

BLACKROCK DEBT STRATEGIES FUND, INC.
Form N-CSR
May 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number: 811-08603

Name of Fund: BlackRock Debt Strategies Fund, Inc. (DSU)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Debt Strategies Fund, Inc., 55 East 52nd Street, New York, NY 10055

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

Date of fiscal year end: 02/28/2017

Date of reporting period: 02/28/2017

Item 1 Report to Stockholders

ANNUAL REPORT

BlackRock Debt Strategies Fund, Inc. (DSU)

Not FDIC Insured May Lose Value No Bank Guarantee

The Markets in Review

Dear Shareholder,

Risk assets, such as stocks and high yield bonds, enjoyed strong performance in the 12 months ended February 28, 2017. It was a different story for higher-quality assets such as U.S. Treasuries, which generated muted returns after struggling in the latter part of 2016 as reflationary expectations in the United States helped drive a pick-up in global growth and investors braced for higher interest rates.

Markets showed great resilience during the period. Big surprises such as the United Kingdom's vote to leave the European Union and the outcome of the U.S. presidential election brought spikes in equity market volatility, but they were ultimately short-lived. Instead, investors used the sell-offs to seize upon buying opportunities, allowing markets to quickly rebound. We believe this reinforces the case for taking the long view rather than reacting to short-term market noise.

The global reflationary theme—rising nominal growth, wages and inflation—was the dominant driver of asset returns during the period, outweighing significant political upheavals and uncertainty. This trend accelerated after the U.S. election and continued into the beginning of 2017, stoked by expectations for an extra boost to U.S. growth via fiscal policy.

Although economic momentum is gaining traction, the capacity for rapid global growth is restrained by structural factors including an aging population, low productivity growth and excess savings. A tempered economic growth trend and high valuations across most assets have set the stage for muted investment returns going forward.

Equity markets still have room to move, although the disparity between winners and losers is widening, making selectivity increasingly important. Fixed income investors are also facing challenges as bond markets recalibrate to accommodate rising rates and higher inflation expectations. And in a world where political risk and policy uncertainty abound, there is no lack of potential catalysts for higher volatility.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today's markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of February 28, 2017

| | 6-month | 12-month |
|---|---------|----------|
| U.S. large cap equities (S&P 500® Index) | 10.01% | 24.98% |
| U.S. small cap equities (Russell 2000® Index) | 12.61 | 36.11 |
| International equities (MSCI Europe, Australasia, Far East Index) | 4.90 | 15.75 |
| Emerging market equities (MSCI Emerging Markets Index) | 5.51 | 29.46 |
| | 0.22 | 0.39 |

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| | | |
|---|--------|--------|
| 3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index) | | |
| U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index) | (6.17) | (4.09) |
| U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index) | (2.19) | 1.42 |
| Tax-exempt municipal bonds (S&P Municipal Bond Index) | (2.51) | 0.76 |
| U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index) | 5.43 | 21.83 |

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

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Fund Summary as of February 28, 2017

Fund Overview

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

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

Fund Information

| | |
|--|----------------|
| Symbol on New York Stock Exchange (NYSE) | DSU |
| Initial Offering Date | March 27, 1998 |
| Current Distribution Rate on Closing Market Price as of February 28, 2017 (\$11.68) ¹ | 6.47% |
| Current Monthly Distribution per Common Share ² | \$0.063 |
| Current Annualized Distribution per Common Share ² | \$0.756 |
| Economic Leverage as of February 28, 2017 ³ | 29% |

¹ Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. Past performance does not guarantee future results.

² The monthly distribution per Common Share, declared on March 1, 2017, was increased to \$0.0685 per share. The current distribution rate on closing market price, current monthly distribution per Common Share and current annualized distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future. A portion of the distribution may be deemed a return of capital or net realized gain.

³ Represents bank borrowings outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 6.

Performance and Portfolio Management Commentary

Returns for the 12 months ended February 28, 2017 were as follows:

| | Returns Based On | |
|--|------------------|--------|
| | Market Price | NAV |
| DSU ^{1,2} | 25.53% | 19.57% |
| Lipper High Yield Funds (Leveraged) ³ | 32.93% | 27.73% |

¹ All returns reflect reinvestment of dividends and/or distributions.

² The Fund s discount to NAV narrowed during the period, which accounts for the difference between performance based on price and performance based on NAV.

³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

What factors influenced performance?

The Fund generally invests about 50% of its assets in high yield bonds and about 50% in floating rate loan interests (bank loans). On a sector basis, the largest contributors over the annual period included the independent energy, metals & mining, and wireless sectors, while the smallest contributors were in health care, retail real estate investment trusts and tobacco. From a credit rating perspective, B-rated, BB-rated and CCC-rated names were the largest contributors, as the lower credit quality portions of both the high yield and bank loan markets drove a rally across both asset classes. By contrast, the Fund's allocation to AAA-rated and AA-rated positions represented the smallest positive contributors. Lastly, non-benchmark tactical positions were substantial positive contributors to performance, in particular high yield exchange-traded funds and long equity positions.

For the period, on a sector basis the electric sector was the only detractor, driven mainly by security selection. In terms of credit ratings, CC-rated and C-rated names were slight detractors. From an asset allocation perspective, there were no absolute detractors over the annual period from core high yield bond or bank loan holdings, or non-benchmark tactical allocations.

Describe recent portfolio activity.

The Fund's positioning was more conservative in early 2016 as markets continued to be plagued by significant volatility deriving from stress within commodity-related assets, muted global growth prospects and uncertainty regarding central bank policies. However, the Fund gradually increased its risk level over the period as volatility subsided and risk markets started to stabilize. During the period, the Fund utilized leverage of between 20% and 30% as a percentage of its total managed assets.

Describe portfolio positioning at period end.

The Fund's largest issuer overweights included Altice (wireless), First Data Corp. (technology), and iHeartCommunications, Inc. (media & entertainment). From a credit rating perspective, the Fund held overweights in BB-rated, B-rated and high conviction CCC-rated names. By contrast, issues rated CC and below were slightly underweight. Issuer selection remained centered on favorable cash flows, identification of a specific catalyst for price improvement, and/or idiosyncratic characteristics. The Fund also remained focused on industries and companies with stable business profiles and consistent cash flow, while avoiding areas of the markets with longer-term concerns and/or deteriorating fundamental trends.

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.

Market Price and Net Asset Value Per Share Summary¹

| | 2/28/17 | 2/29/16 | Change | High | Low |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price | \$11.68 | \$9.96 | 17.27% | \$11.68 | \$9.93 |
| Net Asset Value | \$12.70 | \$11.38 | 11.60% | \$12.70 | \$11.38 |

¹ Market price and net asset value per share reflect a one-for-three reverse stock split effective after the close of trading on November 15, 2016 for the shareholders of record on November 15, 2016. See Note 11 of the Notes to Consolidated Financial Statements for details.

Market Price and Net Asset Value History For the Past Five Years

Overview of the Fund's Total Investments

| Portfolio Composition | 2/28/17 | 2/29/16 |
|------------------------------|----------------|----------------|
| Corporate Bonds | 49% | 45% |
| Floating Rate Loan Interests | 47 | 49 |
| Asset-Backed Securities | 2 | 3 |
| Investment Companies | 1 | 2 |
| Preferred Securities | 1 | ¹ |
| Other ² | | |
| Short-Term Securities | | 1 |

¹ Representing less than 1% of the Fund's total investments.

² Includes a less than 1% holding in each of the following investment types: Common Stocks, Non-Agency Mortgage-Backed Securities, Options Purchased, Other Interests, Rights and Warrants.

| Credit Quality Allocation^{3,4} | 2/28/17 | 2/29/16 |
|--|----------------|----------------|
| BBB/Baa | 8% | 9% |
| BB/Ba | 42 | 43 |
| B | 39 | 37 |
| CCC/Caa | 6 | 5 |
| N/R | 5 | 6 |

³ For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's or Moody's Investors Service. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

⁴ Excludes Short-Term Securities.

The Benefits and Risks of Leveraging

The Fund may utilize leverage to seek to enhance the distribution rate on, and net asset value (NAV) of, its common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by the Fund on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Fund's shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume the Fund's capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with the proceeds from leverage earn income based on longer-term interest rates. In this case, the Fund's financing cost of leverage is significantly lower than the income earned on the Fund's longer-term investments acquired from such leverage proceeds, and therefore the holders of Common Shares (Common Shareholders) are the beneficiaries of the incremental net income.

However, in order to benefit shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Fund's return on assets purchased with leverage proceeds, income to shareholders is lower than if the Fund had not used leverage. 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 value of the Fund's obligations under its leverage arrangement generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Fund's intended leveraging strategy will be successful.

The use of leverage also generally causes greater changes in the Fund's NAV, market price and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the NAV and market price of the Fund's shares than if the Fund were not leveraged. In addition, the Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Fund to incur losses. The use of leverage may limit the Fund's ability to invest in certain types of securities or use certain types of hedging strategies. The Fund incurs expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income to the shareholders. Moreover, to the extent the calculation of the Fund's investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Fund's investment adviser will be higher than if the Fund did not use leverage.

The Fund may utilize leverage through a credit facility as described in the Notes to Consolidated Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act), the Fund is permitted to issue debt up to $\frac{2}{3}$ of its total managed assets. The Fund may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, the Fund may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by its credit facility, which may be more stringent than those imposed by the 1940 Act.

Derivative Financial Instruments

The Fund may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other asset without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the

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transaction or illiquidity of the instrument. The Fund's successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation the Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Fund's investments in these instruments, if any, are discussed in detail in the Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments February 28, 2017

(Percentages shown are based on Net Assets)

| Common Stocks | Shares | Value |
|--|---------------|------------|
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. (a) | 557,488 | \$ 111,498 |
| GEO Specialty Chemicals, Inc. (a)(b) | 481,806 | 96,361 |
| LyondellBasell Industries NV, Class A | 26 | 2,372 |
| | | 210,231 |
| Diversified Financial Services 0.3% | | |
| Kcad Holdings I Ltd. (a) | 1,075,282,733 | 2,311,858 |
| Diversified Telecommunication Services 0.0% | | |
| Broadview Networks Holdings, Inc. (a) | 5,037 | 6,296 |
| Electric Utilities 0.1% | | |
| Vistra Energy Corp. | 39,599 | 639,920 |
| Health Care Management Services 0.0% | | |
| New Millennium HoldCo, Inc. (a) | 10,718 | 11,393 |
| Media 0.0% | | |
| Adelphia Communications Corp., Class A (a) | 400,000 | |
| Adelphia Recovery Trust (a) | 396,568 | 79 |
| | | 79 |
| Semiconductors & Semiconductor Equipment 0.0% | | |
| SunPower Corp. (a) | 1,707 | 14,954 |
| Specialty Retail 0.0% | | |
| Things Remembered, Inc. (a) | 1,199,043 | 12 |
| Total Common Stocks 0.4% | | 3,194,743 |

