

Edgar Filing: DEBT STRATEGIES FUND - Form N-Q

DEBT STRATEGIES FUND

Form N-Q

January 27, 2006

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act File number 811-8603

Name of Fund: Debt Strategies Fund, Inc.

Fund Address: P.O. Box 9011  
Princeton, NJ 08543-9011

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

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 02/28/2006

Date of reporting period: 09/01/05 - 11/30/05

Item 1 - Schedule of Investments

Debt Strategies Fund, Inc.

Schedule of Investments as of November 30, 2005

(in U.S. dollars)

Industry	Face Amount	Corporate Bonds
Aerospace & Defense - 3.0%	\$ 5,000,000 7,500,000 8,120,000	Alliant Techsystems, Inc., 3% due 8/15/2024 (d)(k) L-3 Communications Corp., 3% due 8/01/2035 (d)(k) Vought Aircraft Industries, Inc., 8% due 7/15/2011
Airlines - 0.4%	4,105,529	American Airlines, Inc. Series 2001-1 Class C, 7.37%
Automotive - 2.5%	700,000 4,950,000 2,700,000 1,550,000 4,900,000 6,050,000 925,000 4,450,000 1,800,000	Advanced Accessory Systems LLC, 10.75% due 6/15/2011 Cooper-Standard Automotive, Inc., 8.375% due 12/15/2009 Delco Remy International, Inc., 8.15% due 4/15/2009 Dura Operating Corp. Series D, 9% due 5/01/2009 Exide Technologies, 10.50% due 3/15/2013 (d) Metaldyne Corp., 11% due 6/15/2012 Tenneco Automotive, Inc. Series B, 10.25% due 7/15/2009 Venture Holdings Co. LLC, 12% due 6/01/2009 (i) Venture Holdings Co. LLC Series B, 9.50% due 7/01/2009

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Broadcasting - 5.2%	3,950,000	Emmis Communications Corp., 10.366% due 6/15/2012 (
	6,000,000	Granite Broadcasting Corp., 9.75% due 12/01/2010
	1,100,000	LIN Television Corp., 6.50% due 5/15/2013 (d)
	3,870,000	Sinclair Broadcast Group, Inc. Class A, 4.875% due
	8,300,000	Sirius Satellite Radio, Inc., 9.625% due 8/01/2013
	11,250,000	XM Satellite Radio, Inc., 9.75% due 5/01/2009 (a)
	2,000,000	Young Broadcasting Inc., 10% due 3/01/2011

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Cable - International - 1.2%	750,000	NTL Cable Plc, 8.75% due 4/15/2014
	3,500,000	New Skies Satellites NV, 9.573% due 11/01/2011 (a) (
	3,700,000	New Skies Satellites NV, 9.125% due 11/01/2012

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Cable - U.S. - 9.2%	7,500,000	Adelphia Communications Corp., 6% due 2/15/2006 (i)
	3,450,000	CSC Holdings, Inc., 7.25% due 7/15/2008
	4,225,000	Cablevision Systems Corp. Series B, 8.716% due 4/01/
	3,750,000	Charter Communications Holdings LLC, 10% due 4/01/2
	2,000,000	Charter Communications Holdings LLC, 11.75% due 1/1
	2,000,000	Charter Communications Holdings LLC, 11.125% due 1/
	2,700,000	Charter Communications Holdings LLC, 9.92% due 4/01
	3,000,000	Charter Communications Holdings LLC, 10% due 5/15/2
	2,500,000	Insight Midwest, LP, 9.75% due 10/01/2009
	3,825,000	Intelsat Bermuda Ltd., 8.695% due 1/15/2012 (a) (d)
	3,375,000	Intelsat Bermuda Ltd., 8.25% due 1/15/2013 (d)
	4,800,000	Intelsat Bermuda Ltd., 8.625% due 1/15/2015 (d)
	6,375,000	Loral Cyberstar, Inc., 10% due 7/15/2006 (i)
	2,350,000	Mediacom Broadband LLC, 11% due 7/15/2013
	3,875,000	Mediacom LLC, 9.50% due 1/15/2013
	10,000,000	Rainbow National Services LLC, 10.375% due 9/01/201
	1,023,000	Skynet Senior Secured Note, 14% due 12/01/2015
10,350,000	Zeus Special Subsidiary Ltd., 9.25% due 2/01/2015 (	

