) | (499,649) |
| Proceeds from sales of long-term investments | 255,748,885 | 300,553,755 | 463,352,002 | 181,254,865 | 238,061,864 |
| Purchases of long-term investments | (251,701,180) | (316,329,802) | (507,922,348) | (192,404,384) | (243,399,623) |
| Net proceeds from sales (purchases) of short-term securities | 3,209,808 | 1,431,588 | (3,442,263) | (916,455) | 677,035 |

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

| | | | | | |
|--|------------|-----------|--------------|-------------|------------|
| Cash provided by (used for) operating activities | 28,654,251 | 8,462,236 | (14,159,149) | (3,690,748) | 11,201,890 |
|--|------------|-----------|--------------|-------------|------------|

Cash Provided by (Used for) Financing Activities

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Cash receipts from borrowings | 122,000,000 | 160,000,000 | 338,000,000 | 133,000,000 | 170,000,000 |
| Cash payments on borrowings | (131,000,000) | (145,000,000) | (288,000,000) | (121,000,000) | (163,000,000) |
| Cash dividends paid | (20,881,481) | (22,662,256) | (36,191,093) | (8,901,801) | (18,102,493) |
| Increase (decrease) in custodian bank payable | 299,961 | (1,393,499) | | 402,419 | |

| | | | | | |
|--|--------------|-------------|------------|-----------|--------------|
| Cash provided by (used for) financing activities | (29,581,520) | (9,055,755) | 13,808,907 | 3,500,618 | (11,102,493) |
|--|--------------|-------------|------------|-----------|--------------|

Cash Impact from Foreign Exchange Fluctuations

| | | | | | |
|--|-----|-------|----------|---------|-------|
| Cash impact from foreign exchange fluctuations | 455 | 1,863 | (98,645) | (2,759) | 1,855 |
|--|-----|-------|----------|---------|-------|

Cash

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Net increase (decrease) in cash | (926,814) | (591,656) | (448,887) | (192,889) | 101,252 |
| Cash and foreign currency at beginning of year | 1,036,620 | 1,010,962 | 560,536 | 327,836 | 475 |
| Cash and foreign currency at end of year | \$ 109,806 | \$ 419,306 | \$ 111,649 | \$ 134,947 | \$ 101,727 |

Cash Flow information

| | | | | | |
|--|------------|------------|--------------|------------|------------|
| Cash paid during the year for interest | \$ 696,044 | \$ 849,855 | \$ 1,017,910 | \$ 343,011 | \$ 452,918 |
|--|------------|------------|--------------|------------|------------|

Noncash Activities

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Capital shares issued in reinvestment of dividends | \$ 282,201 | \$ 163,777 | \$ 464,804 | \$ 582,067 | \$ 255,895 |
|--|------------|------------|------------|------------|------------|

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

See Notes to Financial Statements.

Financial Highlights

BlackRock Corporate High Yield Fund, Inc. (COY)

| | Year Ended February 28, | | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | |
|--|----------------------------|---------|--|--------------------|---------|---------|
| | 2011 | 2010 | | 2008 | 2007 | 2006 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 6.64 | \$ 4.19 | \$ 7.74 | \$ 9.07 | \$ 8.52 | \$ 8.53 |
| Net investment income ¹ | 0.65 | 0.65 | 0.50 | 0.75 | 0.73 | 0.74 |
| Net realized and unrealized gain (loss) | 0.74 | 2.53 | (3.50) | (1.32) | 0.49 | 0.02 |
| Net increase (decrease) from investment operations | 1.39 | 3.18 | (3.00) | (0.57) | 1.22 | 0.76 |
| Dividends from net investment income | (0.61) | (0.73) | (0.55) | (0.76) | (0.67) | (0.77) |
| Net asset value, end of period | \$ 7.42 | \$ 6.64 | \$ 4.19 | \$ 7.74 | \$ 9.07 | \$ 8.52 |
| Market price, end of period | \$ 7.03 | \$ 6.88 | \$ 3.91 | \$ 7.28 | \$ 8.47 | \$ 7.42 |
| Total Investment Return² | | | | | | |
| Based on net asset value | 22.11% | 79.91% | (38.98)% ³ | (5.49)% | 15.60% | 9.75% |
| Based on market price | 11.66% | 99.76% | (39.46)% ³ | (4.81)% | 23.96% | (3.63)% |
| Ratios to Average Net Assets | | | | | | |
| Total expenses | 1.18% | 1.18% | 2.29% ⁴ | 2.33% | 3.25% | 2.39% |
| Total expenses after fees waived and paid indirectly | 1.18% | 1.18% | 2.29% ⁴ | 2.33% | 3.25% | 2.39% |
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees | 0.89% | 0.92% | 1.17% ⁴ | 0.83% | 0.91% | 0.90% |
| Net investment income | 9.28% | 11.36% | 11.45% ⁴ | 9.15% | 8.36% | 8.55% |

Supplemental Data

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

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 257,909 | \$ 230,593 | \$ 144,800 | \$ 267,698 | \$ 313,821 | \$ 294,759 |
| Borrowings outstanding, end of period (000) | \$ 63,000 | \$ 72,000 | \$ 38,700 | \$ 64,700 | \$ 126,200 | \$ 127,700 |
| Average borrowings outstanding during the period (000) | \$ 55,304 | \$ 42,184 | \$ 59,553 | \$ 81,598 | \$ 125,974 | \$ 101,539 |
| Portfolio turnover | 83% | 85% | 37% | 38% | 62% | 57% |
| Asset coverage, end of period per \$1,000 | \$ 5,094 | \$ 4,203 | \$ 4,742 | \$ 5,138 | \$ 3,487 | \$ 3,308 |