| Asset-Backed Securities | Par (000) | Value |
|--|--------------|-----------|
| Asset-Backed Securities 3.3% | | |
| ACAS CLO Ltd., Series 2015-1A, Class D, 4.67%, 4/18/27 (b)(c) | USD 280 | 272,412 |
| ALM XIV Ltd., Series 2014-14A, Class C, 4.49%, 7/28/26 (b)(c) | 463 | 460,553 |
| Apidos CDO, Series 2015-21A, Class C, 4.57%, 7/18/27 (b)(c) | 250 | 250,060 |
| Ares CLO Ltd., Class D (b)(c): Series 2015-38A, 5.17%, 1/20/27 | 1,000 | 1,003,767 |
| Series 2016-41A, 5.09%, 1/15/29 | 450 | 451,830 |
| Arrowpoint CLO Ltd., Series 2013-1A, Class CR, 5.51%, 11/15/28 (b)(c) | 800 | 800,000 |
| Atlas Senior Loan Fund VI Ltd., Series 2014-6A, Class DR, 4.63%, 10/15/26 (b)(c) | 1,000 | 1,000,544 |
| Atrium CDO Corp., Series 9A, Class D, 4.55%, 2/28/24 (b)(c) | 1,300 | 1,303,245 |
| BlueMountain CLO Ltd., Series 2015-2A, Class E, 6.37%, 7/18/27 (b)(c) | 250 | 239,743 |
| Burnham Park CLO Ltd., Series 2016-1A, Class D, 4.71%, 10/20/29 (b)(c) | 1,000 | 1,003,910 |
| Carlyle Global Market Strategies CLO Ltd. (b)(c): Series 2012-4A, Class DR, 5.13%, 1/20/29 | 1,000 | 1,000,000 |
| Series 2013-1A, Class C, 5.04%, 2/14/25 | 250 | 250,696 |
| Series 2014-1A, Class CR, 3.77%, 4/17/25 | 1,500 | 1,509,888 |

| Asset-Backed Securities | Par (000) | Value |
|--|--------------|------------|
| Asset-Backed Securities (continued) | | |
| Carlyle Global Market Strategies CLO Ltd. (b)(c): (continued) | | |
| Series 2015-2A, Class C, 4.79%, 4/27/27 | USD 250 | \$ 250,611 |
| Series 2015-2A, Class D, 6.34%, 4/27/27 | 1,000 | 976,382 |
| CFIP CLO Ltd., Series 2013-1A, Class D, 4.78%, 4/20/24 (b)(c) | 1,500 | 1,504,322 |
| CIFC Funding 2012-III Ltd., Series 2012-3A, Class B1R, 5.04%, 1/29/25 (b)(c) | 1,000 | 1,002,669 |
| Flatiron CLO Ltd., Series 2014-1A, Class D, 4.62%, 1/15/23 (b)(c) | 1,000 | 1,002,321 |

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Highbridge Loan Management Ltd.,

Series 6A-2015 (b)(c):

| | | |
|--|-------|-------------------|
| Class D, 4.68%, 5/05/27 | 300 | 296,078 |
| Class E1, 6.48%, 5/05/27 | 1,250 | 1,209,031 |
| Madison Park Funding IX Ltd., Series 2012-9AR, Class DR, 4.89%, 8/15/22 (b)(c) | 655 | 655,604 |
| Madison Park Funding X Ltd., Series 2012-10A, Class DR, 5.23%, 1/20/29 (b)(c) | 1,500 | 1,505,835 |
| Neuberger Berman CLO XVIII Ltd., Series 2014-18A, Class CR, 5.29%, 11/14/27 (b)(c) | 1,000 | 1,007,836 |
| OCP CLO Ltd., Series 2012-2A, Class DR, 5.52%, 11/22/25 (b)(c) | 1,000 | 1,001,701 |
| OZLM IX Ltd., Series 2014-9A (b)(c): | | |
| Class C, 4.63%, 1/20/27 | 750 | 750,128 |
| Class CR, 4.58%, 1/20/27 (d) | 750 | 750,000 |
| OZLM XII Ltd., Series 2015-12A, Class C, 4.74%, 4/30/27 (b)(c) | 340 | 340,141 |
| Sound Point CLO IV Ltd., Series 2013-3A, Class D, 4.54%, 1/21/26 (b)(c) | 500 | 500,438 |
| Stewart Park CLO Ltd., Series 2015-1A, Class E, 6.47%, 4/15/26 (b)(c) | 500 | 484,015 |
| TICP CLO I Ltd., Series 2015-1A, Class D, 4.58%, 7/20/27 (b)(c) | 250 | 240,833 |
| Venture XI CLO Ltd., Series 2012-11AR, Class DR, 4.26%, 11/14/22 (b)(c) | 250 | 250,315 |
| Venture XXI CLO Ltd., Series 2015-21A, Class D, 4.62%, 7/15/27 (b)(c) | 500 | 483,431 |
| Voya CLO Ltd., Series 2012-2AR, Class ER, 7.02%, 10/15/22 (b)(c) | 1,250 | 1,250,472 |
| Webster Park CLO Ltd., Series 2015-1A (b)(c): | | |
| Class B1, 4.13%, 1/20/27 | 500 | 503,285 |
| Class C, 5.08%, 1/20/27 | 500 | 501,858 |
| Total Asset-Backed Securities 3.3% | | 26,013,954 |

Corporate Bonds

Advertising Agencies 0.0%

Kinross Gold Corp., 6.88%, 9/01/41 180 182,250

Aerospace & Defense 1.6%

Accudyne Industries Borrower/Accudyne Industries LLC, 7.75%, 12/15/20 (b) 167 146,543

Bombardier, Inc. (b):

8.75%, 12/01/21 187 207,103

6.00%, 10/15/22 1,134 1,135,417

6.13%, 1/15/23 648 648,000

7.50%, 3/15/25 1,554 1,616,160

Portfolio Abbreviations

CDO Collateralized Debt Obligation

CLO Collateralized Loan Obligation

DIP Debtor-In-Possession

EBITDA Earnings Before Interest, Taxes, Depreciation and Amortization

EUR Euro

GBP British Pound

LOC Letter of Credit

PIK Payment-In-Kind

USD U.S. Dollar

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Corporate Bonds | | | |
| Aerospace & Defense (continued) | | | |
| Huntington Ingalls Industries, Inc., 5.00%, 12/15/21 (b) | USD | 307 | \$ 320,815 |
| KLX, Inc., 5.88%, 12/01/22 (b) | | 1,462 | 1,539,047 |
| Koppers, Inc., 6.00%, 2/15/25 (b) | | 606 | 630,240 |
| Meccanica Holdings USA, Inc., 6.25%, 7/15/19 (b) | | 100 | 107,600 |
| TransDigm, Inc.: | | | |
| 6.00%, 7/15/22 | | 2,915 | 2,993,647 |
| 6.50%, 7/15/24 | | 2,189 | 2,249,197 |
| 6.50%, 5/15/25 | | 555 | 568,181 |
| Series WI, 6.38%, 6/15/26 | | 223 | 225,230 |
| | | | 12,387,180 |
| Air Freight & Logistics 0.4% | | | |
| XPO Logistics, Inc.: | | | |
| 5.75%, 6/15/21 | EUR | 100 | 111,872 |
| 6.50%, 6/15/22 (b) | USD | 1,520 | 1,596,000 |
| 6.13%, 9/01/23 (b) | | 1,004 | 1,054,200 |
| | | | 2,762,072 |
| Airlines 0.8% | | | |
| Air Canada Pass-Through Trust, Series 2013-1, Class C, 6.63%, 5/15/18 (b) | | 712 | 744,040 |
| American Airlines Group, Inc., 4.63%, 3/01/20 (b) | | 542 | 550,807 |
| Continental Airlines Pass-Through Trust, Series 2012-3, Class C, 6.13%, 4/29/18 | | 2,390 | 2,491,575 |
| US Airways Pass-Through Trust, Series 2013-1, Class B, 5.38%, 5/15/23 | | 2,034 | 2,099,659 |
| Virgin Australia Trust, Series 2013-1, Class C, 7.13%, 10/23/18 (b) | | 539 | 550,290 |
| | | | 6,436,371 |
| Auto Components 0.9% | | | |
| Allison Transmission, Inc., 5.00%, 10/01/24 (b) | | 685 | 696,987 |
| CNH Industrial Finance Europe SA, 2.88%, 5/17/23 | EUR | 175 | 192,735 |
| Fiat Chrysler Finance Europe, 4.75%, 3/22/21 | | 100 | 117,064 |
| Goodyear Tire & Rubber Co., 5.00%, 5/31/26 | USD | 133 | 135,660 |
| Icahn Enterprises LP/Icahn Enterprises Finance Corp.: | | | |
| 4.88%, 3/15/19 | | 4,609 | 4,683,896 |
| 6.25%, 2/01/22 (b) | | 319 | 329,367 |
| 6.75%, 2/01/24 (b) | | 303 | 314,363 |
| IHO Verwaltungs GmbH (e): | | | |
| (2.75% Cash or 3.50% PIK), 2.75%, 9/15/21 | EUR | 100 | 109,423 |
| (3.25% Cash or 4.00% PIK), 3.25%, 9/15/23 | | 100 | 109,913 |
| (3.75% Cash or 4.50% PIK), 3.75%, 9/15/26 | | 100 | 107,926 |
| Jaguar Land Rover Automotive PLC, 5.63%, 2/01/23 (b) | USD | 425 | 445,189 |
| Venture Holdings Co. LLC (a)(f): | | | |
| 12.00%, 6/01/2009 | | 5,150 | |
| Series B, 9.50%, 7/01/2005 | | 5,125 | |
| | | | 7,242,523 |
| Banks 1.0% | | | |
| Allied Irish Banks PLC, 4.13%, 11/26/25 (c) | EUR | 100 | 110,229 |
| Banca Popolare di Vicenza, 0.50%, 2/03/20 | | 100 | 104,979 |
| Banco Espirito Santo SA (a)(f): | | | |
| 2.63%, 5/08/17 | | 100 | 31,517 |
| 4.75%, 1/15/18 | | 200 | 63,034 |
| 4.00%, 1/21/19 | | 100 | 31,517 |
| Banco Popolare, 2.75%, 7/27/20 | | 100 | 108,111 |
| Bank of Ireland, 4.25%, 6/11/24 (c) | | 100 | 110,442 |
| Bankia SA, 4.00%, 5/22/24 (c) | | 300 | 324,549 |
| CaixaBank SA, 3.50%, 2/15/27 (c) | | 100 | 109,014 |
| CIT Group, Inc.: | | | |