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Debt Strategies Fund, Inc.  
Schedule of Investments as of November 30, 2005 (in U.S. dollars)

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Industry	Face Amount	Corporate Bonds
Chemicals - 11.3%	\$ 3,550,000	ArCo Chemical Co., 9.80% due 2/01/2020
	2,320,000	BCP Caylux Holdings Luxembourg SCA, 9.625% due 6/15
	4,000,000	Compass Minerals International, Inc. Series B, 12%
	9,783,000	GEO Specialty Chemicals, Inc., 12.016% due 12/31/20
	1,900,000	Huntsman International, LLC, 9.875% due 3/01/2009
	1,199,000	Huntsman International, LLC, 10.125% due 7/01/2009
	3,150,000	ISP Holdings, Inc. Series B, 10.625% due 12/15/2009
	1,500,000	Innophos, Inc., 9.625% due 8/15/2014 (d)
	6,000,000	Invista B.V., 9.25% due 5/01/2012 (d)
	2,400,000	Millennium America, Inc., 7.625% due 11/15/2026
	2,000,000	Nova Chemical Corp., 7.561% due 11/15/2013 (a) (d)

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	10,000,000	Omnova Solutions, Inc., 11.25% due 6/01/2010
	7,575,917	PCI Chemicals Canada, Inc., 10% due 12/31/2008
	11,700,000	PolyOne Corp., 10.625% due 5/15/2010
	2,612,000	Rockwood Specialties Group, Inc., 10.625% due 5/15/2010
	450,000	Rockwood Specialties Group, Inc., 7.50% due 11/15/2010
	6,000,000	Tronox Worldwide LLC, 9.50% due 12/01/2012 (d)
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Consumer - Durables - 2.4%	10,750,000	Sealy Mattress Co., 8.25% due 6/15/2014
	10,000,000	Simmons Co., 10.207% due 12/15/2014 (c) (d)
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Consumer - Non-Durables - 1.3%	3,400,000	Chattem, Inc., 7.41% due 3/01/2010 (a)
	5,000,000	Hines Nurseries, Inc., 10.25% due 10/01/2011
	4,000,000	North Atlantic Holding Co., Inc., 12.25% due 3/01/2010
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Diversified Media - 2.9%	2,000,000	Cadmus Communications Corp., 8.375% due 6/15/2014
	7,500,000	Liberty Media Corp., 0.75% due 3/30/2023 (k)
	1,800,000	Loews Cineplex Entertainment Corp., 8.875% due 8/01/2010
	2,675,000	Muzak Holdings, LLC, 13% due 3/15/2010
	3,875,000	NBC Acquisition Corp., 11% due 3/15/2013 (c)
	375,000	Universal City Florida Holding Co. I, 8.375% due 5/01/2010
	5,300,000	Universal City Florida Holding Co. I, 9% due 5/01/2010
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Energy - Exploration & Production - 1.3%	3,000,000	Chaparral Energy, Inc., 8.50% due 12/01/2015 (d)
	5,500,000	Compton Petroleum Corp., 7.625% due 12/01/2013 (d)
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Energy - Other - 3.2%	6,150,000	Aventine Renewable Energy Holdings, Inc., 10.491% due 12/15/2011 (a) (d)
	1,000,000	Dresser, Inc., 9.375% due 4/15/2011
	2,045,000	Dresser-Rand Group, Inc., 7.375% due 11/01/2014 (d)
	6,950,000	SemGroup LP, 8.75% due 11/15/2015 (d)
	6,250,000	Star Gas Partners LP, 10.25% due 2/15/2013
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Financial - 1.1%	5,777,222	Archimedes Funding III Ltd., 5.50% due 11/29/2011 (d)
	1,500,000	Investcorp SA, 7.54% due 10/21/2008
	2,000,000	Pennant CBO Ltd., 13.43% due 3/14/2011 (d)
	1,500,000	SKM-LibertyView CBO Ltd. Series 1A Class C1, 8.71% due 4/10/2011 (d) (f) (i)
	1,000,000	SKM-LibertyView CBO Ltd. Series 1A Class D, 11.91% due 4/10/2011 (d) (f) (i)

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(in U.S. dollars)

