

BLACKROCK CORPORATE HIGH YIELD FUND III INC
Form N-CSR
May 08, 2009

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

FORM N-CSR

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

Investment Company Act file number 811-08497

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

Date of fiscal year end: 02/28/2009

Date of reporting period: 02/28/2009

Item 1 – Report to Stockholders

Annual Report

FEBRUARY 28, 2009

BlackRock Corporate High Yield Fund, Inc. (COY)

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

BlackRock Debt Strategies Fund, Inc. (DSU)

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

BlackRock Senior High Income Fund, Inc. (ARK)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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A Letter to Shareholders

Dear Shareholder

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

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

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

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

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

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

* Formerly a Lehman Brothers index.

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

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

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of February 28, 2009

BlackRock Corporate High Yield Fund, Inc.

Investment Objective

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

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

Performance

For the nine months ended February 28, 2009, the Fund returned (39.46)% based on market price and (38.98)% based on net asset value (NAV). For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (43.59)% on a market price basis and (40.44)% on a NAV basis. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. This period was one of the worst in high yield market history. In this environment, the Fund was positioned conservatively, with an emphasis on defensive sectors, an allocation to bank loans and higher-than-normal cash balances. For most of the period, the Fund also had lower leverage than the majority of its Lipper peers. All of this aided relative performance in a difficult market.

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

Fund Information

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

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

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of February 28, 2009

BlackRock Corporate High Yield Fund III, Inc.

Investment Objective

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

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

Performance

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

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Fund Information

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

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

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of February 28, 2009

BlackRock Debt Strategies Fund, Inc.

Investment Objective

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

Performance

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

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Fund Information

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

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

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of February 28, 2009

BlackRock Floating Rate Income Strategies Fund II, Inc.

Investment Objective

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

Performance

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

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Fund Information

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

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

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Fund Summary as of February 28, 2009

BlackRock Senior High Income Fund, Inc.

Investment Objective

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

Performance

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

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Fund Information

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

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

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

The Benefits and Risks of Leveraging

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

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

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

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

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

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

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

Under the Investment Company Act of 1940, the Funds are permitted to borrow through a credit facility and the issuance of short-term debt securities up to 33 $\frac{1}{3}$ % of total managed assets. As of February 28, 2009, the Funds had outstanding leverage from credit facility borrowings as a percentage of total managed assets as follows:

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

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

Derivative Instruments

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

Schedule of Investments February 28, 2009

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

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

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

3,034,875

Commercial Services & Supplies 3.6%

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

5,189,800

Construction & Engineering 0.8%

Dycom Industries, Inc., 8.125%, 10/15/15	1,650	1,179,750
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Corporate Bonds

Par
(000)

Value

Construction Materials 1.0%

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

1,379,200

Containers & Packaging 6.0%

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

8,723,293

Diversified Consumer Services 1.8%

Service Corp. International, 7%, 6/15/17		2,800		2,548,000
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Diversified Financial Services 3.2%

Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16		490		447,125
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FCE Bank Plc:			
7.125%, 1/16/12		2,650	2,049,315
Series JD, 3.991%, 9/30/09 (d)	EUR	250	266,227
Ford Motor Credit Co. LLC:			
7.569%, 1/13/12 (d)	USD	195	95,550
7.80%, 6/01/12		200	108,404
GMAC LLC (c):			
7.25%, 3/02/11		348	240,374
3.461%, 12/01/14 (d)		841	370,040
Leucadia National Corp., 8.125%, 9/15/15		1,250	1,037,500
			4,614,535

Diversified Telecommunication Services 5.7%

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

Electric Utilities 2.6%

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

Electrical Equipment 0.0%

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

Electronic Equipment & Instruments 0.2%

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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

8,288,976

Household Durables 0.7%

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

1,055,925

Corporate Bonds	Par (000)	Value
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IT Services 1.2%

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

1,694,375

Independent Power Producers & Energy Traders 3.7%

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

5,360,206

Industrial Conglomerates 0.5%

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

785,423

Insurance 0.9%

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

1,331,250

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

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

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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

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

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Semiconductors & Semiconductor Equipment 0.2%

Spanion, Inc., 4.386%, 6/01/13 (c)(d)(e)(g)	1,135	265,306
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Software 0.1%

BMS Holdings, Inc., 9.224%, 2/15/12 (a)(c)(d)	389	93,778
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Specialty Retail 2.2%

Asbury Automotive Group, Inc., 7.625%, 3/15/17	330	148,500
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General Nutrition Centers, Inc.:

7.584%, 3/15/14 (a)(d)	1,640	967,600
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10.75%, 3/15/15	1,200	840,000
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Group 1 Automotive, Inc., 2.25%, 6/15/36 (b)(f)	985	440,788
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Michaels Stores, Inc.:

10%, 11/01/14	485	165,506
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11.375%, 11/01/16	780	184,275
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United Auto Group, Inc., 7.75%, 12/15/16	1,030	494,400
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3,241,069

Textiles, Apparel & Luxury Goods 1.5%

Levi Strauss & Co., 8.875%, 4/01/16	1,875	1,434,375
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Quiksilver, Inc., 6.875%, 4/15/15	1,600	800,000
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2,234,375

Thrifts & Mortgage Finance 0.4%

Residential Capital LLC, 8.50%, 5/15/10 (c)	755	520,950
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Wireless Telecommunication Services 8.9%

Centennial Communications Corp., 7.185%, 1/01/13 (d)	1,280	1,273,600
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Cricket Communications, Inc.:

9.375%, 11/01/14	1,285	1,172,563
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10%, 7/15/15 (c)	835	770,287
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See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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Masonite International:

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

Capital Markets 0.2%

Marsico Parent Co., LLC Term Loan, 4.50% 7.25%, 12/15/14	475	225,393
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Chemicals 1.3%

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

Containers & Packaging 0.1%

Berry Plastics Group, Inc. Loan, 8.421%, 6/05/14 (a)	928	185,631
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Diversified Telecommunication Services 2.5%

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

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

Hotels, Restaurants & Leisure 0.4%

Travelport LLC (fka Travelport Inc.) Loan, 7.979%, 3/27/12		2,766	567,052
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Independent Power Producers & Energy Traders 2.5%

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

Machinery 1.0%

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

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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

Preferred Securities

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

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

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

Other Interests (j)	Beneficial Interest (000)	
Media 0.0%		
Adelphia Escrow	USD 700	\$ 70
Adelphia Recovery Trust	878	3,512
Total Other Interests 0.0%		3,582

Total Long-Term Investments (Cost \$281,093,540) 119.2%	172,592,833
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Short-Term Securities

Money Market Funds 4.9%	7,111	7,111,263
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BlackRock Liquidity Series, LLC Cash Sweep Series,
0.73% (k)(l)

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

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

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

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

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

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

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

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund, Inc. (COY)

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

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

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

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

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

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

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

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

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Total	\$ 7,044
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Credit default swaps on single-name issues sold protection outstanding as of February 28, 2009 were as follows:

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

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

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

Currency Abbreviations:

CAD Canadian Dollar
 EUR Euro
 USD US Dollar

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

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

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

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

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

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

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

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

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

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

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

See Notes to Financial Statements.

Schedule of Investments February 28, 2009

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

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

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Chemicals 2.2%

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

Commercial Services & Supplies 3.6%

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

Corporate Bonds

	Par (000)	Value
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Construction & Engineering 0.8%

Dycom Industries, Inc., 8.125%, 10/15/15	USD 1,750	\$ 1,251,250
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Construction Materials 1.0%

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

Containers & Packaging 6.1%

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

Diversified Consumer Services 1.8%

Service Corp. International, 7%, 6/15/17	3,000	2,730,000
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Diversified Financial Services 3.2%

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

Diversified Telecommunication Services 5.9%

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

Electric Utilities 2.6%

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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

Household Durables 0.8%

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

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

Independent Power Producers & Energy Traders 3.8%

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

Industrial Conglomerates 0.6%

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

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Insurance 0.9%

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

Life Sciences Tools & Services 0.4%

Invitrogen Corp., 2%, 8/01/23 (c)	580	605,375
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Machinery 0.8%

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

Marine 0.8%

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

Media 12.1%

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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

Corporate Bonds	Par (000)	Value
Paper & Forest Products 2.1%		
Abitibi-Consolidated, Inc., 5.496%, 6/15/11 (e)	USD 815	\$ 73,350
Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (d)	1,053	475,246
Bowater, Inc., 4.996%, 3/15/10 (e)	2,825	508,500
Georgia-Pacific Corp., 8.125%, 5/15/11	150	145,500
NewPage Corp., 10%, 5/01/12	2,710	819,775
Norske Skog Canada Ltd. Series D, 8.625%, 6/15/11	885	407,100
Verso Paper Holdings LLC Series B:		
4.92%, 8/01/14 (e)	280	72,800
9.125%, 8/01/14	1,820	682,500
		3,184,771

Personal Products 0.6%		
Chattem, Inc., 7%, 3/01/14	930	855,600

Pharmaceuticals 0.6%		
Angiotech Pharmaceuticals, Inc., 5.011%, 12/01/13 (e)	1,390	851,375
Elan Finance Plc, 8.875%, 12/01/13	105	84,000
		935,375

Real Estate Investment Trusts (REITs) 0.1%		
FelCor Lodging LP, 8.50%, 6/01/11	295	159,300