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| | | | |
|---|-----|--------------|--------------|
| 5.25%, 3/15/18 | USD | 1,434 | 1,481,867 |
| 6.63%, 4/01/18 (b) | | 295 | 309,013 |
| 5.00%, 5/15/18 (b) | | 950 | 961,400 |
| | | Par | |
| | | (000) | Value |
| Corporate Bonds | | | |
| Banks (continued) | | | |
| CIT Group, Inc.: (continued) | | | |
| 5.50%, 2/15/19 (b) | USD | 3,099 | \$ 3,265,571 |
| 5.00%, 8/01/23 | | 470 | 497,025 |
| Commerzbank AG, 7.75%, 3/16/21 | EUR | 100 | 127,792 |
| | | | 7,636,060 |
| Building Materials 0.0% | | | |
| Dry Mix Solutions Investissements SAS, | | | |
| 3.93%, 6/15/21 (c) | | 100 | 105,940 |
| Titan Global Finance PLC, 3.50%, 6/17/21 | | 100 | 110,005 |
| | | | 215,945 |
| Building Products 0.8% | | | |
| American Builders & Contractors Supply Co., Inc. (b): | | | |
| 5.63%, 4/15/21 | USD | 210 | 215,513 |
| 5.75%, 12/15/23 | | 415 | 435,750 |
| Building Materials Corp. of America (b): | | | |
| 5.38%, 11/15/24 | | 190 | 195,301 |
| 6.00%, 10/15/25 | | 664 | 705,500 |
| CPG Merger Sub LLC, 8.00%, 10/01/21 (b) | | 740 | 775,150 |
| Masonite International Corp., 5.63%, 3/15/23 (b) | | 579 | 597,817 |
| Ply Gem Industries, Inc., 6.50%, 2/01/22 | | 1,275 | 1,326,255 |
| Standard Industries, Inc. (b): | | | |
| 5.13%, 2/15/21 | | 84 | 87,570 |
| 5.50%, 2/15/23 | | 453 | 471,120 |
| USG Corp., 8.25%, 1/15/18 | | 980 | 1,029,000 |
| | | | 5,838,976 |
| Capital Markets 0.2% | | | |
| Blackstone CQP Holdco LP, 9.30%, 3/19/19 | | | |
| | | 1,521 | 1,538,391 |
| E*Trade Financial Corp., Series A, 0.00%, 8/31/19 (g)(h) | | 100 | 334,122 |
| | | | 1,872,513 |
| Chemicals 3.0% | | | |
| Alpha 3 BV/Alpha US Bidco, Inc., 6.25%, 2/01/25 (b) | | | |
| | | 1,100 | 1,100,000 |
| Axalta Coating Systems Dutch Holding B BV, 3.75%, 1/15/25 | EUR | 100 | 110,456 |
| Axalta Coating Systems LLC, 4.88%, 8/15/24 (b) | USD | 325 | 331,500 |
| Blue Cube Spinco, Inc.: | | | |
| 9.75%, 10/15/23 | | 215 | 256,388 |
| 10.00%, 10/15/25 | | 100 | 121,500 |
| CF Industries, Inc.: | | | |
| 5.15%, 3/15/34 | | 185 | 175,866 |
| 4.95%, 6/01/43 | | 755 | 649,300 |
| Chemours Co.: | | | |
| 6.63%, 5/15/23 | | 270 | 286,538 |
| 7.00%, 5/15/25 | | 321 | 348,686 |
| GEO Specialty Chemicals, Inc., 7.50%, 10/30/18 | | 6,638 | 9,304,604 |
| Hexion, Inc., 10.38%, 2/01/22 (b) | | 336 | 346,080 |
| Huntsman International LLC: | | | |
| 5.13%, 4/15/21 | EUR | 100 | 118,148 |
| 5.13%, 11/15/22 | USD | 1,101 | 1,156,050 |
| Ineos Finance PLC, 4.00%, 5/01/23 | EUR | 100 | 110,310 |
| Inovyn Finance PLC, 6.25%, 5/15/21 | | 100 | 112,633 |
| Momentive Performance Materials, Inc., 3.88%, 10/24/21 | USD | 2,675 | 2,621,500 |
| Platform Specialty Products Corp. (b): | | | |
| 10.38%, 5/01/21 | | 506 | 568,618 |
| 6.50%, 2/01/22 | | 3,375 | 3,526,875 |
| PQ Corp., 6.75%, 11/15/22 (b) | | 967 | 1,046,777 |
| PSPC Escrow Corp., 6.00%, 2/01/23 | EUR | 100 | 111,263 |
| Tronox Finance LLC: | | | |
| 6.38%, 8/15/20 | USD | 564 | 573,870 |
| 7.50%, 3/15/22 (b) | | 172 | 179,740 |

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WR Grace & Co-Conn, 5.13%, 10/01/21 (b)

488

513,620

23,670,322

See Notes to Consolidated Financial Statements.

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BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Corporate Bonds | | | |
| Commercial Services & Supplies 0.8% | | | |
| ADT Corp.: | | | |
| 3.50%, 7/15/22 | USD | 765 | \$ 725,794 |
| 4.13%, 6/15/23 | | 435 | 418,688 |
| 4.88%, 7/15/32 (b) | | 353 | 284,165 |
| Advanced Disposal Services, Inc.: | | | |
| 5.63%, 11/15/24 (b) | | 608 | 621,680 |
| Brand Energy & Infrastructure Services, Inc., 8.50%, 12/01/21 (b) | | 200 | 209,500 |
| CEB, Inc., 5.63%, 6/15/23 (b) | | 760 | 817,000 |
| Harland Clarke Holdings Corp., 8.38%, 8/15/22 (b) | | 740 | 764,512 |
| Mobile Mini, Inc., 5.88%, 7/01/24 | | 104 | 108,680 |
| Park Aerospace Holdings Ltd., 5.25%, 8/15/22 (b) | | 645 | 672,412 |
| Ritchie Bros Auctioneers, Inc., 5.38%, 1/15/25 (b) | | 302 | 310,683 |
| Silk Bidco AS, 7.50%, 2/01/22 | EUR | 150 | 170,828 |
| United Rentals North America, Inc.: | | | |
| 7.63%, 4/15/22 | USD | 858 | 895,812 |
| 5.75%, 11/15/24 | | 165 | 175,230 |
| Verisure Holding AB, 6.00%, 11/01/22 | EUR | 125 | 144,277 |
| | | | 6,319,261 |
| Communications Equipment 1.1% | | | |
| Alcatel-Lucent USA, Inc., 6.45%, 3/15/29 | USD | 1,767 | 1,952,535 |
| CommScope Technologies Finance LLC, 6.00%, 6/15/25 (b) | | 505 | 540,350 |
| CommScope, Inc. (b): | | | |
| 5.00%, 6/15/21 | | 574 | 591,220 |
| 5.50%, 6/15/24 | | 272 | 284,920 |
| Zayo Group LLC/Zayo Capital, Inc.: | | | |
| 6.00%, 4/01/23 | | 3,045 | 3,220,087 |
| 6.38%, 5/15/25 | | 1,223 | 1,317,783 |
| 5.75%, 1/15/27 (b) | | 570 | 602,661 |
| | | | 8,509,556 |
| Construction & Engineering 0.3% | | | |
| BlueLine Rental Finance Corp., 7.00%, 2/01/19 (b) | | 1,076 | 1,097,520 |
| Engility Corp., 8.88%, 9/01/24 (b) | | 468 | 503,100 |
| Swissport Investments SA, 6.75%, 12/15/21 | EUR | 100 | 116,163 |
| Weekley Homes LLC/Weekley Finance Corp., 6.00%, 2/01/23 | USD | 350 | 337,750 |
| | | | 2,054,533 |
| Construction Materials 0.7% | | | |
| Allegion US Holding Co., Inc., 5.75%, 10/01/21 | | 117 | 122,265 |
| HD Supply, Inc. (b): | | | |
| 5.25%, 12/15/21 | | 2,410 | 2,542,550 |
| 5.75%, 4/15/24 | | 1,625 | 1,718,438 |
| LKQ Italia Bondco SpA, 3.88%, 4/01/24 | EUR | 100 | 113,225 |
| PulteGroup, Inc., 5.50%, 3/01/26 | USD | 446 | 462,725 |
| Rexel SA, 3.50%, 6/15/23 | EUR | 130 | 144,046 |
| | | | 5,103,249 |
| Consumer Discretionary 0.1% | | | |
| Nielsen Co. Luxembourg SARL, 5.00%, 2/01/25 (b) | USD | 471 | 474,533 |
| Consumer Finance 1.2% | | | |
| Ally Financial, Inc.: | | | |
| 6.25%, 12/01/17 | | 30 | 31,027 |
| 5.13%, 9/30/24 | | 1,207 | 1,277,911 |
| 4.63%, 3/30/25 | | 216 | 220,860 |
| 8.00%, 11/01/31 | | 4,856 | 5,972,880 |
| Navient Corp.: | | | |
| 6.63%, 7/26/21 | | 297 | 309,623 |
| 5.50%, 1/25/23 | | 345 | 330,337 |

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| | | | |
|---|-----|--------------|--------------|
| 7.25%, 9/25/23 | | 10 | 10,250 |
| 6.13%, 3/25/24 | | 237 | 226,928 |
| 5.88%, 10/25/24 | | 258 | 241,875 |
| 5.63%, 8/01/33 | | 260 | 210,600 |
| | | Par | |
| | | (000) | Value |
| Corporate Bonds | | | |
| Consumer Finance (continued) | | | |
| OneMain Financial Holdings LLC, 6.75%, 12/15/19 (b) | USD | 439 | \$ 459,580 |
| | | | 9,291,871 |
| Containers & Packaging 2.8% | | | |
| Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc.: | | | |
| 6.25%, 1/31/19 (b) | | 603 | 612,533 |
| 3.96%, 12/15/19 (b)(c) | | 387 | 394,492 |
| 6.75%, 1/31/21 (b) | | 415 | 430,272 |
| 6.00%, 6/30/21 (b) | | 1,490 | 1,545,875 |
| 4.25%, 1/15/22 | EUR | 170 | 185,915 |
| 4.25%, 9/15/22 (b)(d) | USD | 635 | 644,525 |
| 4.63%, 5/15/23 (b) | | 559 | 568,783 |
| 2.75%, 3/15/24 (d) | EUR | 125 | 132,577 |
| 6.75%, 5/15/24 | | 125 | 146,495 |
| 7.25%, 5/15/24 (b) | | 2,685 | 2,926,650 |
| 6.00%, 2/15/25 (b)(d) | USD | 1,646 | 1,691,265 |
| Ball Corp., 5.00%, 3/15/22 | | 823 | 871,351 |
| Crown European Holdings SA, 4.00%, 7/15/22 | EUR | 220 | 258,705 |
| Flex Acquisition Co., Inc., 6.88%, 1/15/25 (b) | USD | 394 | 402,865 |
| Graphic Packaging International, Inc., 4.13%, 8/15/24 | | 1,130 | 1,121,525 |
| JH-Holding Finance SA, (8.25% PIK), 8.25%, 12/01/22 (e) | EUR | 100 | 114,773 |
| Reynolds Group Issuer, Inc.: | | | |
| 5.75%, 10/15/20 | USD | 3,099 | 3,191,970 |
| 6.88%, 2/15/21 | | 172 | 177,145 |
| 4.52%, 7/15/21 (b)(c) | | 1,671 | 1,714,864 |
| 5.13%, 7/15/23 (b) | | 372 | 385,485 |
| 7.00%, 7/15/24 (b) | | 1,754 | 1,886,646 |
| Sappi Papier Holding GmbH, 4.00%, 4/01/23 | EUR | 100 | 112,296 |
| Sealed Air Corp.: | | | |
| 4.88%, 12/01/22 (b) | USD | 120 | 124,050 |
| 4.50%, 9/15/23 | EUR | 100 | 118,595 |
| 6.88%, 7/15/33 (b) | USD | 28 | 30,380 |
| Signode Industrial Group Lux SA/Signode Industrial Group US, Inc., 6.38%, 5/01/22 (b) | | 1,771 | 1,819,703 |
| Smurfit Kappa Acquisitions, 4.88%, 9/15/18 (b) | | 200 | 206,320 |
| Verallia Packaging SASU, 5.13%, 8/01/22 | EUR | 100 | 112,402 |
| | | | 21,928,457 |
| Diversified Consumer Services 0.9% | | | |
| APX Group, Inc.: | | | |
| 6.38%, 12/01/19 | USD | 165 | 169,744 |
| 8.75%, 12/01/20 | | 390 | 403,650 |
| 7.88%, 12/01/22 | | 695 | 752,337 |
| 7.88%, 12/01/22 (b) | | 545 | 589,962 |
| Laureate Education, Inc., 9.25%, 9/01/19 (b) | | 427 | 446,749 |
| Prime Security Services Borrower LLC/Prime Finance, Inc., 9.25%, 5/15/23 (b) | | 4,035 | 4,413,281 |
| Service Corp. International, 4.50%, 11/15/20 | | 307 | 313,140 |
| Sotheby's, 5.25%, 10/01/22 (b) | | 73 | 74,460 |
| Tereos Finance Groupe I SA, 4.13%, 6/16/23 | EUR | 100 | 109,039 |
| | | | 7,272,362 |
| Diversified Financial Services 0.4% | | | |
| Aircastle Ltd.: | | | |
| 5.13%, 3/15/21 | USD | 33 | 35,228 |
| 5.50%, 2/15/22 | | 427 | 460,626 |
| Deutsche Bank AG, 4.25%, 10/14/21 (b) | | 150 | 151,696 |
| FBM Finance, Inc., 8.25%, 8/15/21 (b) | | 350 | 374,570 |
| Garfunkelux Holdco 3 SA, 8.50%, 11/01/22 | GBP | 100 | 129,669 |
| Jefferies Finance LLC/JFIN Co-Issuer Corp. (b): 7.38%, 4/01/20 | USD | 625 | 635,937 |