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 Corporate High Yield Fund III, Inc. (CYE)

| | Year Ended February 28, | | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | |
|--|----------------------------|---------|---|--------------------|---------|---------|
| | 2011 | 2010 | | 2008 | 2007 | 2006 |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 6.69 | \$ 4.05 | \$ 7.62 | \$ 8.99 | \$ 8.46 | \$ 8.46 |
| Net investment income ¹ | 0.65 | 0.64 | 0.50 | 0.73 | 0.71 | 0.72 |
| Net realized and unrealized gain (loss) | 0.83 | 2.68 | (3.51) | (1.33) | 0.49 | 0.02 |
| Net increase (decrease) from investment operations | 1.48 | 3.32 | (3.01) | (0.60) | 1.20 | 0.74 |
| Dividends from net investment income | (0.61) | (0.68) | (0.56) | (0.77) | (0.67) | (0.74) |
| Net asset value, end of period | \$ 7.56 | \$ 6.69 | \$ 4.05 | \$ 7.62 | \$ 8.99 | \$ 8.46 |
| Market price, end of period | \$ 7.14 | \$ 6.67 | \$ 3.57 | \$ 7.03 | \$ 8.53 | \$ 7.36 |

Total Investment Return²

| | | | | | | |
|--------------------------|--------|---------|-----------------------|---------|--------|---------|
| Based on net asset value | 23.50% | 86.65% | (39.69)% ³ | (5.69)% | 15.51% | 9.78% |
| Based on market price | 16.99% | 111.12% | (42.38)% ³ | (8.30)% | 25.98% | (3.59)% |

Ratios to Average Net Assets

| | | | | | | |
|---|-------|--------|---------------------|-------|-------|-------|
| Total expenses | 1.37% | 1.34% | 2.45% ⁴ | 2.47% | 3.38% | 2.49% |
| Total expenses after fees waived and paid indirectly | 1.37% | 1.33% | 2.45% ⁴ | 2.47% | 3.38% | 2.49% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.03% | 1.04% | 1.29% ⁴ | 0.96% | 1.04% | 1.00% |
| Net investment income | 9.15% | 11.35% | 11.80% ⁴ | 9.01% | 8.25% | 8.45% |

Supplemental Data

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

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 282,259 | \$ 249,721 | \$ 151,261 | \$ 284,361 | \$ 335,479 | \$ 315,699 |
| Borrowings outstanding, end of period (000) | \$ 91,000 | \$ 76,000 | \$ 44,200 | \$ 71,700 | \$ 129,700 | \$ 141,000 |
| Average borrowings outstanding during the period (000) | \$ 69,937 | \$ 49,196 | \$ 65,500 | \$ 88,466 | \$ 134,704 | \$ 109,144 |
| Portfolio turnover | 89% | 89% | 37% | 38% | 62% | 56% |
| Asset coverage, end of period (000) | \$ 4,102 | \$ 4,286 | \$ 4,422 | \$ 4,966 | \$ 3,587 | \$ 3,239 |

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 | Year Ended |
|---|-------------------------|---------|----------|----------------------|----------------------|
| | 2011 | 2010 | 2009 | February 29, 2008 | February 28, 2007 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 3.89 | \$ 2.35 | \$ 5.57 | \$ 7.01 | \$ 6.69 |
| Net investment income ¹ | 0.33 | 0.39 | 0.52 | 0.66 | 0.68 |
| Net realized and unrealized gain (loss) | 0.40 | 1.55 | (3.12) | (1.43) | 0.28 |
| Net increase (decrease) from investment operations | 0.73 | 1.94 | (2.60) | (0.77) | 0.96 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.33) | (0.39) | (0.62) | (0.67) | (0.64) |
| Tax return of capital | (0.01) | (0.01) | | | |
| Total dividends and distributions | (0.34) | (0.40) | (0.62) | (0.67) | (0.64) |
| Net asset value, end of year | \$ 4.28 | \$ 3.89 | \$ 2.35 | \$ 5.57 | \$ 7.01 |
| Market price, end of year | \$ 4.05 | \$ 3.91 | \$ 2.07 | \$ 5.43 | \$ 7.28 |
| Total Investment Return² | | | | | |
| Based on net asset value | 19.92% | 87.82% | (50.19)% | (11.72)% | 15.35% |
| Based on market price | 12.90% | 114.32% | (54.99)% | (17.13)% | 18.37% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.27% | 1.23% | 2.42% | 3.13% | 3.16% |
| Total expenses after fees waived | 1.27% | 1.23% | 2.42% | 3.13% | 3.16% |
| Total expenses after fees waived and excluding interest expense | 1.02% | 1.02% | 1.20% | 0.99% | 0.99% |
| Net investment income | 8.22% | 12.16% | 11.79% | 9.90% | 9.97% |

Supplemental Data

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Net assets, end of year (000) | \$ 461,247 | \$ 419,222 | \$ 252,080 | \$ 594,204 | \$ 745,944 |
| Borrowings outstanding, end of year (000) | \$ 117,000 | \$ 67,000 | \$ 90,000 | \$ 199,000 | \$ 298,600 |
| Average borrowings outstanding during the year (000) | \$ 89,362 | \$ 58,574 | \$ 163,286 | \$ 272,846 | \$ 283,906 |
| Portfolio turnover | 81% | 86% | 44% | 51% | 65% |
| Asset coverage, end of year per \$1,000 | \$ 4,942 | \$ 7,257 | \$ 3,801 | \$ 3,986 | \$ 3,498 |