Real Estate Management & Development 1.3%		
Forest City Enterprises, Inc., 7.625%, 6/01/15	3,025	1,331,000
Realogy Corp.:		
10.50%, 4/15/14	1,915	402,150
12.375%, 4/15/15	2,193	263,160
		1,996,310

Semiconductors & Semiconductor Equipment 0.2%		
Spansion, Inc., 4.386%, 6/01/13 (d)(e)(f)(h)	1,215	284,006

Software 0.1%

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

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

Floating Rate Loan Interests

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

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Building Products 2.3%

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

Capital Markets 0.2%

Marsico Parent Co., LLC Term Loan, 4.50% 7.25%, 12/15/14	474	225,393
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Chemicals 1.3%

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

Containers & Packaging 0.1%

Berry Plastics Group, Inc. Loan, 8.421%, 6/05/14 (a)	998	199,553
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Diversified Telecommunication Services 2.5%

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

Par
(000)

Value

Health Care Providers & Services 1.9%

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

Hotels, Restaurants & Leisure 0.4%

Travelport LLC (fka Travelport Inc.) Loan, 7.979%, 3/27/12	2,955	605,698
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Independent Power Producers & Energy Traders 2.4%

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

3,656,460

Machinery 1.0%

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

Media 3.5%

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

Multiline Retail 0.4%

Dollar General Corp. Tranche B-1 Term Loan, 3.198% 3.924%, 7/07/14	640	552,582
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Oil, Gas & Consumable Fuels 1.2%

Turbo Beta Ltd. Dollar Facility, 14.50%, 3/15/18	2,222	1,777,277
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Paper & Forest Products 0.5%

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

Real Estate Management & Development 0.2%

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

Total Floating Rate Loan Interests 19.5%

29,440,389

See Notes to Financial Statements.

Schedule of Investments (continued)

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

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

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

Preferred Securities

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

Preferred Stocks	Shares	
Capital Markets 0.0%		
Marsico Parent Superholdco, LLC, 16.75% (d)	72	31,320
Total Preferred Stocks 0.0%		31,320
Total Preferred Securities 0.4%		621,239

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

Other Interests (k)	Beneficial Interest (000)	
Media 0.0%		
Adelphia Escrow	USD 750	75
Adelphia Recovery Trust	941	3,762
Total Other Interests 0.0%		3,837
Total Long-Term Investments (Cost \$303,646,606) 122.7%		185,492,878

Short-Term Securities

Money Market Funds 5.5%

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BlackRock Liquidity Series, LLC Cash Sweep Series, 0.73% (1)(m)	8,371	8,370,522
<hr/>		
Total Short-Term Securities (Cost \$8,370,522) 5.5%		8,370,522
<hr/>		

Options Purchased	Contracts
<hr/>	
Over-The-Counter Call Options	
Marsico Parent Superholdco LLC, expiring December 2019 at USD 942.86, Broker, The Goldman Sachs Group, Inc.	19 30,685
<hr/>	
Total Options Purchased (Cost \$18,578) 0.0%	30,685
<hr/>	

Total Investments (Cost \$312,035,706*) 128.2%	193,894,085
Liabilities in Excess of Other Assets (28.2)%	(42,632,972)
	<hr/>
Net Assets 100.0%	\$ 151,261,113
	<hr/>

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

Aggregate cost	\$ 313,706,426
	<hr/>
Gross unrealized appreciation	\$ 857,363
Gross unrealized depreciation	(120,669,704)
	<hr/>
Net unrealized depreciation	\$ (119,812,341)
	<hr/>

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

See Notes to Financial Statements.

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ANNUAL REPORT

FEBRUARY 28, 2009

Schedule of Investments (concluded)

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

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

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

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

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

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

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

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

Issuer	Pay Fixed Rate	Counterparty	Expiration	Notional Amount (000)	Unrealized Appreciation
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Masco Corp.	5.85%	Goldman Sachs International	March 2014	USD	750	\$	6,159
Mohawk Industries, Inc.	4.70%	Goldman Sachs International	March 2014	USD	750		885
Total						\$	7,044

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

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

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

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

Currency Abbreviations:

CAD Canadian Dollar
 EUR Euro
 USD US Dollar

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

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

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

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

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

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Notes to Financial Statements.

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

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

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

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

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

See Notes to Financial Statements.

Schedule of Investments February 28, 2009

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

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

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

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

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

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

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

10,988,640

Pharmaceuticals 2.7%

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

6,892,563

Real Estate Investment Trusts (REITs) 0.4%

RAIT Financial Trust, 6.875%, 4/15/27 (a)(b)	3,500	980,000
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Real Estate Management & Development 0.8%

Realogy Corp.:		
10.50%, 4/15/14	6,500	1,365,000
12.375%, 4/15/15	5,333	639,960

2,004,960