6.88%, 4/15/22

516

501,810

See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Corporate Bonds | | | |
| Diversified Financial Services (continued) | | | |
| ProGroup AG, 5.13%, 5/01/22 | EUR | 130 | \$ 146,360 |
| UniCredit SpA: | | | |
| 6.95%, 10/31/22 | | 100 | 123,066 |
| 5.75%, 10/28/25 (c) | | 100 | 113,301 |
| 4.38%, 1/03/27 (c) | | 100 | 108,734 |
| | | | 2,780,997 |
| Diversified Telecommunication Services 2.2% | | | |
| CenturyLink, Inc.: | | | |
| 6.45%, 6/15/21 | USD | 1,753 | 1,868,049 |
| Series Y, 7.50%, 4/01/24 | | 165 | 177,375 |
| Cincinnati Bell, Inc., 7.00%, 7/15/24 (b) | | 1,915 | 2,025,112 |
| Frontier Communications Corp.: | | | |
| 7.13%, 3/15/19 | | 50 | 53,125 |
| 8.50%, 4/15/20 | | 260 | 275,600 |
| 6.25%, 9/15/21 | | 345 | 329,475 |
| 7.13%, 1/15/23 | | 235 | 212,675 |
| 7.63%, 4/15/24 | | 1,641 | 1,472,798 |
| 6.88%, 1/15/25 | | 1,750 | 1,474,375 |
| 11.00%, 9/15/25 | | 265 | 266,325 |
| Level 3 Financing, Inc.: | | | |
| 4.76%, 1/15/18 (c) | | 646 | 647,615 |
| 5.38%, 8/15/22 | | 925 | 958,994 |
| 5.13%, 5/01/23 | | 1,120 | 1,142,400 |
| 5.38%, 1/15/24 | | 712 | 730,690 |
| 5.38%, 5/01/25 | | 869 | 897,243 |
| 5.25%, 3/15/26 (b) | | 411 | 414,596 |
| OTE PLC, 3.50%, 7/09/20 | EUR | 100 | 106,470 |
| SoftBank Group Corp., 4.75%, 7/30/25 | | 129 | 153,431 |
| Telecom Italia Capital SA: | | | |
| 6.38%, 11/15/33 | USD | 301 | 304,010 |
| 6.00%, 9/30/34 | | 429 | 423,638 |
| 7.20%, 7/18/36 | | 280 | 296,520 |
| Telecom Italia Finance SA, 7.75%, 1/24/33 | EUR | 100 | 138,360 |
| Telecom Italia SpA: | | | |
| 6.38%, 6/24/19 | GBP | 200 | 271,401 |
| 3.25%, 1/16/23 | EUR | 150 | 167,983 |
| 5.88%, 5/19/23 | GBP | 100 | 139,372 |
| 5.30%, 5/30/24 (b) | USD | 905 | 920,838 |
| Telenet Finance V Luxembourg SCA, 6.75%, 8/15/24 | EUR | 322 | 378,292 |
| Windstream Corp., 7.75%, 10/01/21 | USD | 451 | 464,530 |
| Windstream Services LLC, 7.50%, 6/01/22 | | 339 | 335,610 |
| | | | 17,046,902 |
| Electric Utilities 0.0% | | | |
| AES Corp., 4.88%, 5/15/23 | | 256 | 254,208 |
| Electrical Equipment 0.0% | | | |
| Areva SA, 4.88%, 9/23/24 | EUR | 100 | 107,116 |
| Belden, Inc., 5.50%, 4/15/23 | | 109 | 122,692 |
| | | | 229,808 |
| Electronic Equipment, Instruments & Components 0.5% | | | |
| CDW LLC/CDW Finance Corp.: | | | |
| 6.00%, 8/15/22 | USD | 500 | 529,375 |
| 5.00%, 9/01/23 | | 1,036 | 1,067,080 |
| 5.50%, 12/01/24 | | 2,050 | 2,152,500 |
| SESI LLC, 7.13%, 12/15/21 | | 180 | 184,950 |
| | | | 3,933,905 |

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Energy Equipment & Services 1.1%

| | | | |
|---|--|-----|---------|
| EnSCO PLC: | | | |
| 4.50%, 10/01/24 | | 260 | 223,600 |
| 5.20%, 3/15/25 | | 55 | 48,675 |
| Gates Global LLC/Gates Global Co., | | | |
| 6.00%, 7/15/22 (b) | | 568 | 572,260 |

Corporate Bonds

| | | Par (000) | Value |
|--|-----|----------------------|--------------|
| Energy Equipment & Services (continued) | | | |
| Genesis Energy LP/Genesis Energy Finance Corp.: | | | |
| 5.75%, 2/15/21 | USD | 103 | \$ 104,545 |
| 6.75%, 8/01/22 | | 557 | 580,672 |
| GrafTech International Ltd., 6.38%, 11/15/20 | | 150 | 127,500 |
| Noble Holding International Ltd., 4.63%, 3/01/21 | | 22 | 20,845 |
| Pioneer Energy Services Corp., 6.13%, 3/15/22 | | 740 | 690,975 |
| Precision Drilling Corp., 6.50%, 12/15/21 | | 5 | 5,138 |
| Transocean, Inc.: | | | |
| 4.25%, 10/15/17 | | 354 | 356,089 |
| 6.00%, 3/15/18 | | 1,399 | 1,433,975 |
| 7.38%, 4/15/18 | | 90 | 92,475 |
| 5.55%, 10/15/22 | | 322 | 301,070 |
| 9.00%, 7/15/23 (b) | | 1,702 | 1,833,905 |
| 6.80%, 3/15/38 | | 375 | 307,500 |
| Trinidad Drilling Ltd., 6.63%, 2/15/25 (b) | | 724 | 745,720 |
| Weatherford International Ltd.: | | | |
| 7.75%, 6/15/21 | | 215 | 231,931 |
| 8.25%, 6/15/23 | | 335 | 363,475 |
| 9.88%, 2/15/24 (b) | | 356 | 411,180 |

8,451,530

Environmental, Maintenance, & Security Service 0.2%

| | | | |
|--|-----|-------|-----------|
| Befesa Zinc SAU Via Zinc Capital SA, 8.88%, 5/15/18 | | | |
| | EUR | 100 | 108,212 |
| Tervita Escrow Corp., 7.63%, 12/01/21 (b) | | | |
| | USD | 1,094 | 1,143,230 |

1,251,442

Food & Staples Retailing 0.9%

| | | | |
|---|-----|-------|-----------|
| Albertsons Cos. LLC/Safeway, Inc./New Albertson s, Inc./Albertson s LLC (b): | | | |
| 6.63%, 6/15/24 | | 308 | 326,480 |
| 5.75%, 3/15/25 | | 363 | 363,681 |
| B&M European Value Retail SA, 4.13%, 2/01/22 | | | |
| | GBP | 100 | 129,224 |
| Casino Guichard Perrachon SA: | | | |
| 4.56%, 1/25/23 | EUR | 100 | 118,464 |
| 3.25%, 3/07/24 | | 200 | 232,452 |
| Dollar Tree, Inc.: | | | |
| 5.25%, 3/01/20 | USD | 69 | 70,967 |
| 5.75%, 3/01/23 | | 2,882 | 3,058,522 |
| Pinnacle Foods Finance LLC/Pinnacle Foods Finance Corp., 5.88%, 1/15/24 | | | |
| | | 127 | 134,302 |
| Rite Aid Corp.: | | | |
| 9.25%, 3/15/20 | | 435 | 449,137 |
| 6.75%, 6/15/21 | | 32 | 33,360 |
| 6.13%, 4/01/23 (b) | | 1,440 | 1,525,896 |
| 7.70%, 2/15/27 | | 56 | 66,920 |
| Tesco PLC, 5.00%, 3/24/23 | | | |
| | GBP | 100 | 137,582 |

6,646,987

Food Products 0.8%

| | | | |
|--|-----|-------|-----------|
| Acosta, Inc., 7.75%, 10/01/22 (b) | | | |
| | USD | 420 | 369,600 |
| Aramark Services, Inc.: | | | |
| 5.75%, 3/15/20 | | 165 | 167,636 |
| 5.13%, 1/15/24 | | 78 | 81,713 |
| FAGE International SA/FAGE USA Dairy Industry, Inc., 5.63%, 8/15/26 (b) | | | |
| | | 770 | 787,325 |
| JBS USA LLC/JBS USA Finance, Inc. (b): | | | |
| 7.25%, 6/01/21 | | 355 | 365,650 |
| 5.75%, 6/15/25 | | 704 | 726,880 |
| Post Holdings, Inc. (b): | | | |
| 7.75%, 3/15/24 | | 718 | 796,980 |
| 8.00%, 7/15/25 | | 307 | 346,142 |
| 5.00%, 8/15/26 | | 2,342 | 2,264,410 |

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| | | |
|---|-----|-----------|
| TreeHouse Foods, Inc., 6.00%, 2/15/24 (b) | 274 | 288,385 |
| WhiteWave Foods Co., 5.38%, 10/01/22 | 239 | 260,510 |
| | | 6,455,231 |