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Industry	Face Amount	Corporate Bonds
Food & Drug - 0.7%	\$ 7,250,000	Duane Reade, Inc., 9.75% due 8/01/2011
Food & Tobacco - 2.7%	842,946	Archibald Candy Corp., 10% due 11/01/2007 (i)
	4,550,000	Commonwealth Brands, Inc., 9.75% due 4/15/2008 (d)
	8,000,000	Commonwealth Brands, Inc., 10.625% due 9/01/2008 (d)
	1,175,000	Doane Pet Care Co., 10.75% due 3/01/2010
	1,362,000	Dole Food Co., Inc., 8.875% due 3/15/2011
	28,918,000	New World Pasta Co., 9.25% due 2/15/2009 (i)
Gaming - 1.8%	4,000,000	Inn of the Mountain Gods Resort & Casino, 12% due 1
	2,000,000	Jacobs Entertainment, Inc., 11.875% due 2/01/2009
	1,225,000	Majestic Star Casino LLC, 9.50% due 10/15/2010
	1,725,000	Penn National Gaming, Inc., 6.75% due 3/01/2015
	3,000,000	Tunica-Biloxi Gaming Authority, 9% due 11/15/2015 (
Health Care - 5.4%	4,450,000	CDRV Investors, Inc., 9.75% due 1/01/2015 (c)
	5,000,000	Cinacalcet Royalty Corp., 8% due 3/30/2017 (d)
	3,525,000	Elan Finance Plc, 7.75% due 11/15/2011
	4,825,000	Elan Finance Plc, 8.34% due 11/15/2011 (a)
	2,500,000	HealthSouth Corp., 8.50% due 2/01/2008
	2,500,000	HealthSouth Corp., 10.75% due 10/01/2008
	5,000,000	Risperdal Consta Pharma, 7% due 1/01/2018
	6,000,000	Tenet Healthcare Corp., 7.375% due 2/01/2013
	1,400,000	VWR International, Inc., 8% due 4/15/2014
	4,100,000	Vanguard Health Holding Co. I, LLC, 11.25% due 10/0
	2,325,000	Vanguard Health Holding Co. II, LLC, 9% due 10/01/2
Housing - 2.9%	2,000,000	Compression Polymers Corp, 10.46% due 7/01/2012 (a)
	1,300,000	Compression Polymers Corp., 10.50% due 7/01/2013 (d)
	460,013	Formica Holdings Corp., 8.76% due 6/10/2011
	3,190,000	Goodman Global Holding Co., Inc., 7.491% due 6/15/2
	8,200,000	Goodman Global Holding Co., Inc., 7.875% due 12/15/
	2,500,000	Nortek, Inc., 8.50% due 9/01/2014
	2,250,000	Stanley-Martin Communities, 9.75% due 8/15/2015 (d)
	700,000	US Concrete, Inc., 8.375% due 4/01/2014
Information Technology - 7.3%	1,600,000	Activant Solutions, Inc., 10.054% due 4/01/2010 (a)
	4,500,000	Activant Solutions, Inc., 12.65% due 10/01/2011 (a)
	6,950,000	Amkor Technology, Inc., 9.25% due 2/15/2008
	1,000,000	Amkor Technology, Inc., 10.50% due 5/01/2009
	5,000,000	Cypress Semiconductor Corp., 1.25% due 6/15/2008 (k)
	4,725,000	Freescale Semiconductor, Inc., 6.90% due 7/15/2009
	1,375,000	MagnaChip Semiconductor SA, 7.741% due 12/15/2011 (
	1,050,000	MagnaChip Semiconductor SA, 8% due 12/15/2014
	3,825,000	Sungard Data Systems, Inc., 8.525% due 8/15/2013 (a)
	7,075,000	Sungard Data Systems, Inc., 9.125% due 8/15/2013 (d)
	4,818,000	Sungard Data Systems, Inc., 10.25% due 8/15/2015 (d)
	2,925,000	Telcordia Technologies Inc., 10% due 3/15/2013 (d)
	5,075,000	Viasystems, Inc., 10.50% due 1/15/2011

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(in U.S. dollars)