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 | Year Ended |
|---|-------------------------|----------|----------|----------------------|----------------------|
| | 2011 | 2010 | 2009 | February 29, 2008 | February 28, 2007 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 13.16 | \$ 8.92 | \$ 16.06 | \$ 19.28 | \$ 19.39 |
| Net investment income ¹ | 0.87 | 0.86 | 1.37 | 1.55 | 1.55 |
| Net realized and unrealized gain (loss) | 0.94 | 4.44 | (6.98) | (3.27) | (0.12) |
| Net increase (decrease) from investment operations | 1.81 | 5.30 | (5.61) | (1.72) | 1.43 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.83) | (0.98) | (1.53) | (1.50) | (1.54) |
| Tax return of capital | (0.07) | (0.08) | | | |
| Total dividends and distributions | (0.90) | (1.06) | (1.53) | (1.50) | (1.54) |
| Net asset value, end of year | \$ 14.07 | \$ 13.16 | \$ 8.92 | \$ 16.06 | \$ 19.28 |
| Market price, end of year | \$ 14.22 | \$ 15.01 | \$ 8.28 | \$ 14.75 | \$ 18.50 |
| Total Investment Return² | | | | | |
| Based on net asset value | 14.20% | 62.08% | (36.46)% | (8.98)% | 8.31% |
| Based on market price | 1.19% | 99.15% | (35.78)% | (12.88)% | 13.47% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.56% | 1.50% | 2.48% | 2.78% | 2.87% |
| Total expenses after fees waived and paid indirectly | 1.56% | 1.50% | 2.48% | 2.78% | 2.87% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.30% | 1.27% | 1.38% | 1.20% | 1.22% |
| Net investment income | 6.48% | 7.40% | 10.08% | 8.39% | 8.03% |

Supplemental Data

| | | | | | |
|--|------------|------------|-----------|------------|------------|
| Net assets, end of year (000) | \$ 148,552 | \$ 138,371 | \$ 93,656 | \$ 168,553 | \$ 202,364 |
| Borrowings outstanding, end of year (000) | \$ 36,000 | \$ 24,000 | \$ 26,000 | \$ 50,000 | \$ 47,000 |
| Average borrowings outstanding during the year (000) | \$ 29,101 | \$ 22,225 | \$ 45,165 | \$ 55,269 | \$ 61,022 |
| Portfolio turnover | 100% | 92% | 47% | 65% | 65% |
| Asset coverage, end of year per \$1,000 | \$ 5,126 | \$ 6,765 | \$ 4,602 | \$ 4,371 | \$ 5,306 |

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 | Year Ended |
|---|-------------------------|---------|----------|----------------------|----------------------|
| | 2011 | 2010 | 2009 | February 29, 2008 | February 28, 2007 |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 3.91 | \$ 2.54 | \$ 5.04 | \$ 6.17 | \$ 6.00 |
| Net investment income ¹ | 0.32 | 0.36 | 0.41 | 0.54 | 0.57 |
| Net realized and unrealized gain (loss) | 0.32 | 1.31 | (2.43) | (1.11) | 0.16 |
| Net increase (decrease) from investment operations | 0.64 | 1.67 | (2.02) | (0.57) | 0.73 |
| Dividends and distributions from: | | | | | |
| Net investment Income | (0.33) | (0.30) | (0.43) | (0.56) | (0.56) |
| Tax return of capital | | | (0.05) | | |
| Total dividends and distributions | (0.33) | (0.30) | (0.48) | (0.56) | (0.56) |
| Net asset value, end of year | \$ 4.22 | \$ 3.91 | \$ 2.54 | \$ 5.04 | \$ 6.17 |
| Market price, end of year | \$ 4.18 | \$ 3.94 | \$ 2.21 | \$ 4.91 | \$ 6.53 |
| Total Investment Return² | | | | | |
| Based on net asset value | 17.13% | 68.90% | (42.15)% | (9.76)% | 12.82% |
| Based on market price | 15.13% | 95.61% | (48.33)% | (16.94)% | 21.84% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.13% | 1.13% | 2.24% | 2.70% | 3.03% |
| Total expenses after fees waived | 1.13% | 1.13% | 2.24% | 2.70% | 3.03% |
| Total expenses after fees waived and excluding interest expense | 0.90% | 0.93% | 1.05% | 0.86% | 0.90% |
| Net investment income | 7.83% | 10.70% | 9.96% | 9.16% | 9.42% |

Supplemental Data

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Net assets, end of year (000) | \$ 238,760 | \$ 221,173 | \$ 143,643 | \$ 284,692 | \$ 347,449 |
| Borrowings outstanding, end of year (000) | \$ 50,000 | \$ 43,000 | \$ 47,000 | \$ 91,500 | \$ 132,000 |
| Average borrowings outstanding during the year (000) | \$ 41,405 | \$ 29,978 | \$ 79,422 | \$ 109,978 | \$ 131,575 |
| Portfolio turnover | 83% | 80% | 49% | 48% | 62% |
| Asset coverage, end of year (000) | \$ 5,775 | \$ 6,144 | \$ 4,056 | \$ 4,112 | \$ 3,632 |

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) 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. COY, CYE, DSU, FRB and ARK are referred to collectively as Funds or individually as a Fund. The Funds are organized as Maryland corporations. The Funds financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those 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: US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds fair value their financial instruments at market value using independent dealers or pricing services under policies approved by each Fund s Board of Directors (the Board). The Funds value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price. Swap agreements are valued utilizing quotes received daily by the Funds pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows and trades and values of the underlying reference instruments. Investments in open-end registered 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.

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

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

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 in accordance with a policy approved by the 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.

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

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

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

Notes to Financial Statements (continued)

The Funds report realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

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.

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

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

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

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

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

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

intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, the Funds may be treated as general creditors of the lender and may not benefit from any offset between the lender and the borrower. Assignments typically result in the Funds having a direct contractual relationship with the borrower, and the Funds may enforce compliance by the borrower with the terms of the loan agreement.

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts, foreign currency exchange contracts or swaps), or certain borrowings (e.g., loan payable), the Funds will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on their books

Notes to Financial Statements (continued)

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, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in interest income in the Statements of Operations.