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Corporate Bonds | | | |
| Health Care Equipment & Supplies 0.7% | | | |
| Crimson Merger Sub, Inc., 6.63%, 5/15/22 (b) | USD | 595 | \$ 531,038 |
| DJO Finco, Inc./DJO Finance LLC/DJO Finance Corp., 8.13%, 6/15/21 (b) | | 1,872 | 1,656,720 |
| Fresenius Medical Care US Finance, Inc., 5.75%, 2/15/21 (b) | | 820 | 892,775 |
| IASIS Healthcare LLC/IASIS Capital Corp., 8.38%, 5/15/19 | | 600 | 586,500 |
| IDH Finance PLC, 6.25%, 8/15/22 | GBP | 100 | 118,811 |
| Mallinckrodt International Finance SA/Mallinckrodt CB LLC (b): | | | |
| 4.88%, 4/15/20 | USD | 350 | 350,875 |
| 5.75%, 8/01/22 | | 990 | 970,200 |
| 5.63%, 10/15/23 | | 509 | 488,640 |
| | | | 5,595,559 |
| Health Care Providers & Services 4.8% | | | |
| Acadia Healthcare Co., Inc.: | | | |
| 5.13%, 7/01/22 | | 872 | 878,540 |
| 5.63%, 2/15/23 | | 440 | 452,100 |
| 6.50%, 3/01/24 | | 122 | 129,625 |
| Alere, Inc., 6.38%, 7/01/23 (b) | | 406 | 412,090 |
| Amsurg Corp., 5.63%, 7/15/22 | | 2,812 | 2,927,995 |
| Centene Corp.: | | | |
| 5.63%, 2/15/21 | | 716 | 753,590 |
| 4.75%, 5/15/22 | | 67 | 69,429 |
| 6.13%, 2/15/24 | | 311 | 337,435 |
| 4.75%, 1/15/25 | | 610 | 627,537 |
| CHS/Community Health Systems, Inc.: | | | |
| 5.13%, 8/15/18 | | 156 | 156,975 |
| 8.00%, 11/15/19 | | 400 | 391,000 |
| 5.13%, 8/01/21 | | 790 | 776,175 |
| 6.88%, 2/01/22 | | 499 | 437,873 |
| DaVita HealthCare Partners, Inc., 5.13%, 7/15/24 | | 810 | 826,706 |
| HCA Holdings, Inc., 6.25%, 2/15/21 | | 510 | 555,263 |
| HCA, Inc.: | | | |
| 3.75%, 3/15/19 | | 1,048 | 1,074,200 |
| 6.50%, 2/15/20 | | 1,744 | 1,914,546 |
| 7.50%, 2/15/22 | | 430 | 496,113 |
| 5.88%, 3/15/22 | | 1,148 | 1,267,105 |
| 4.75%, 5/01/23 | | 658 | 690,077 |
| 5.00%, 3/15/24 | | 1,015 | 1,069,556 |
| 5.38%, 2/01/25 | | 1,528 | 1,598,670 |
| 5.25%, 4/15/25 | | 66 | 70,373 |
| 5.88%, 2/15/26 | | 1,572 | 1,685,970 |
| 5.25%, 6/15/26 | | 580 | 612,625 |
| 4.50%, 2/15/27 | | 1,227 | 1,223,932 |
| HealthSouth Corp., 5.75%, 11/01/24 | | 1,134 | 1,156,680 |
| Hologic, Inc., 5.25%, 7/15/22 (b) | | 475 | 495,188 |
| MEDNAX, Inc., 5.25%, 12/01/23 (b) | | 574 | 593,372 |
| MPH Acquisition Holdings LLC, 7.13%, 6/01/24 (b) | | 1,696 | 1,827,440 |
| New Amethyst Corp., 6.25%, 12/01/24 (b) | | 302 | 320,120 |
| RegionalCare Hospital Partners Holdings, Inc., 8.25%, 5/01/23 (b) | | 609 | 654,675 |
| Sterigenics-Nordion Holdings LLC, | | | |
| 6.50%, 5/15/23 (b) | | 128 | 130,880 |
| Surgery Center Holdings, Inc., 8.88%, 4/15/21 (b) | | 146 | 156,220 |
| Tenet Healthcare Corp.: | | | |
| 6.25%, 11/01/18 | | 607 | 642,661 |
| 4.75%, 6/01/20 | | 1,190 | 1,213,800 |
| 4.46%, 6/15/20 (c) | | 989 | 1,001,362 |
| 6.00%, 10/01/20 | | 2,918 | 3,093,080 |
| 4.50%, 4/01/21 | | 24 | 24,300 |
| 7.50%, 1/01/22 (b) | | 380 | 411,350 |
| 8.13%, 4/01/22 | | 2,540 | 2,660,650 |
| 6.75%, 6/15/23 | | 1,355 | 1,343,144 |

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| | | Par (000) | Value |
|--|-----|--------------|------------|
| | | | 37,160,422 |
| Corporate Bonds | | | |
| Health Care Technology 0.0% | | | |
| Quintiles IMS, Inc., 3.25%, 3/15/25 (b) | EUR | 100 | \$ 106,099 |
| Hotels, Restaurants & Leisure 2.6% | | | |
| Boyd Gaming Corp., 6.88%, 5/15/23 | USD | 758 | 818,640 |
| Caesars Entertainment Resort Properties LLC/Caesars Entertainment Resort Property, 8.00%, 10/01/20 | | 1,428 | 1,494,045 |
| ESH Hospitality, Inc., 5.25%, 5/01/25 (b) | | 183 | 184,601 |
| International Game Technology PLC, 6.25%, 2/15/22 (b) | | 200 | 216,000 |
| KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, (b): 5.00%, 6/01/24 | | 66 | 67,756 |
| 5.25%, 6/01/26 | | 234 | 241,898 |
| MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer, Inc., 5.63%, 5/01/24 (b) | | 2,115 | 2,236,612 |
| MGM Resorts International: | | | |
| 8.63%, 2/01/19 | | 234 | 258,570 |
| 5.25%, 3/31/20 | | 1,261 | 1,327,203 |
| 6.75%, 10/01/20 | | 515 | 567,633 |
| 6.63%, 12/15/21 | | 1,352 | 1,509,170 |
| 4.63%, 9/01/26 | | 987 | 967,250 |
| New Red Finance, Inc., 6.00%, 4/01/22 (b) | | 2,115 | 2,205,522 |
| PortAventura Entertainment Barcelona BV, 7.25%, 12/01/20 | EUR | 100 | 109,850 |
| Sabre GBLB, Inc., 5.25%, 11/15/23 (b) | USD | 221 | 224,315 |
| Scientific Games International, Inc.: | | | |
| 7.00%, 1/01/22 (b) | | 2,281 | 2,426,331 |
| 10.00%, 12/01/22 | | 2,120 | 2,249,850 |
| Six Flags Entertainment Corp., 5.25%, 1/15/21 (b) | | 842 | 865,576 |
| Station Casinos LLC, 7.50%, 3/01/21 | | 1,938 | 2,020,365 |
| Thomas Cook Group PLC, 6.25%, 6/15/22 | EUR | 100 | 112,879 |
| Unique Pub Finance Co. PLC, Series A4, 5.66%, 6/30/27 | GBP | 279 | 374,689 |
| Vue International Bidco PLC, 7.88%, 7/15/20 | | 147 | 189,555 |
| | | | 20,668,310 |
| Household Durables 0.7% | | | |
| Brookfield Residential Properties, Inc./Brookfield Residential US Corp., 6.13%, 7/01/22 (b) | USD | 285 | 293,550 |
| CalAtlantic Group, Inc.: | | | |
| 8.38%, 1/15/21 | | 1,090 | 1,273,937 |
| 5.25%, 6/01/26 | | 285 | 285,356 |
| Lennar Corp.: | | | |
| 4.75%, 11/15/22 | | 475 | 488,538 |
| 4.88%, 12/15/23 | | 265 | 273,613 |
| Meritage Homes Corp., 4.50%, 3/01/18 | | 589 | 599,307 |
| Ryland Group, Inc., 6.63%, 5/01/20 | | 130 | 143,325 |
| Standard Pacific Corp., 5.88%, 11/15/24 | | 360 | 386,100 |
| Tempur Sealy International, Inc., 5.50%, 6/15/26 | | 561 | 551,182 |
| TRI Pointe Group, Inc.: | | | |
| 4.38%, 6/15/19 | | 435 | 443,700 |
| 4.88%, 7/01/21 | | 525 | 542,063 |
| | | | 5,280,671 |
| Household Products 0.3% | | | |
| Spectrum Brands, Inc.: | | | |
| 6.63%, 11/15/22 | | 1,810 | 1,914,075 |
| 6.13%, 12/15/24 | | 87 | 92,577 |
| 5.75%, 7/15/25 | | 284 | 301,750 |
| | | | 2,308,402 |
| Independent Power and Renewable Electricity Producers 0.9% | | | |
| AES Corp.: | | | |
| 7.38%, 7/01/21 | | 559 | 630,272 |
| 5.50%, 3/15/24 | | 725 | 739,500 |
| 6.00%, 5/15/26 | | 201 | 207,030 |
| Calpine Corp., 5.38%, 1/15/23 | | 128 | 129,280 |

See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Corporate Bonds | | | |
| Independent Power and Renewable Electricity Producers (continued) | | | |
| Dynergy, Inc.: | | | |
| 6.75%, 11/01/19 | USD | 665 | \$ 684,950 |
| 7.38%, 11/01/22 | | 231 | 226,958 |
| NRG Energy, Inc.: | | | |
| 7.88%, 5/15/21 | | 124 | 128,650 |
| 6.25%, 5/01/24 | | 50 | 50,000 |
| 7.25%, 5/15/26 | | 208 | 213,980 |
| 6.63%, 1/15/27 (b) | | 1,358 | 1,334,235 |
| NRG Yield Operating LLC, 5.38%, 8/15/24 | | 195 | 199,875 |
| QEP Resources, Inc., 5.38%, 10/01/22 | | 1,965 | 1,974,825 |
| TerraForm Power Operating LLC, 6.38%, 2/01/23 (b)(i) | | 205 | 212,175 |
| | | | 6,731,730 |
| Industrial Conglomerates 0.3% | | | |
| Vertiv Group Corp, 9.25%, 10/15/24 (b) | | 1,887 | 2,026,166 |
| Insurance 0.4% | | | |
| Assicurazioni Generali SpA (c): | | | |
| 7.75%, 12/12/42 | EUR | 100 | 126,084 |
| 5.50%, 10/27/47 | | 100 | 111,767 |
| Groupama SA, 6.00%, 1/23/27 | | 100 | 108,293 |
| HUB International Ltd. (b): | | | |
| 9.25%, 2/15/21 | USD | 367 | 380,762 |
| 7.88%, 10/01/21 | | 994 | 1,051,155 |
| Wayne Merger Sub LLC, 8.25%, 8/01/23 (b) | | 1,560 | 1,645,800 |
| | | | 3,423,861 |
| Internet Software & Services 0.4% | | | |
| Equinix, Inc., 5.88%, 1/15/26 | | 997 | 1,064,916 |
| IAC/InterActiveCorp, 4.88%, 11/30/18 | | 558 | 566,370 |
| Netflix, Inc.: | | | |
| 5.50%, 2/15/22 | | 72 | 76,860 |
| 5.88%, 2/15/25 | | 132 | 142,725 |
| 4.38%, 11/15/26 (b) | | 888 | 880,230 |
| Symantec Corp., 5.00%, 4/15/25 (b) | | 422 | 433,159 |
| | | | 3,164,260 |
| IT Services 1.4% | | | |
| Ceridian HCM Holding, Inc., 11.00%, 3/15/21 (b) | | 795 | 832,763 |
| First Data Corp. (b): | | | |
| 7.00%, 12/01/23 | | 3,857 | 4,146,275 |
| 5.75%, 1/15/24 | | 5,066 | 5,249,642 |
| WEX, Inc., 4.75%, 2/01/23 (b) | | 601 | 597,995 |
| | | | 10,826,675 |
| Machinery 0.3% | | | |
| Gardner Denver, Inc., 6.88%, 8/15/21 (b) | | 380 | 391,400 |
| SPX FLOW, Inc. (b): | | | |
| 5.63%, 8/15/24 | | 359 | 368,872 |
| 5.88%, 8/15/26 | | 359 | 364,385 |
| Terex Corp., 5.63%, 2/01/25 (b) | | 912 | 935,940 |
| Trinseo Materials Operating SCA/Trinseo Materials Finance, Inc., 6.38%, 5/01/22 | EUR | 100 | 113,854 |
| | | | 2,174,451 |
| Media 9.7% | | | |
| Adria Bidco BV, 7.88%, 11/15/20 | | 200 | 221,150 |
| Altice Financing SA: | | | |
| 5.25%, 2/15/23 | | 100 | 113,186 |
| 7.50%, 5/15/26 (b) | USD | 1,795 | 1,927,381 |
| Altice Luxembourg SA: | | | |

