

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

Table of Contents

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

A Letter to Shareholders

Dear Shareholder

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

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

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

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

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

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

* Formerly a Lehman Brothers index.

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

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

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

3

Fund Summary as of February 28, 2009

BlackRock Corporate High Yield Fund, Inc.

Investment Objective

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

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

Performance

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

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

Fund Information

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

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

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

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

	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	