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

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

Certain Funds have wholly owned taxable subsidiaries organized as limited liability companies (the Taxable Subsidiaries), each of which holds one of the investments listed in the Schedules of Investments. The Taxable Subsidiaries allow a Fund to hold an investment that is organized as an operating partnership while still satisfying RIC tax requirements. Income earned on the investment held by the Taxable Subsidiaries is taxable to such subsidiaries. Income tax expense, if any, of the Taxable Subsidiaries is reflected in the value of the investment held by the Taxable Subsidiaries.

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

| | Four Years Ended | Two Years Ended | Period Ended | Year Ended |
|-----|----------------------|----------------------|----------------------|-----------------|
| COY | | February 28, 2011 | February 28, 2009 | May 31, 2008 |
| CYE | | February 28, 2011 | February 28, 2009 | May 31, 2008 |
| DSU | February 28, 2011 | | | |
| FRB | February 28, 2011 | | | |
| ARK | February 28, 2011 | | | |

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

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 certain other BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

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

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

2. Derivative Financial Instruments:

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

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

Notes to Financial Statements (continued)

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

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

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

Foreign Currency Exchange Contracts: The Funds enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when 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 the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that a counterparty to the contract does not perform its obligations under the agreement.

Options: The Funds purchase and write call and put options to increase or decrease their exposure to underlying instruments (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 the Funds purchase (write) an option, an amount equal to the premium paid (received) by the Funds is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or the Funds enter into a closing transaction), the Funds realize a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premiums received or paid). When the Funds write a call option, such option is covered, meaning that the Funds hold the underlying instrument subject to being called by the option counterparty. When the Funds write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

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

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

Swaps: The Funds enter into swap agreements, in which the Funds and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the Funds are recorded in the Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the 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.

Notes to Financial Statements (continued)

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

Derivative Instruments Categorized by Risk Exposure:**Fair Values of Derivative Instruments as of February 28, 2011**

| | | Asset Derivatives | | | |
|--------------------------------------|--|-------------------|------------|-----------|----------|
| | | COY | CYE | DSU | FRB |
| Statements of Assets and Liabilities | | Value | | | |
| Location | | | | | |
| Foreign currency exchange contracts | Unrealized appreciation on foreign currency exchange contracts | \$ 889 | | \$ 30,829 | \$ 3,748 |
| Credit contracts | Unrealized appreciation on swaps | 258,038 | \$ 275,289 | | |
| Total | | \$ 258,927 | \$ 275,289 | \$ 30,829 | \$ 3,748 |

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 | \$ 156,373 | \$ 155,852 | \$ 455,164 | \$ 173,001 | \$ 13,117 |
| Credit contracts | Unrealized depreciation on swaps | 630,730 | 542,063 | 77,957 | | 52,151 |
| Equity contracts | Net unrealized | 251,679 | 287,418 | | | |

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

appreciation/depreciation*; Investments
at value unaffiliated**

| | | | | | |
|--------------|--------------|------------|------------|------------|-----------|
| Total | \$ 1,038,782 | \$ 985,333 | \$ 533,121 | \$ 173,001 | \$ 65,268 |
|--------------|--------------|------------|------------|------------|-----------|

* Includes cumulative appreciation/depreciation of financial futures contracts as reported in the Schedules of Investments. Only current day's margin variation is reported within the Statements of Assets and Liabilities.

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

Notes to Financial Statements (continued)

The Effect of Derivative Instruments in the Statements of Operations
Year Ended February 28, 2011

Net Realized Gain (Loss) from

| | COY | CYE | DSU | FRB | ARK |
|--------------------------------------|-------------------|---------------------|---------------------|-------------------|--------------------|
| Foreign currency exchange contracts: | | | | | |
| Foreign currency exchange contracts | \$ 1,629,572 | \$ 1,587,025 | \$ 1,135,487 | \$ 377,757 | \$ (61,983) |
| Credit contracts: | | | | | |
| Swaps | (545,467) | (85,180) | (42,426) | 2,111 | (9,648) |
| Equity contracts: | | | | | |
| Financial futures contracts | (473,482) | (483,910) | | | |
| Options*** | 31,083 | 34,355 | | | |
| Total | \$ 641,706 | \$ 1,052,290 | \$ 1,093,061 | \$ 379,868 | \$ (71,631) |

Net Change in Unrealized Appreciation/Depreciation on

| | COY | CYE | DSU | FRB | ARK |
|--------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|--------------------|
| Foreign currency exchange contracts: | | | | | |
| Foreign currency exchange contracts | \$ (1,531,597) | \$ (1,592,588) | \$ (2,003,668) | \$ (650,156) | \$ (15,953) |
| Credit contracts: | | | | | |
| Swaps | (10,133) | (36,782) | 26,857 | (856) | (51,653) |
| Equity contracts: | | | | | |
| Financial futures contracts | (251,679) | (287,418) | | | |
| Options*** | (3,230) | (3,610) | | (2,090) | |
| Total | \$ (1,796,639) | \$ (1,920,398) | \$ (1,976,811) | \$ (653,102) | \$ (67,606) |

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

For the year ended February 28, 2011, the average quarterly balances of outstanding derivative financial instruments were as follows:

| | COY | CYE | DSU | FRB | ARK |
|--|--------------|--------------|-----|-----|-----|
| Financial futures contracts: | | | | | |
| Average number of contracts sold | 71 | 77 | | | |
| Average notional value of contracts sold | \$ 6,888,584 | \$ 7,273,484 | | | |
| Foreign currency exchange contracts: | | | | | |