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| | | | |
|---|-----|--------------|--------------|
| 7.75%, 5/15/22 (b) | | 1,110 | 1,180,762 |
| 6.25%, 2/15/25 | EUR | 100 | 112,561 |
| 7.63%, 2/15/25 (b) | USD | 203 | 216,195 |
| Altice US Finance I Corp. (b): | | | |
| 5.38%, 7/15/23 | | 2,707 | 2,822,047 |
| 5.50%, 5/15/26 | | 637 | 658,499 |
| | | Par | |
| | | (000) | Value |
| Corporate Bonds | | | |
| Media (continued) | | | |
| AMC Networks, Inc.: | | | |
| 4.75%, 12/15/22 | USD | 156 | \$ 157,560 |
| 5.00%, 4/01/24 | | 1,160 | 1,170,881 |
| Cablevision Systems Corp.: | | | |
| 7.75%, 4/15/18 | | 362 | 380,100 |
| 8.00%, 4/15/20 | | 502 | 554,710 |
| CBS Radio, Inc., 7.25%, 11/01/24 (b) | | 602 | 642,635 |
| CCO Holdings LLC/CCO Holdings Capital Corp.: | | | |
| 5.13%, 2/15/23 | | 1,110 | 1,155,787 |
| 5.75%, 2/15/26 (b) | | 1,148 | 1,228,360 |
| 5.50%, 5/01/26 (b) | | 774 | 821,408 |
| 5.13%, 5/01/27 (b) | | 703 | 730,241 |
| 5.88%, 5/01/27 (b) | | 1,252 | 1,344,773 |
| Cellnex Telecom SA, 2.38%, 1/16/24 | EUR | 100 | 106,999 |
| Cequel Communications Holdings I LLC/Cequel Capital Corp. (b): | | | |
| 6.38%, 9/15/20 | USD | 420 | 432,863 |
| 5.13%, 12/15/21 | | 1,670 | 1,688,434 |
| 7.75%, 7/15/25 | | 2,044 | 2,263,730 |
| Charter Communications Operating LLC/Charter Communications Operating Capital, | | | |
| 4.91%, 7/23/25 | | 1,300 | 1,369,424 |
| Clear Channel International BV, 8.75%, 12/15/20 (b) | | 700 | 742,000 |
| Clear Channel Worldwide Holdings, Inc.: | | | |
| 6.50%, 11/15/22 | | 7,365 | 7,591,729 |
| Series B, 7.63%, 3/15/20 | | 2,524 | 2,542,930 |
| Columbus Cable Barbados Ltd., 7.38%, 3/30/21 (b) | | 850 | 904,511 |
| CSC Holdings LLC: | | | |
| 10.13%, 1/15/23 (b) | | 712 | 824,140 |
| 5.25%, 6/01/24 | | 996 | 1,002,225 |
| 6.63%, 10/15/25 (b) | | 1,298 | 1,432,667 |
| 10.88%, 10/15/25 (b) | | 2,590 | 3,120,950 |
| DISH DBS Corp.: | | | |
| 5.88%, 7/15/22 | | 1,537 | 1,648,432 |
| 5.88%, 11/15/24 | | 457 | 486,705 |
| 7.75%, 7/01/26 | | 2,068 | 2,419,560 |
| eircom Finance DAC, 4.50%, 5/31/22 | EUR | 100 | 110,919 |
| Hughes Satellite Systems Corp. (b): | | | |
| 5.25%, 8/01/26 | USD | 1,433 | 1,456,286 |
| 6.63%, 8/01/26 | | 381 | 396,476 |
| iHeartCommunications, Inc.: | | | |
| 9.00%, 12/15/19 | | 1,010 | 882,488 |
| 9.00%, 3/01/21 | | 160 | 129,600 |
| 9.00%, 9/15/22 | | 930 | 748,650 |
| 10.63%, 3/15/23 | | 850 | 705,500 |
| Intelsat Jackson Holdings SA: | | | |
| 7.25%, 4/01/19 | | 1,695 | 1,622,962 |
| 5.50%, 8/01/23 | | 1,467 | 1,206,607 |
| LG Finance Co. Corp., 5.88%, 11/01/24 (b) | | 231 | 237,641 |
| MDC Partners, Inc., 6.50%, 5/01/24 (b) | | 520 | 502,450 |
| Midcontinent Communications / Midcontinent Finance Corp. (b): | | | |
| 6.25%, 8/01/21 | | 265 | 275,335 |
| 6.88%, 8/15/23 | | 309 | 332,948 |
| NAI Entertainment Holdings/NAI Entertainment Holdings Finance Corp., 5.00%, 8/01/18 (b) | | 538 | 542,708 |
| Nexstar Broadcasting, Inc., 5.63%, 8/01/24 (b) | | 531 | 542,948 |
| Nielsen Finance LLC/Nielsen Finance Co., 5.00%, 4/15/22 (b) | | 205 | 211,150 |
| Numericable Group SA, 5.38%, 5/15/22 | EUR | 100 | 110,495 |
| Outfront Media Capital LLC/Outfront Media Capital Corp.: | | | |
| 5.25%, 2/15/22 | USD | 130 | 135,038 |
| 5.63%, 2/15/24 | | 242 | 254,100 |
| SFR Group SA (b): | | | |
| 6.00%, 5/15/22 | | 1,192 | 1,236,330 |
| 7.38%, 5/01/26 | | 4,095 | 4,243,444 |

See Notes to Consolidated Financial Statements.

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BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Corporate Bonds | | | |
| Media (continued) | | | |
| Sirius XM Radio, Inc. (b): | | | |
| 4.25%, 5/15/20 | USD | 141 | \$ 142,763 |
| 5.75%, 8/01/21 | | 464 | 483,393 |
| 4.63%, 5/15/23 | | 60 | 61,350 |
| Sterling Entertainment Corp., 9.75%, 12/15/19 | | 1,300 | 1,287,000 |
| TEGNA, Inc., 5.13%, 10/15/19 | | 215 | 220,644 |
| Telesat Canada/Telesat LLC, 8.88%, 11/15/24 (b) | | 457 | 499,273 |
| Tribune Media Co., 5.88%, 7/15/22 | | 1,583 | 1,616,639 |
| Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH: | | | |
| 4.00%, 1/15/25 | EUR | 198 | 221,193 |
| 5.00%, 1/15/25 (b) | USD | 400 | 411,000 |
| Univision Communications, Inc. (b): | | | |
| 5.13%, 5/15/23 | | 3,152 | 3,152,000 |
| 5.13%, 2/15/25 | | 934 | 921,157 |
| Virgin Media Finance PLC, 5.75%, 1/15/25 (b) | | 600 | 615,750 |
| Virgin Media Receivables Financing Notes I DAC, 5.50%, 9/15/24 | GBP | 100 | 127,777 |
| Virgin Media Secured Finance PLC: | | | |
| 5.25%, 1/15/26 (b) | USD | 975 | 985,969 |
| 5.50%, 8/15/26 (b) | | 320 | 327,965 |
| 4.88%, 1/15/27 | GBP | 100 | 124,892 |
| 6.25%, 3/28/29 | | 233 | 313,809 |
| WaveDivision Escrow LLC/WaveDivision Escrow Corp., 8.13%, 9/01/20 (b) | USD | 1,300 | 1,352,000 |
| Wind Acquisition Finance SA: | | | |
| 4.00%, 7/15/20 | EUR | 168 | 181,361 |
| 7.00%, 4/23/21 | | 100 | 110,336 |
| 7.38%, 4/23/21 (b) | USD | 1,205 | 1,254,706 |
| Ziggo Bond Finance BV, 5.88%, 1/15/25 (b) | | 1,095 | 1,112,794 |
| | | | 75,423,381 |
| Metals & Mining 5.3% | | | |
| Alcoa Nederland Holding BV, 7.00%, 9/30/26 (b) | | 270 | 296,325 |
| Alcoa, Inc.: | | | |
| 6.15%, 8/15/20 | | 1,395 | 1,527,525 |
| 5.13%, 10/01/24 | | 1,371 | 1,419,670 |
| 5.90%, 2/01/27 | | 280 | 299,950 |
| Anglo American Capital PLC: | | | |
| 1.50%, 4/01/20 | EUR | 100 | 108,326 |
| 3.50%, 3/28/22 | | 100 | 117,047 |
| 4.88%, 5/14/25 (b) | USD | 1,025 | 1,063,437 |
| ArcelorMittal: | | | |
| 8.00%, 10/15/39 | | 178 | 207,370 |
| 7.75%, 3/01/41 | | 938 | 1,064,630 |
| Cliffs Natural Resources, Inc. (b): | | | |
| 8.25%, 3/31/20 | | 355 | 387,838 |
| 5.75%, 3/01/25 | | 576 | 565,056 |
| Constellium NV (b): | | | |
| 8.00%, 1/15/23 | | 2,290 | 2,404,500 |
| 5.75%, 5/15/24 | | 675 | 639,563 |
| 6.63%, 3/01/25 | | 1,424 | 1,415,990 |
| First Quantum Minerals Ltd. (b): | | | |
| 7.00%, 2/15/21 | | 1,254 | 1,298,674 |
| 7.25%, 5/15/22 | | 235 | 242,931 |
| FMG Resources August 2006 Property Ltd., 9.75%, 3/01/22 (b) | | 553 | 639,755 |
| Freeport-McMoRan, Inc.: | | | |
| 2.38%, 3/15/18 | | 3,710 | 3,691,450 |
| 3.10%, 3/15/20 | | 1,135 | 1,112,300 |
| 4.00%, 11/14/21 | | 804 | 771,840 |
| 3.55%, 3/01/22 | | 1,144 | 1,062,490 |
| 3.88%, 3/15/23 | | 3,888 | 3,576,960 |
| 5.40%, 11/14/34 | | 1,271 | 1,115,302 |

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| | | 1,728 | 1,477,440 |
|--|-----|----------------------|--------------|
| | | Par (000) | Value |
| Corporate Bonds | | | |
| Metals & Mining (continued) | | | |
| Grinding Media, Inc. / MC Grinding Media Canada, Inc., 7.38%, 12/15/23 (b) | USD | 491 | \$ 525,370 |
| Joseph T Ryerson & Son, Inc., 11.00%, 5/15/22 (b) | | 482 | 537,430 |
| Kinross Gold Corp., 5.95%, 3/15/24 | | 110 | 116,325 |
| Novelis Corp. (b): | | | |
| 6.25%, 8/15/24 | | 1,758 | 1,863,480 |
| 5.88%, 9/30/26 | | 1,904 | 1,958,740 |
| Peabody Securities Finance Corp. (b): | | | |
| 6.00%, 3/31/22 | | 325 | 331,500 |
| 6.38%, 3/31/25 | | 342 | 348,840 |
| Steel Dynamics, Inc.: | | | |
| 5.13%, 10/01/21 | | 790 | 814,688 |
| 6.38%, 8/15/22 | | 595 | 621,775 |
| 5.25%, 4/15/23 | | 1,015 | 1,056,970 |
| 5.50%, 10/01/24 | | 138 | 146,804 |
| 5.00%, 12/15/26 (b) | | 35 | 36,177 |
| Teck Resources Ltd.: | | | |
| 3.00%, 3/01/19 | | 250 | 256,050 |
| 3.75%, 2/01/23 | | 1,403 | 1,367,644 |
| 8.50%, 6/01/24 (b) | | 722 | 842,935 |
| 6.13%, 10/01/35 | | 181 | 187,335 |
| 6.00%, 8/15/40 | | 811 | 813,028 |
| 6.25%, 7/15/41 | | 429 | 445,088 |
| 5.20%, 3/01/42 | | 1,118 | 1,058,947 |
| 5.40%, 2/01/43 | | 977 | 930,592 |
| ThyssenKrupp AG, 1.38%, 3/03/22 | EUR | 75 | 79,128 |
| United States Steel Corp., 8.38%, 7/01/21 (b) | USD | 624 | 702,000 |
| | | | 41,547,215 |
| Multi-Utilities 0.2% | | | |
| NGL Energy Partners LP/NGL Energy Finance Corp.: | | | |
| 6.88%, 10/15/21 | | 390 | 401,456 |
| 7.50%, 11/01/23 (b) | | 780 | 820,950 |
| | | | 1,222,406 |
| Multiline Retail 0.1% | | | |
| Neiman Marcus Group Ltd. (b): | | | |
| 8.00%, 10/15/21 | | 1,035 | 649,463 |
| (8.75% Cash or 9.50% PIK), 8.75%, 10/15/21 (e) | | 150 | 86,250 |
| | | | 735,713 |
| Offshore Drilling & Other Services 0.0% | | | |
| Sensata Technologies BV, 5.63%, 11/01/24 (b) | | 220 | 232,100 |
| Oil, Gas & Consumable Fuels 8.8% | | | |
| California Resources Corp., 8.00%, 12/15/22 (b) | | 2,112 | 1,805,760 |
| Carrizo Oil & Gas, Inc., 6.25%, 4/15/23 | | 235 | 237,938 |
| Cheniere Corpus Christi Holdings LLC (b): | | | |
| 7.00%, 6/30/24 | | 912 | 1,021,440 |
| 5.88%, 3/31/25 | | 1,901 | 2,010,307 |
| Chesapeake Energy Corp.: | | | |
| 4.27%, 4/15/19 (c) | | 1,678 | 1,665,415 |
| 6.88%, 11/15/20 | | 100 | 99,000 |
| 8.00%, 12/15/22 (b) | | 205 | 216,788 |
| 8.00%, 1/15/25 (b) | | 932 | 925,010 |
| CONSOL Energy, Inc.: | | | |
| 5.88%, 4/15/22 | | 6,117 | 5,964,075 |
| 8.00%, 4/01/23 | | 40 | 41,700 |
| Continental Resources, Inc., 3.80%, 6/01/24 | | 808 | 748,410 |
| Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp.: | | | |
| 6.00%, 12/15/20 | | 65 | 66,869 |
| 6.25%, 4/01/23 | | 90 | 93,375 |
| CrownRock LP/CrownRock Finance, Inc. (b): | | | |
| 7.13%, 4/15/21 | | 635 | 660,400 |
| 7.75%, 2/15/23 | | 105 | 113,138 |