Industry	Face Amount	Corporate Bonds
Leisure - 2.1%	\$12,000,000 2,000,000	Felcor Lodging LP, 8.83% due 6/01/2011 (a) True Temper Sports, Inc., 8.375% due 9/15/2011
Manufacturing - 4.8%	575,000 4,000,000 2,000,000 4,525,000 5,875,000 4,899,000 8,300,000 600,000 4,000,000	Aearo Co., 8.25% due 4/15/2012 CPI Holdco, Inc., 9.672% due 2/01/2015 (a) (d) Chart Industries, Inc., 9.125% due 10/15/2015 (d) EaglePicher Inc., 9.75% due 9/01/2013 (i) Invensys Plc, 9.875% due 3/15/2011 (d) Medis Technologies Ltd., 6% due 7/15/2010 (d) (k) Mueller Group, Inc., 10% due 5/01/2012 NMHG Holding Co., 10% due 5/15/2009 Propex Fabrics, Inc., 10% due 12/01/2012
Metal - Other - 1.0%	1,100,000 5,500,000	Aleris International, Inc., 9% due 11/15/2014 James River Coal Co., 9.375% due 6/01/2012
Packaging - 4.3%	9,053,000 11,905,000 3,800,000 1,100,000 12,300,000 6,575,000	Anchor Glass Container Corp., 11.491% due 9/15/2006 Anchor Glass Container Corp., 11.497% due 2/15/2013 Consolidated Container Co. LLC, 10.75% due 6/15/2006 Graham Packing Co., Inc., 9.875% due 10/15/2014 Pliant Corp., 13% due 6/01/2010 (i) Wise Metals Group LLC, 10.25% due 5/15/2012
Paper - 9.2%	6,500,000 6,025,000 2,150,000 900,000 7,600,000 3,775,000 4,250,000 2,000,000 2,000,000 6,125,000 8,000,000 4,725,000 1,600,000 3,450,000 7,281,000	Abitibi-Consolidated, Inc., 7.991% due 6/15/2011 (a) Ainsworth Lumber Co. Ltd., 7.77% due 10/01/2010 (a) Boise Cascade LLC, 7.025% due 10/15/2012 (a) Boise Cascade LLC, 7.125% due 10/15/2014 Bowater, Inc., 7.491% due 3/15/2010 (a) Domtar, Inc., 7.125% due 8/15/2015 Georgia-Pacific Corp., 9.375% due 2/01/2013 Graphic Packaging International Corp., 9.50% due 8/15/2013 JSG Funding Plc, 9.625% due 10/01/2012 JSG Funding Plc, 7.75% due 4/01/2015 NewPage Corp., 10.50% due 5/01/2012 (a) NewPage Corp., 12% due 5/01/2013 Smurfit-Stone Container Enterprises, Inc., 8.375% due 6/30/2009 Tembec Industries, Inc., 8.625% due 6/30/2009 Western Forest Products, Inc., 15% due 7/28/2009 (b)

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Retail - 1.6%	6,000,000	Neiman-Marcus Group, Inc., 9% due 10/15/2015 (d)
	5,000,000	Neiman-Marcus Group, Inc., 10.375% due 10/15/2015 (d)
Service - 5.0%	1,440,000	Allied Waste North America, Inc., 7.875% due 4/15/2012
	6,250,000	Allied Waste North America, Inc. Series B, 7.375% due 4/15/2012
	2,000,000	Buhrmann US, Inc., 7.875% due 3/01/2015
	7,500,000	HydroChem Industrial Services, Inc., 9.25% due 2/15/2012
	3,000,000	Neff Rental LLC, 11.25% due 6/15/2012 (d)
	14,825,000	United Rentals North America, Inc., 7.75% due 11/15/2011
Telecommunications - 9.0%	5,000,000	ADC Telecommunications, Inc., 5.045% due 6/15/2013
	3,265,000	Alaska Communications Systems Holdings, Inc., 9.875% due 8/15/2011

Debt Strategies Fund, Inc.