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

| | | | | | | | |
|-------------------------------------|-----------------|---------------|---------------|---------------|---------------|------------|--|
| Average number of contracts | US | | | | | | |
| dollars purchased | | 8 | 8 | 6 | 5 | 1 | |
| Average number of contracts | US | | | | | | |
| dollars sold | | 2 | 2 | 3 | 2 | 1 | |
| Average US dollar amounts purchased | | \$ 18,119,486 | \$ 18,495,168 | \$ 33,520,931 | \$ 10,728,978 | \$ 841,346 | |
| Average US dollar amounts sold | | \$ 698,238 | \$ 814,761 | \$ 4,043,932 | \$ 1,248,996 | \$ 57,299 | |
| Options: | | | | | | | |
| Average number of option contracts | | | | | | | |
| purchased | | 17 | 19 | | 11 | | |
| Average notional value of option | | | | | | | |
| contracts purchased | | \$ 16,029 | \$ 17,914 | | \$ 10,371 | | |
| Credit default swaps: | | | | | | | |
| Average number of contracts | buy | | | | | | |
| protection | | 8 | 6 | 3 | | 2 | |
| Average number of contracts | sell | | | | | | |
| protection | | 17 | 16 | 1 | 1 | | |
| Average notional value | buy protection | \$ 6,177,500 | \$ 4,431,875 | \$ 1,536,250 | | \$ 791,250 | |
| Average notional value | sell protection | \$ 5,088,403 | \$ 5,116,133 | \$ 895,455 | \$ 250,000 | | |

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 of the Funds 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 each Fund s average daily net assets, plus the proceeds of any outstanding borrowings used for leverage:

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

Notes to Financial Statements (continued)

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

The Manager voluntarily agreed to waive its investment advisory fees 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 investment advisory fees by the amount of investment advisory fees paid through each Fund's investment in other affiliated investment companies, if any. This amount is shown as fees waived by advisor in the Statements of Operations.

For the period March 1, 2010 through December 31, 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:

| | | |
|-----|----|-------|
| COY | \$ | 4,766 |
| CYE | \$ | 5,288 |
| DSU | \$ | 8,322 |
| FRB | \$ | 2,707 |
| ARK | \$ | 4,242 |

Effective January 1, 2011, the Funds no longer reimburse the Manager for accounting services.

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, 2011, were as follows:

| | Purchases | Sales |
|-----|----------------|----------------|
| COY | \$ 243,053,474 | \$ 248,687,824 |
| CYE | \$ 312,215,363 | \$ 294,067,059 |
| DSU | \$ 507,346,077 | \$ 457,122,624 |
| FRB | \$ 206,298,603 | \$ 178,904,595 |
| ARK | \$ 251,078,316 | \$ 228,453,221 |

5. Commitments:

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into unfunded loan commitments (commitments). Commitments may obligate the Funds to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Funds earn a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is classified in the Statements of Operations as facility and other fees, is recognized ratably over the commitment period. As of February 28, 2011, the Funds had the following unfunded loan commitments:

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

| Borrower | Unfunded Commitment | Value of Underlying Loan |
|-----------------------------------|------------------------|-----------------------------|
| COY | | |
| Delphi Holdings LLP | \$ 496,021 | \$ 484,429 |
| Echostar Corp. | \$ 2,660,000 | \$ 2,660,000 |
| CYE | | |
| Axcan Intermediate Holdings, Inc. | \$ 333,333 | \$ 336,037 |
| Delphi Holdings LLP | \$ 865,487 | \$ 839,522 |
| Echostar Corp. | \$ 2,910,000 | \$ 2,910,000 |
| DSU | | |
| Axcan | \$ 600,000 | \$ 604,868 |
| Delta, Inc. | \$ 1,475,000 | \$ 1,507,357 |
| Echostar Corp. | \$ 4,675,000 | \$ 4,675,000 |
| FRB | | |
| Axcan Intermediate Holdings, Inc. | \$ 383,333 | \$ 386,444 |
| CII Investments LLC | \$ 97,137 | \$ 99,216 |
| Delphi Holdings LLP | \$ 153,455 | \$ 148,851 |
| Delta, Inc. | \$ 1,125,000 | \$ 1,155,299 |
| Echostar Corp. | \$ 1,510,000 | \$ 1,510,000 |
| Horizon Lines LLC | \$ 92,394 | \$ 91,475 |
| ARK | | |
| Axcan Intermediate Holdings, Inc. | \$ 316,666 | \$ 319,236 |
| Delta, Inc. | \$ 600,000 | \$ 613,648 |

6. Borrowings:

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

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

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

Notes to Financial Statements (continued)

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

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

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

In addition, the Funds pay a facility fee and a commitment fee based upon SSB's total commitment to each of 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, 2011 are shown in the Statements of Assets and Liabilities as loan payable.

For the year ended February 28, 2011, the Funds' daily weighted average interest rates under the revolving line of credit agreement were as follows:

| | |
|-----|-------|
| COY | 1.27% |
| CYE | 1.27% |
| DSU | 1.27% |
| FRB | 1.27% |
| ARK | 1.27% |

7. Income Tax Information:

Reclassifications: US GAAP requires 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, 2011 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, the expiration of capital loss carryforwards and distributions paid in excess of taxable income were reclassified to the following accounts:

| | COY | CYE | DSU | FRB | ARK |
|-------------------------------------|-----------------|------------------|-----------------|--------------|-----------------|
| Paid-in capital | \$ (73,000,825) | \$ (114,670,561) | \$ (85,242,929) | \$ (95,590) | \$ (30,681,220) |
| Undistributed net investment income | \$ 813,885 | \$ 975,561 | \$ 1,190,924 | \$ 393,335 | \$ (82,446) |
| Accumulated net realized loss | \$ 72,186,940 | \$ 113,695,000 | \$ 84,052,005 | \$ (297,745) | \$ 30,763,666 |

The tax character of distributions paid during the fiscal years ended February 28, 2011, February 28, 2010, February 28, 2009 and the fiscal period June 1, 2008 through February 28, 2009 was as follows:

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

| | COY | CYE | DSU | FRB | ARK |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Ordinary income | | | | | |
| 2/28/2011 | \$ 21,257,066 | \$ 22,906,514 | \$ 35,928,501 | \$ 8,767,675 | \$ 18,479,539 |
| 2/28/2010 | 25,342,365 | 25,189,541 | 41,936,207 | 10,286,099 | 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 | | | |
| Tax return of capital | | | | | |
| 2/28/2011 | | | 924,228 | 716,193 | |
| 2/28/2010 | | | 926,392 | 823,096 | |
| 2/28/2009 | | | | | 3,089,535 |
| Total distributions | | | | | |
| 2/28/2011 | \$ 21,257,066 | \$ 22,906,514 | \$ 36,852,729 | \$ 9,483,868 | \$ 18,479,539 |
| 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 | | | |

As of February 28, 2011, the tax components of accumulated net losses were as follows:

| | COY | CYE | DSU | FRB | ARK |
|--------------------------------|-----------------|-----------------|------------------|-----------------|------------------|
| Undistributed ordinary income | \$ 3,578,465 | \$ 2,773,693 | | | \$ 3,563,148 |
| Capital loss carryforwards | (66,787,167) | (60,846,589) | \$ (283,217,785) | \$ (52,415,577) | (126,762,290) |
| Net unrealized gains (losses)* | 12,152,055 | 15,414,576 | (52,022,520) | 1,593,623 | (9,291,275) |
| Total | \$ (51,056,647) | \$ (42,658,320) | \$ (335,240,305) | \$ (50,821,954) | \$ (132,490,417) |

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

Notes to Financial Statements (concluded)

As of February 28, 2011, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires | COY | CYE | DSU | FRB | ARK |
|--------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|
| 2012 | \$ 6,647,369 | \$ 1,938,881 | \$ 17,223,475 | | \$ 22,345,071 |
| 2013 | | | 21,126,025 | | |
| 2014 | | | 20,233,987 | \$ 100,255 | 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 |
| 2019 | | | 16,301,990 | | 9,564,345 |
| Total | \$ 66,787,167 | \$ 60,846,589 | \$ 283,217,785 | \$ 52,415,577 | \$ 126,762,290 |

Under the recently enacted Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Funds after February 28, 2011 will not be subject to expiration. In addition, such losses must be utilized prior to the losses incurred in the years preceding enactment.

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 (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments. The Funds manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Funds' 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, 2011, the shares owned by affiliates of the Manager of FRB were 9,136. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

| | Year Ended February 28, 2011 | Year Ended February 28, 2010 |
|-----|------------------------------------|---------------------------------|
| COY | 40,744 | 132,418 |
| CYE | 23,432 | 16,969 |
| DSU | 114,520 | 422,001 |
| FRB | 42,733 | 19,658 |

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

| | | |
|-----|--------|--------|
| ARK | 63,426 | 33,391 |
|-----|--------|--------|

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:

Each Fund paid a net investment income dividend on March 31, 2011 to Common Shareholders of record on March 15, 2011 as follows:

| | Common Dividend Per Share |
|-----|--|
| COY | \$ 0.0510 |
| CYE | \$ 0.0500 |
| DSU | \$ 0.0270 |
| FRB | \$ 0.0750 |
| ARK | \$ 0.0250 |

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., BlackRock Corporate High Yield Fund III, Inc., BlackRock Debt Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund II, Inc., and BlackRock Senior High Income Fund, Inc., as of February 28, 2011, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of the securities owned as of February 28, 2011, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc., BlackRock Debt Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund II, Inc., and BlackRock Senior High Income Fund, Inc. as of February 28, 2011, the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
 Princeton, New Jersey
 April 29, 2011

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, 2011:

| | | COY | CYE | DSU | FRB | ARK |
|--|------------|--------|--------|--------|--------|--------|
| Interest-Related Dividends for Non-U.S. Residents ⁽¹⁾ | | | | | | |
| Months Paid: | March 2010 | 55.19% | 91.02% | 72.25% | 65.50% | 93.87% |

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

| | | | | | |
|----------------|--------|--------|---------|---------|--------|
| April 2010 | 57.85% | 91.02% | 72.25% | 65.50% | 93.87% |
| May 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| June 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| July 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| August 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| September 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| October 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| November 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| December 2010 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| January 2011 | 87.13% | 91.02% | 72.25% | 65.50% | 93.87% |
| February 2011 | 92.91% | 59.91% | 100.00% | 100.00% | 48.64% |

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

Of the February 2011 distribution for DSU, 58.29% qualifies for the dividends received deduction for corporations and 58.29% consists of qualified dividend income for individuals.

Of the February 2011 distribution for ARK, 39.39% qualifies for the dividends received deduction for corporations and 39.39% consists of qualified dividend income for individuals.

Automatic Dividend Reinvestment Plans

Pursuant to each Fund's Dividend Reinvestment Plan (the Plan), common shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by BNY Mellon Shareowner 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) in the respective Fund's shares pursuant to the Plan. Shareholders who do not participate in the plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan.

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

Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Agent prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

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

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

Officers and Directors

| Name, Address and Year of Birth | Position(s) Held with Funds | Length of Time Served as a Director 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. | 97 RICs consisting of 95 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 Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Director of Enable Medical Corp. from 1996 to 2005; Investment Banker at Morgan Stanley from 1976 to 1987. | 97 RICs consisting of 95 Portfolios | AtriCure, Inc. (medical devices) |
| 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. | 97 RICs consisting of 95 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. | 97 RICs consisting of 95 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. | 97 RICs consisting of 95 Portfolios | None |

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

| | | | | | |
|---|----------|---------------|--|--|----------------------------------|
| 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. | 97 RICs consisting of 95 Portfolios | BlackRock Kelso Capital Corp. |
|---|----------|---------------|--|--|----------------------------------|

ANNUAL REPORT

FEBRUARY 28, 2011

81

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 | Public Directorships |
|--|--|--|---|--|---|
| 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. | 97 RICs consisting of 95 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 from 2006 to 2010; 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. | 97 RICs consisting of 95 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: Richard E. Cavanagh since 1994; Frank J. Fabozzi since 1988; Kathleen F. Feldstein since 2005; James T. Flynn since 1996; Jerrold B. Harris since 1999; R. Glenn Hubbard since 2004; W. Carl Kester since 1998 and Karen P. Robards since 1998.