See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Consolidated Schedule of Investments (continued)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Oil, Gas & Consumable Fuels (continued) | | |
| DCP Midstream LLC (b): | | |
| 4.75%, 9/30/21 | USD 745 | \$ 769,212 |
| 6.45%, 11/03/36 | 250 | 256,875 |
| 6.75%, 9/15/37 | 426 | 451,560 |
| Denbury Resources, Inc.: | | |
| 9.00%, 5/15/21 (b) | 1,288 | 1,387,820 |
| 5.50%, 5/01/22 | 633 | 522,225 |
| 4.63%, 7/15/23 | 108 | 84,240 |
| Eclipse Resources Corp., 8.88%, 7/15/23 | | |
| | 140 | 144,550 |
| Energy Transfer Equity LP: | | |
| 7.50%, 10/15/20 | 200 | 224,750 |
| 5.88%, 1/15/24 | 1,078 | 1,158,850 |
| 5.50%, 6/01/27 | 494 | 523,022 |
| EP Energy LLC/Everest Acquisition Finance, Inc.: | | |
| 9.38%, 5/01/20 | 493 | 481,907 |
| 8.00%, 11/29/24 (b) | 625 | 662,500 |
| Extraction Oil & Gas Holdings LLC/Extraction Finance Corp., 7.88%, 7/15/21 (b) | | |
| | 648 | 690,120 |
| Genesis Energy LP/Genesis Energy Finance Corp., 5.63%, 6/15/24 | | |
| | 85 | 84,788 |
| Gulfport Energy Corp.: | | |
| 6.63%, 5/01/23 | 163 | 165,853 |
| 6.00%, 10/15/24 (b) | 342 | 340,290 |
| Halcon Resources Corp., 6.75%, 2/15/25 (b) | | |
| | 2,092 | 2,071,080 |
| Hilcorp Energy I LP/Hilcorp Finance Co. (b): | | |
| 5.00%, 12/01/24 | 281 | 269,058 |
| 5.75%, 10/01/25 | 73 | 72,453 |
| MEG Energy Corp. (b): | | |
| 6.50%, 3/15/21 | 2,599 | 2,657,477 |
| 6.38%, 1/30/23 | 54 | 47,925 |
| 7.00%, 3/31/24 | 694 | 624,600 |
| 6.50%, 1/15/25 | 2,295 | 2,243,362 |
| Murphy Oil Corp.: | | |
| 6.88%, 8/15/24 | 673 | 720,446 |
| 6.13%, 12/01/42 | 83 | 78,020 |
| Newfield Exploration Co., 5.63%, 7/01/24 | | |
| | 223 | 238,610 |
| NGPL PipeCo LLC (b): | | |
| 7.12%, 12/15/17 | 1,400 | 1,450,750 |
| 7.77%, 12/15/37 | 1,532 | 1,734,990 |
| Noble Holding International, Ltd., 7.75%, 1/15/24 | | |
| | 1,684 | 1,637,690 |
| Oasis Petroleum, Inc.: | | |
| 6.50%, 11/01/21 | 1,004 | 1,021,570 |
| 6.88%, 3/15/22 | 797 | 810,700 |
| ONEOK, Inc.: | | |
| 7.50%, 9/01/23 | 190 | 225,625 |
| 6.00%, 6/15/35 | 165 | 173,663 |
| Paramount Resources Ltd., 6.88%, 6/30/23 (b) | | |
| | 2,515 | 2,660,241 |
| Parker Drilling Co.: | | |
| 7.50%, 8/01/20 | 314 | 306,150 |
| 6.75%, 7/15/22 | 435 | 402,375 |
| Parsley Energy LLC/Parsley Finance Corp., 5.38%, 1/15/25 (b) | | |
| | 315 | 319,725 |
| Petroleos Mexicanos, 5.38%, 3/13/22 (b) | | |
| | 102 | 106,687 |
| Precision Drilling Corp., 7.75%, 12/15/23 (b) | | |
| | 150 | 162,375 |
| QEP Resources, Inc., 5.25%, 5/01/23 | | |
| | 95 | 93,575 |
| Range Resources Corp. (b): | | |
| 5.88%, 7/01/22 | 1,343 | 1,373,217 |
| 5.00%, 8/15/22 | 10 | 9,750 |
| 5.00%, 3/15/23 | 555 | 537,656 |
| Resolute Energy Corp., 8.50%, 5/01/20 | | |
| | 639 | 651,780 |
| Rockies Express Pipeline LLC (b): | | |
| 6.85%, 7/15/18 | 99 | 104,198 |
| 6.00%, 1/15/19 | 26 | 27,300 |
| 5.63%, 4/15/20 | 660 | 696,300 |

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| | | 564 | 600,660 |
|---|-----|--------------|--------------|
| | | Par | Value |
| | | (000) | |
| Corporate Bonds | | | |
| Oil, Gas & Consumable Fuels (continued) | | | |
| Rowan Cos., Inc.: | | | |
| 4.88%, 6/01/22 | USD | 95 | \$ 90,725 |
| 7.38%, 6/15/25 | | 1,015 | 1,053,062 |
| RSP Permian, Inc.: | | | |
| 6.63%, 10/01/22 | | 356 | 376,470 |
| 5.25%, 1/15/25 (b) | | 408 | 418,200 |
| Sanchez Energy Corp.: | | | |
| 7.75%, 6/15/21 | | 672 | 688,800 |
| 6.13%, 1/15/23 | | 2,656 | 2,549,760 |
| Seven Generations Energy Ltd., 8.25%, 5/15/20 (b) | | 381 | 401,002 |
| SM Energy Co.: | | | |
| 6.50%, 11/15/21 | | 375 | 383,438 |
| 6.13%, 11/15/22 | | 187 | 188,403 |
| 5.00%, 1/15/24 | | 931 | 872,812 |
| 5.63%, 6/01/25 | | 390 | 369,038 |
| Southwestern Energy Co.: | | | |
| 5.80%, 1/23/20 | | 2,322 | 2,298,780 |
| 6.70%, 1/23/25 | | 80 | 76,800 |
| Summit Midstream Holdings LLC / Summit Midstream Finance Corp., 5.75%, 4/15/25 | | 230 | 233,450 |
| Tallgrass Energy Partners LP/Tallgrass Energy Finance Corp. (b): | | | |
| 5.13%, 2/01/25 | | 248 | 257,920 |
| 5.38%, 2/01/27 | | 92 | 95,910 |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., 6.38%, 8/01/22 | | 120 | 123,900 |
| Tesoro Corp. (b): | | | |
| 4.75%, 12/15/23 | | 1,202 | 1,244,070 |
| 5.13%, 12/15/26 | | 1,521 | 1,608,457 |
| Tesoro Logistics LP/Tesoro Logistics Finance Corp.: | | | |
| 6.13%, 10/15/21 | | 81 | 84,544 |
| 6.25%, 10/15/22 | | 833 | 891,310 |
| Weatherford International LLC, 6.80%, 6/15/37 | | 157 | 147,973 |
| Weatherford International Ltd.: | | | |
| 4.50%, 4/15/22 | | 184 | 175,950 |
| 6.50%, 8/01/36 | | 625 | 576,562 |
| 7.00%, 3/15/38 | | 350 | 329,875 |
| 5.95%, 4/15/42 | | 68 | 56,950 |
| Whiting Petroleum Corp.: | | | |
| 5.00%, 3/15/19 | | 1,343 | 1,354,751 |
| 6.25%, 4/01/23 | | 120 | 120,300 |
| Williams Cos., Inc.: | | | |
| 4.55%, 6/24/24 | | 744 | 755,160 |
| 5.75%, 6/24/44 | | 1,453 | 1,467,530 |
| WPX Energy, Inc.: | | | |
| 7.50%, 8/01/20 | | 115 | 123,913 |
| 6.00%, 1/15/22 | | 1,263 | 1,289,839 |
| 8.25%, 8/01/23 | | 400 | 448,000 |
| | | | 68,901,849 |
| Paper & Forest Products 0.0% | | | |
| International Paper Co., 7.30%, 11/15/39 | | 5 | 6,519 |
| Pharmaceuticals 1.8% | | | |
| Capsugel SA, (7.00% Cash or 7.75% PIK), 7.00%, 5/15/19 (b)(c) | | 132 | 132,660 |
| Endo Finance LLC/Endo Finco, Inc., | | | |
| 6.00%, 2/01/25 (b) | | 600 | 536,250 |
| Ephios Bondco PLC, 6.25%, 7/01/22 | EUR | 100 | 114,691 |
| Ephios Holdco II PLC, 8.25%, 7/01/23 | | 100 | 116,690 |
| Grifols Worldwide Operations Ltd., 5.25%, 4/01/22 | USD | 937 | 972,137 |
| inVentiv Group Holdings, Inc./inVentiv Health, Inc./inVentiv Health Clinical, Inc., | | | |
| 7.50%, 10/01/24 (b) | | 1,161 | 1,213,245 |
| Jaguar Holding Co. II/Pharmaceutical Product Development LLC, 6.38%, 8/01/23 (b) | | 2,123 | 2,284,879 |
| NBTY, Inc., 7.63%, 5/15/21 (b) | | 1,701 | 1,796,681 |
| Tennessee Merger Sub, Inc., 6.38%, 2/01/25 (b) | | 1,876 | 1,866,620 |