Schedule of Investments as of November 30, 2005

(in U.S. dollars)

Industry	Face Amount	Corporate Bonds
	\$ 7,500,000	Cincinnati Bell, Inc., 8.375% due 1/15/2014
	6,000,000	LCI International, Inc., 7.25% due 6/15/2007
	3,200,000	Qwest Capital Funding, Inc., 6.875% due 7/15/2028
	7,900,000	Qwest Communications International, Inc., 7.84% due 7/15/2012
	2,675,000	Qwest Corp., 7.741% due 6/15/2013 (a) (d)
	4,475,000	Terremark Worldwide, Inc., 9% due 6/15/2009 (k)
	6,000,000	Terremark Worldwide, Inc., 9% due 6/15/2009 (d) (k)
	7,000,000	Time Warner Telecom Holdings, Inc., 8.34% due 2/15/2012
	6,000,000	Time Warner Telecom Holdings, Inc., 9.25% due 2/15/2012
	4,000,000	Time Warner Telecom, Inc., 9.75% due 7/15/2008
Transportation - 0.9%	3,000,000	Progress Rail Services Corp., 7.75% due 4/01/2012 (d)
	3,500,000	Titan Petrochemicals Group Ltd., 8.50% due 3/18/2011
Utility - 0.9%	4,142,000	Centerpoint Energy, Inc. Series B, 3.75% due 5/15/2012
	1,425,000	Williams Cos., Inc., 8.625% due 6/01/2010
Wireless Communications - 2.6%	1,750,000	Dobson Cellular Systems, 8.375% due 11/01/2011
	4,675,000	Dobson Cellular Systems, 9% due 11/01/2011 (a)
	2,500,000	iPCS Escrow Co., 11.50% due 5/01/2012
	1,600,000	Rural Cellular Corp., 8.991% due 3/15/2010 (a)
	6,600,000	US Unwired, Inc., 8.741% due 6/15/2010 (a)

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		Total Corporate Bonds (Cost - \$778,276,646) - 107.2
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		Floating Rate Loan Interests*
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Airlines - 0.2%	1,000,000	Delta Air Lines, Inc. Term Loan B, 11.01% due 3/16/
		-----
Automotive - 1.6%	7,775,042	Delphi Automotive Systems Term Loan B, 10.30% due 6
	2,185,236	Tenneco Automotive, Inc. Term Loan B, 6.08% due 12/
	959,936	Tenneco Automotive, Inc. Tranche B-1 Credit Linked 6.339% due 12/12/2010
		-----
Cable - U.S. - 7.0%	7,000,000	Century Cable Holdings LLC Discretionary Term Loan, 10% due 12/31/2009
	10,000,000	Century Cable Holdings LLC Term Loan B, 9% due 6/30
	14,794,107	Charter Communications Operating LLC Tranche B Term 7.42% - 7.50% due 4/07/2011
	7,860,000	Insight Midwest Holdings LLC Term Loan C, 6.063% due 12/31/2009
	885,043	New Skies Satellites, BV Term Loan, 5.875% - 6.063% due 5/04/2011
	6,000,000	Olympus Cable Holdings LLC Term Loan B, 9% due 9/30
	1,500,000	Olympus Cable Holdings LLC Tranche 2 Term Loan A, 9% due 6/30/2010
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Chemicals - 3.0%	3,016,676	Huntsman ICI Holdings Term Loan B, 5.72% due 8/16/2
	3,470,868	Invista B.V. New Tranche B-1 Term Loan, 6.313% due
	1,491,515	Invista B.V. New Tranche B-2 Term Loan, 6.313% due
	916,457	Pinnacle Polymers Term Loan, 6.58% - 9% due 12/15/2
	3,184,000	Rockwood Specialties Group, Inc. Tranche D Term Loa 5.93% due 12/10/2012
	8,000,000	Wellman, Inc. Second Lien Term Loan, 11% due 2/10/2
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Debt Strategies Fund, Inc.

Schedule of Investments as of November 30, 2005

(in U.S. dollars)

Industry	Face Amount	Floating Rate Loan Interests*
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Consumer - Durables - 0.7%	\$ 5,000,000	Simmons Co. Term Loan, 7% due 6/19/2012
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Consumer - Non-Durables - 1.5%	9,800,000	Levi Strauss & Co. Tranche A Term Loan, 10.989% - 1 due 9/29/2009
		-----
Energy - Exploration &	10,000,000	Exco Holdings, Inc. Term Loan, 9% due 8/30/2006