Interested Directors³

| | | | | | |
|--|----------|------------|--|---------------------------------------|------|
| Richard S. Davis 55 East 52nd Street New York, NY 10055 1945 | Director | Since 2007 | 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. | 167 RICs consisting of 287 Portfolios | None |
|--|----------|------------|--|---------------------------------------|------|

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

| | | | | | |
|--|----------|---------------|--|--|------|
| Henry Gabbay 55 East 52nd Street New York, NY 10055 1947 | Director | Since 2007 | 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. | 167 RICs consisting of 287 Portfolios | None |
|--|----------|---------------|--|--|------|

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 | | | |
| John M. Perlowski 55 East 52nd Street New York, NY 10055 1964 | President and Chief Executive Officer | Since 2010 | Managing Director of BlackRock, Inc. since 2009; Global Head of BlackRock Fund Administration since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009. |
| 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. |
| Anne Ackerley 55 East 52nd Street New York, NY 10055 1962 | Vice President | 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. |
| 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. |
| Ira Shapiro 55 East 52nd Street New York, NY 10055 1963 | Secretary | Since 2010 | Managing Director of BlackRock, Inc. since 2009; Managing Director and Associate General Counsel of Barclays Global Investors from 2008 to 2009 and Principal thereof from 2004 to 2008. |

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 February 11, 2011, John M. Perlowski became
President and Chief Executive Officer of the Funds.

Effective November 10, 2010, Ira Shapiro became Secretary of
the Funds.

Additional Information

Proxy Results

The Annual Meeting of Shareholders was held on September 2, 2010 for shareholders of record on July 6, 2010, to elect director nominees for each Fund. There were no broker non-votes with regard to any of the Funds.

| | Richard E. Cavanagh | | | Richard S. Davis | | | Frank J. Fabozzi | | |
|-----|---------------------|----------------|---------|------------------|----------------|---------|------------------|----------------|---------|
| | Votes For | Votes Withheld | Abstain | Votes For | Votes Withheld | Abstain | Votes For | Votes Withheld | Abstain |
| COY | 26,923,800 | 1,114,664 | 0 | 27,067,570 | 970,894 | 0 | 26,933,349 | 1,105,115 | 0 |
| CYE | 28,529,619 | 901,847 | 0 | 28,526,624 | 904,842 | 0 | 28,570,818 | 860,648 | 0 |
| DSU | 80,569,236 | 3,648,060 | 0 | 80,702,210 | 3,515,086 | 0 | 80,618,771 | 3,598,525 | 0 |
| FRB | 5,671,979 | 179,939 | 0 | 5,698,004 | 153,914 | 0 | 5,665,523 | 186,395 | 0 |
| ARK | 45,082,631 | 1,123,756 | 0 | 45,056,765 | 1,149,622 | 0 | 45,087,197 | 1,119,190 | 0 |

| | Kathleen F. Feldstein | | | James T. Flynn | | | Henry Gabbay | | |
|-----|-----------------------|----------------|---------|----------------|----------------|---------|--------------|----------------|---------|
| | Votes For | Votes Withheld | Abstain | Votes For | Votes Withheld | Abstain | Votes For | Votes Withheld | Abstain |
| COY | 26,926,259 | 1,112,205 | 0 | 26,865,056 | 1,173,408 | 0 | 27,033,592 | 1,004,872 | 0 |
| CYE | 28,536,666 | 894,800 | 0 | 28,550,286 | 881,180 | 0 | 28,542,554 | 888,912 | 0 |
| DSU | 80,138,700 | 4,078,596 | 0 | 80,388,735 | 3,828,561 | 0 | 80,707,913 | 3,509,383 | 0 |
| FRB | 5,665,318 | 186,600 | 0 | 5,698,004 | 153,914 | 0 | 5,675,717 | 176,201 | 0 |
| ARK | 45,032,934 | 1,173,453 | 0 | 44,983,268 | 1,223,119 | 0 | 45,065,257 | 1,141,130 | 0 |

| | Jerrold B. Harris | | | R. Glenn Hubbard | | | W. Carl Kester | | |
|-----|-------------------|----------------|---------|------------------|----------------|---------|----------------|----------------|---------|
| | Votes For | Votes Withheld | Abstain | Votes For | Votes Withheld | Abstain | Votes For | Votes Withheld | Abstain |
| COY | 26,996,238 | 1,042,226 | 0 | 27,037,440 | 1,001,024 | 0 | 27,051,656 | 986,808 | 0 |
| CYE | 28,528,287 | 903,179 | 0 | 28,527,027 | 904,439 | 0 | 28,564,793 | 866,673 | 0 |
| DSU | 80,486,112 | 3,731,184 | 0 | 80,511,394 | 3,705,902 | 0 | 80,600,402 | 3,616,894 | 0 |
| FRB | 5,687,811 | 164,107 | 0 | 5,679,616 | 172,302 | 0 | 5,687,811 | 164,107 | 0 |
| ARK | 45,077,075 | 1,129,312 | 0 | 45,082,923 | 1,123,464 | 0 | 45,089,439 | 1,116,948 | 0 |

Karen P. Robards

| | |
|-----------|---------|
| Votes For | Abstain |
|-----------|---------|

**Votes
Withheld**

| | | | |
|-----|------------|-----------|---|
| COY | 27,049,020 | 989,444 | 0 |
| CYE | 28,587,087 | 844,379 | 0 |
| DSU | 80,523,083 | 3,694,213 | 0 |
| FRB | 5,672,074 | 179,844 | 0 |
| ARK | 45,116,546 | 1,089,841 | 0 |

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 information included in this report. 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

See Notes to Financial Statements.