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Production - 1.8%	2,500,000	TXOK Acquisition Term Loan C, 8.875% due 9/27/2010
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Energy - Other - 1.3%	1,148,861	Dresser, Inc. Term Loan C, 6.72% due 4/10/2009
	2,500,000	Dresser, Inc. Term Loan Unsecured, 6.91% due 2/25/2010
	2,000,000	EPCO, Inc. Term Loan B, 6.409% due 8/18/2010
	3,000,000	Scorpion Drilling Ltd. Second Lien Term Loan, 11.64%
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Food & Tobacco - 0.5%	3,564,111	Dr Pepper/Seven Up Bottling Group, Inc. Term Loan B, 5.863% - 6.181% due 12/19/2010
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Gaming - 0.6%	3,945,577	Buffington Harbor Parking Associates LLC Term Loan, 10.875% due 7/01/2011
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Health Care - 1.1%	4,500,000	HealthSouth Corp. Term Loan A, 10.375% due 1/16/2010
	3,040,121	Medpointe Healthcare Inc. Tranche B Term Loan, 9.49%
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Housing - 3.3%	4,620,197	General Growth Properties, Inc. Term Loan B, 6.22%
	4,980,066	Headwaters, Inc. Term Loan B-1, 6.43% - 8.25% due 4/15/2010
	2,939,910	LNR Property Corp. Tranche B Term Loan, 6.71% - 6.77%
	10,000,000	Stile U.S. Acquisition Corp. Bridge Loan, 10.384% due 12/15/2010
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Information Technology - 0.9%	3,088,750	Fidelity National Information Solutions, Inc. Term Loan, 5.864% due 3/09/2013
	3,358,125	Telcordia Technologies, Inc. Term Loan, 6.61% due 9/15/2010
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Manufacturing - 0.7%	5,000,000	Invensys International Holdings Ltd. Second Lien Term Loan, 8.529% due 12/04/2009
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Metal - Other - 1.3%	663,158	Euramax International Plc Second Lien Term Loan, 10.55%
	2,992,500	Euramax International Plc Tranche 3 Term Loan B, 8.52%
	5,336,842	Euramax International Plc Tranche 4 Second Lien Term Loan, 10.55% due 6/29/2013
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Packaging - 1.0%	6,774,814	Owens-Illinois Group, Inc. Tranche Term Loan C, 6.1%
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Service - 0.6%	3,940,000	Waste Services, Inc. Tranche B Term Loan, 8.02% - 8.02%
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Steel - 0.0%	7,711,830	Acme Metals, Inc. Term Loan, 11.75% - 12.25% due 12/15/2010
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Utility - 1.6%	2,600,000	Calpine Corp. Second Lien Term Loan, 9.90% due 7/15/2010
	5,000,000	Covanta Energy Corp. Second Lien Term Loan, 9.461% - 9.613% due 6/24/2013
	1,500,000	El Paso Corp. Deposit Account, 2.77% due 11/23/2009
	2,460,000	El Paso Corp. Term Loan, 6.813% due 11/23/2009
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Wireless Communications - 0.9%	5,910,000	Centennial Cellular Operating Co. Term Loan, 6.27% due 2/09/2011



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Total Floating Rate Loan Interests (Cost - \$205,070)

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Industry	Shares Held	Common Stocks
Chemicals - 0.2%	339,340	GEO Specialty Chemicals, Inc. (j)
Energy - Other - 0.7%	199,154	Trico Marine Services, Inc. (j)
Financial - 0.4%	35,000	Preferred Term Securities VI (d) (j)
Food & Tobacco - 0.5%	1,428,423	Viskase Cos., Inc.
Leisure - 0.0%	27,787	Lodgian, Inc. (j)
Manufacturing - 0.2%	724,291	ACP Holding Co. (d) (j)
Paper - 0.1%	211,149	Western Forest Products, Inc. (j)
Service - 0.4%	90,876	Outsourcing Solutions Inc. (j)
Steel - 0.0%	41,149	Acme Package Corp. Senior Holdings (j) (l)
Telecommunications - 0.1%	59,534	IDT Corp. Class B (j)
		Total Common Stocks (Cost - \$16,452,498) - 2.6%
Preferred Stocks		
Automotive - 0.5%	200,000	General Motors Corp. Series C, 6.25% (d) (k)
Broadcasting - 0.0%	2	Paxson Communications Corp., 9.75% (b) (d) (k)
Cable - U.S. - 0.0%	5,000	Adelphia Communications Corp. Series B, 13%
		Total Preferred Stocks (Cost - \$5,357,315) - 0.5%
Warrants (g)		
Broadcasting - 0.0%	15,000	Sirius Satellite Radio, Inc. (expires 5/15/2009)
Health Care - 0.0%	126,761	HealthSouth Corp. (expires 1/16/2014)
Manufacturing - 0.2%	652,739	ACP Holding Co. (expires 9/30/2013)
Paper - 0.0%	18	Cellu Tissue Holdings, Inc. Series A (expires 9/28/2009)

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7,000 MDP Acquisitions Plc (expires 10/01/2013)

-----  
 Wireless 1,325 American Tower Corp. (expires 8/01/2008)  
 Communications - 0.1%  
 -----

Total Warrants (Cost - \$870,754) - 0.3%

-----  
 Beneficial  
 Interest Other Interests (e)  
 -----

Airlines - 0.2% \$ 2,641,443 US Airways Group, Inc. (Certificate of Beneficial I

Automotive - 0.0% 3,614,601 Cambridge Industries, Inc. (Litigation Trust Certif

Cable - U.S. - 0.1% 9,500,000 Pegasus Satellite Communications, Inc.  
 (Litigation Trust Certificates) (j)

-----  
 Total Other Interests (Cost - \$2,153,868) - 0.3%  
 -----

Short-Term Securities

-----  
 \$ 1,439,790 Merrill Lynch Liquidity Series, LLC Cash Sweep Seri

-----  
 Total Short-Term Securities (Cost - \$1,439,790) - 0

-----  
 Total Investments (Cost - \$1,009,621,618\*\*) - 140

Liabilities in Excess of Other Assets - (40.7%)

Net Assets - 100.0%

Debt Strategies Fund, Inc.  
 Schedule of Investments as of November 30, 2005 (in U.S. dollars)

\* Floating rate loan interests in which the Fund invests generally pay interest at rates that are periodically redetermined by reference to a base lending rate plus a premium. The base lending rates are generally (i) the lending rate offered by one or more European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more U.S. banks or (iii) the certificate of deposit rate.

\*\* The cost and unrealized appreciation (depreciation) of investments as of November 30, 2005, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 1,009,862,684
	=====
Gross unrealized appreciation	\$ 36,781,956
Gross unrealized depreciation	(81,497,751)
	-----
Net unrealized depreciation	\$ (44,715,795)

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- (a) Floating rate note.
- (b) Represents a pay-in-kind security, which may pay interest/dividends in additional face/shares.
- (c) Represents a step bond; the interest rate shown reflects the effective yield at the time of purchase.
- (d) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (e) Other interests represent beneficial interest in liquidation trusts and other reorganization entities.
- (f) Mortgage-Backed Securities are subject to principal paydowns as a result of prepayments or refinancing of the underlying mortgage instruments. As a result, the average life may be substantially less than the original maturity.
- (g) 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.
- (h) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Interest I
Merrill Lynch Liquidity Series, LLC Cash Sweep Series I	\$ 1,236,108	\$ 2

- (i) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.
- (j) Non-income producing security.
- (k) Convertible security.
- (l) Restricted securities as to resale, representing 0.0% of net assets, were as follows:

Issue	Acquisition Date	Cost	Value
Acme Package Corp. Senior Holdings	11/25/2002	-	-

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

Swaps outstanding as of November 30, 2005 were as follows:

	Notional Amount	Unrealized Appreciation (Depreciation)

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Sold credit default protection on General Motors Corp. and receive 5%

Broker, Citibank N.A.		
Expires December 2006	\$ 8,000,000	\$ (118,411)

Sold credit default protection on General Motors Corp. and receive 5%

Broker, Lehman Brothers Special Finance		
Expires December 2006	\$ 7,000,000	84,495

Total		\$ (33,916)
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Item 2 - Controls and Procedures

2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.

2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

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.

Debt Strategies Fund, Inc.

By: /s/ Robert C. Doll, Jr.

-----  
 Robert C. Doll, Jr.  
 Chief Executive Officer  
 Debt Strategies Fund, Inc.

Date: January 25, 2006

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/ Robert C. Doll, Jr.

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-----  
Robert C. Doll, Jr.  
Chief Executive Officer  
Debt Strategies Fund, Inc.

Date: January 25, 2006

By: /s/ Donald C. Burke

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Donald C. Burke  
Chief Financial Officer  
Debt Strategies Fund, Inc.

Date: January 25, 2006