Additional Information (continued)

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 would delay or prevent a change of control of the Funds that were not approved by shareholders or in the principal risk factors associated with investment in the Funds. Changes regarding the persons who are primarily responsible for the day-to-day management for the Funds portfolios are noted in the boxed text below.

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

Electronic Delivery

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

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

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

Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded 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 SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds Forms N-Q are available on the SEC s website at <http://www.sec.gov> and may also be reviewed and copied at the SEC s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Fund s

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

Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

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

Availability of Proxy Voting Record

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

Availability of Fund Updates

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the Closed-end Funds' section of <http://www.blackrock.com>. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Funds.

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, 2011

| | 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 | \$ 0.342000 | | | \$ 0.342000 | 100% | 0% | 0% | 100% |
| FRB | \$ 0.833862 | | \$ 0.066138 | \$ 0.900000 | 93% | 0% | 7% | 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.

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

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.

#CEF1-5-2/11

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

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

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

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

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

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

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

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

Item 4 – Principal Accountant Fees and Services

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

| Entity Name | (a) Audit Fees | | (b) Audit-Related Fees 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. | \$60,700 | \$49,300 | \$0 | \$0 | \$51,600 | \$6,100 | \$0 | \$0 |

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

| | Current Fiscal Year End | Previous Fiscal Year End |
|---------------------------------------|-------------------------|--------------------------|
| Audit-Related Fees¹ | 0% | 0% |
| Tax Fees² | 0% | 0% |
| All Other Fees³ | 0% | 0% |

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 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 operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

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

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

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

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant and Investment Adviser and any entity controlling, controlled by or under common control with the Investment Adviser that provides ongoing services to the registrant were:

| Entity Name | Current Fiscal Year End | Previous Fiscal Year End |
|--------------------------------------|-------------------------|--------------------------|
| BlackRock Debt Strategies Fund, Inc. | \$51,600 | \$16,877 |

(h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser (not including any non-affiliated sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by the 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.

Item 5 – Audit Committee of Listed Registrants

(a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

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

(b) Not Applicable

Item 6 – Investments

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

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

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

Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – The board of directors has delegated the voting of proxies for the Fund’s portfolio securities to the Fund’s 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>.

Item 8 – Portfolio Managers of Closed-End Management Investment Companies – as of February 28, 2011.

- (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 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 since 2008 and Head of the Leveraged Finance Portfolio team; Director of BlackRock, Inc. from 2006 to 2007; Vice President of BlackRock, Inc. from 2004 to 2005. |
| C. Adrian Marshall | Director of BlackRock since 2007; Vice President of BlackRock from 2004 - 2007. |

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

(a)(2) As of February 28, 2011:

| (i) Name of | (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 |
| Portfolio Manager | Companies | Vehicles | Accounts | Companies | Vehicles | Accounts |
| Leland T. Hart | 9 | 12 | 4 | 0 | 8 | 0 |
| | \$2.68 Billion | \$4.45 Billion | \$430.3 Million | \$0 | \$3.75 Billion | \$0 |
| James E. Keenan | 23 | 22 | 28 | 0 | 12 | 3 |
| | \$10.83 Billion | \$8.70 Billion | \$5.56 Billion | \$0 | \$4.25 Billion | \$468.5 Million |
| C. Adrian Marshall | 9 | 14 | 6 | 0 | 11 | 0 |
| | \$2.68 Billion | \$4.87 Billion | \$841.8 Million | \$0 | \$4.19 Billion | \$0 |

(iv) Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for the Fund. It should also be noted that Messrs. Hart, Keenan and Marshall may manage certain accounts that are subject to performance fees. In addition, Messrs. Hart, Keenan and Marshall may assist in managing certain hedge funds and may be entitled to receive a portion of any incentive fees earned on such funds and a portion of such incentive fees may be voluntarily or involuntarily deferred. Additional portfolio managers may in the future manage other such accounts or funds and may be entitled to receive incentive fees.

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

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3) As of February 28, 2011:

Portfolio Manager Compensation Overview

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

Base compensation. Generally, portfolio managers receive base compensation based on their position with the firm.

Discretionary Incentive Compensation

Discretionary incentive compensation is a function of several components: the performance of BlackRock, 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 performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the 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 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™ 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. |

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

Among other things, 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 of fixed income funds 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. With respect to the performance of the other Index and Multi-Asset Funds noted herein performance is measured on, among other things, a pre-tax basis over various time periods including 1-, 3- and 5-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. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and which vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, are 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. Providing a portion of annual bonuses in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

Long-Term Incentive Plan Awards -From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Hart, Keenan and Marshall have each received long-term incentive awards.

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 various BlackRock investment options. Messrs. Hart, 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 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation. The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into an index target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock 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.

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

(a)(4) *Beneficial Ownership of Securities* – As of February 28, 2011.

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

(b) Not Applicable

Item 9 – Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers – Not Applicable due to no such purchases during the period covered by this report.

Item 10 – Submission of Matters to a Vote of Security Holders – There have been no material changes to these procedures.

Item 11 – Controls and Procedures

(a) – The registrant’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant’s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the “1940 Act”)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) – There were no changes in the registrant’s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant’s internal control over financial reporting.

Item 12 – Exhibits attached hereto

(a)(1) – Code of Ethics – See Item 2

(a)(2) – Certifications – Attached hereto

(a)(3) – Not Applicable

(b) – Certifications – Attached hereto

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

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/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock Debt Strategies Fund, Inc.

Date: May 4, 2011

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

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock Debt Strategies Fund, Inc.

Date: May 4, 2011

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

Date: May 4, 2011