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Corporate Bonds | | | |
| Pharmaceuticals (continued) | | | |
| Valeant Pharmaceuticals International, Inc. (b): | | | |
| 6.75%, 8/15/18 | USD | 961 | \$ 946,585 |
| 7.00%, 10/01/20 | | 1,441 | 1,340,130 |
| 7.50%, 7/15/21 | | 921 | 846,169 |
| 6.75%, 8/15/21 | | 215 | 191,350 |
| 5.63%, 12/01/21 | | 511 | 430,517 |
| 7.25%, 7/15/22 | | 1,010 | 909,000 |
| 6.13%, 4/15/25 | | 812 | 646,555 |
| | | | 14,344,159 |
| Producer Durables: Miscellaneous 0.1% | | | |
| Veritas US, Inc. / Veritas Bermuda Ltd. (b): | | | |
| 7.50%, 2/01/23 | | 369 | 391,140 |
| 10.50%, 2/01/24 | | 200 | 216,000 |
| | | | 607,140 |
| Real Estate Investment Trusts (REITs) 0.4% | | | |
| ATF Netherlands BV, 2.13%, 3/13/23 | | | |
| | EUR | 100 | 107,523 |
| Hilton Domestic Operating Co., Inc., | | | |
| 4.25%, 9/01/24 (b) | USD | 423 | 418,347 |
| iStar, Inc.: | | | |
| 4.00%, 11/01/17 | | 535 | 537,006 |
| 5.00%, 7/01/19 | | 375 | 381,563 |
| MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer, Inc., 4.50%, 9/01/26 | | | |
| (b) | | 1,279 | 1,243,827 |
| Starwood Property Trust, Inc., 5.00%, 12/15/21 (b) | | 638 | 662,722 |
| | | | 3,350,988 |
| Real Estate Management & Development 0.4% | | | |
| Realogy Group LLC/Realogy Co-Issuer Corp. (b): | | | |
| 4.50%, 4/15/19 | | 391 | 404,685 |
| 5.25%, 12/01/21 | | 541 | 562,640 |
| 4.88%, 6/01/23 | | 1,807 | 1,779,895 |
| Rialto Holdings LLC/Rialto Corp., | | | |
| 7.00%, 12/01/18 (b) | | 245 | 249,288 |
| | | | 2,996,508 |
| Road & Rail 0.9% | | | |
| Avis Budget Car Rental LLC/Avis Budget Finance, Inc.: | | | |
| 3.80%, 12/01/17 (c) | | 190 | 190,000 |
| 5.13%, 6/01/22 (b) | | 1,880 | 1,844,750 |
| EC Finance PLC, 5.13%, 7/15/21 | | | |
| | EUR | 115 | 126,248 |
| Florida East Coast Holdings Corp., | | | |
| 6.75%, 5/01/19 (b) | USD | 1,338 | 1,374,795 |
| Herc Rentals, Inc. (b): | | | |
| 7.50%, 6/01/22 | | 222 | 239,760 |
| 7.75%, 6/01/24 | | 55 | 60,500 |
| Hertz Corp.: | | | |
| 5.88%, 10/15/20 | | 520 | 507,000 |
| 7.38%, 1/15/21 | | 358 | 358,000 |
| 6.25%, 10/15/22 | | 223 | 212,965 |
| 5.50%, 10/15/24 (b) | | 714 | 644,385 |
| Loxam SAS, 3.50%, 5/03/23 | | | |
| | EUR | 100 | 104,590 |
| Penske Automotive Group, Inc., 5.38%, 12/01/24 | | | |
| | USD | 646 | 655,690 |
| United Rentals North America, Inc., 5.50%, 7/15/25 | | | |
| | | 2 | 2,110 |
| Watco Cos. LLC/Watco Finance Corp., 6.38%, 4/01/23 (b) | | | |
| | | 350 | 366,625 |
| | | | 6,687,418 |
| Semiconductors & Semiconductor Equipment 0.6% | | | |

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| | | | |
|---|-----|--------------|--------------|
| Advanced Micro Devices, Inc., 7.50%, 8/15/22 | | 200 | 224,000 |
| Micron Technology, Inc.: | | | |
| 5.25%, 8/01/23 (b) | | 433 | 436,789 |
| 5.50%, 2/01/25 | | 90 | 92,925 |
| 5.63%, 1/15/26 (b) | | 282 | 289,755 |
| Microsemi Corp., 9.13%, 4/15/23 (b) | | 67 | 77,217 |
| | | Par | |
| | | (000) | Value |
| Corporate Bonds | | | |
| Semiconductors & Semiconductor Equipment (continued) | | | |
| NXP BV/NXP Funding LLC (b): | | | |
| 4.13%, 6/15/20 | USD | 861 | \$ 895,595 |
| 4.13%, 6/01/21 | | 347 | 360,221 |
| 4.63%, 6/15/22 | | 1,050 | 1,115,625 |
| 4.63%, 6/01/23 | | 202 | 215,130 |
| Sensata Technologies BV, 5.00%, 10/01/25 (b) | | 852 | 864,780 |
| Sensata Technologies UK Financing Co. PLC, 6.25%, 2/15/26 (b) | | 200 | 215,500 |
| | | | 4,787,537 |
| Software 2.4% | | | |
| BMC Software Finance, Inc., 8.13%, 7/15/21 (b) | | 2,838 | 2,880,570 |
| Inception Merger Sub, Inc./Rackspace Hosting, Inc., 8.63%, 11/15/24 (b) | | 1,690 | 1,780,837 |
| Infor Software Parent LLC/Infor Software Parent, Inc., (7.13% Cash or 7.88% PIK), 7.13%, 5/01/21 (b)(e) | | 1,666 | 1,711,815 |
| Infor US, Inc., 6.50%, 5/15/22 | | 3,047 | 3,168,880 |
| Informatica LLC, 7.13%, 7/15/23 (b) | | 840 | 811,440 |
| JDA Escrow LLC/JDA Bond Finance, Inc., 7.38%, 10/15/24 (b) | | 145 | 152,250 |
| Nuance Communications, Inc. (b): | | | |
| 5.38%, 8/15/20 | | 437 | 445,513 |
| 6.00%, 7/01/24 | | 835 | 863,181 |
| PTC, Inc., 6.00%, 5/15/24 | | 197 | 210,298 |
| Solera LLC/Solera Finance, Inc., 10.50%, 3/01/24 (b) | | 2,716 | 3,096,240 |
| SS&C Technologies Holdings, Inc., 5.88%, 7/15/23 | | 1,485 | 1,570,388 |
| TIBCO Software, Inc., 11.38%, 12/01/21 (b) | | 2,212 | 2,405,550 |
| | | | 19,096,962 |
| Specialty Retail 0.4% | | | |
| Asbury Automotive Group, Inc., 6.00%, 12/15/24 | | 1,605 | 1,669,200 |
| JC Penney Corp., Inc.: | | | |
| 8.13%, 10/01/19 | | 59 | 62,835 |
| 7.40%, 4/01/37 | | 341 | 276,210 |
| L Brands, Inc., 6.88%, 11/01/35 | | 208 | 199,940 |
| Penske Automotive Group, Inc., 5.75%, 10/01/22 | | 365 | 378,688 |
| Sonic Automotive, Inc., 5.00%, 5/15/23 | | 146 | 143,445 |
| | | | 2,730,318 |
| Technology Hardware, Storage & Peripherals 0.6% | | | |
| Diamond 1 Finance Corp./Diamond 2 Finance Corp. (b): | | | |
| 4.42%, 6/15/21 | | 365 | 382,756 |
| 7.13%, 6/15/24 | | 1,277 | 1,410,978 |
| 6.02%, 6/15/26 | | 445 | 489,311 |
| 8.35%, 7/15/46 | | 385 | 502,057 |
| Western Digital Corp.: | | | |
| 7.38%, 4/01/23 (b) | | 391 | 429,122 |
| 10.50%, 4/01/24 | | 1,315 | 1,538,550 |
| | | | 4,752,774 |
| Textiles, Apparel & Luxury Goods 0.0% | | | |
| BiSoho SAS, 5.88%, 5/01/23 | EUR | 100 | 113,091 |
| PVH Corp., 4.50%, 12/15/22 | USD | 122 | 123,525 |
| | | | 236,616 |
| Thriffs & Mortgage Finance 0.0% | | | |
| Jerrold Finco PLC, 6.25%, 9/15/21 | GBP | 100 | 128,118 |
| Trading Companies & Distributors 0.0% | | | |
| Ashtead Capital, Inc., 5.63%, 10/01/24 (b) | USD | 320 | 339,200 |
| Transportation Infrastructure 0.0% | | | |
| CMA CGM SA, 7.75%, 1/15/21 | EUR | 100 | 103,558 |
| Utilities 0.0% | | | |

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ContourGlobal Power Holdings SA, 5.13%, 6/15/21

100

112,148

See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

15

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|---|-----|--------------|--------------------|
| Corporate Bonds | | | |
| Wireless Telecommunication Services 3.6% | | | |
| Communications Sales & Leasing, Inc./CSL Capital LLC: | | | |
| 6.00%, 4/15/23 (b) | USD | 255 | \$ 267,750 |
| 8.25%, 10/15/23 | | 2,215 | 2,400,506 |
| 7.13%, 12/15/24 (b) | | 1,172 | 1,207,160 |
| Crown Castle Towers LLC, 6.11%, 1/15/40 (b) | | 375 | 409,086 |
| Digicel Group Ltd., 7.13%, 4/01/22 (b) | | 485 | 392,981 |
| Digicel Ltd., 6.00%, 4/15/21 (b) | | 2,228 | 2,059,430 |
| GEO Group, Inc.: | | | |
| 5.88%, 1/15/22 | | 90 | 93,713 |
| 5.13%, 4/01/23 | | 373 | 373,933 |
| 5.88%, 10/15/24 | | 608 | 626,240 |
| 6.00%, 4/15/26 | | 295 | 307,095 |
| Matterhorn Telecom SA, 3.88%, 5/01/22 | EUR | 100 | 109,913 |
| Sprint Capital Corp.: | | | |
| 6.90%, 5/01/19 | USD | 270 | 287,636 |
| 6.88%, 11/15/28 | | 1,973 | 2,103,711 |
| Sprint Communications, Inc.: | | | |
| 9.00%, 11/15/18 (b) | | 6,417 | 7,018,594 |
| 7.00%, 8/15/20 | | 540 | 582,525 |
| Sprint Corp.: | | | |
| 7.88%, 9/15/23 | | 1,079 | 1,200,387 |
| 7.13%, 6/15/24 | | 4,958 | 5,353,103 |
| 7.63%, 2/15/25 | | 430 | 479,450 |
| T-Mobile USA, Inc.: | | | |
| 6.63%, 4/28/21 | | 390 | 405,678 |
| 6.13%, 1/15/22 | | 81 | 85,658 |
| 6.73%, 4/28/22 | | 1,172 | 1,218,880 |
| 6.00%, 3/01/23 | | 653 | 690,547 |
| 6.84%, 4/28/23 | | 85 | 90,661 |
| 6.50%, 1/15/24 | | 584 | 627,508 |
| | | | 28,392,145 |
| Total Corporate Bonds 70.8% | | | 552,450,422 |
| Floating Rate Loan Interests (c) | | | |
| Aerospace & Defense 0.8% | | | |
| BE Aerospace, Inc., 2014 Term Loan B, 3.94%, 12/16/21 | | | |
| | | 1,426 | 1,431,826 |
| Engility Corp.: | | | |
| Term Loan B1, 5.03%, 8/12/20 | | 239 | 240,592 |
| Term Loan B2, 4.53%, 8/12/23 | | 438 | 442,718 |
| TransDigm, Inc.: | | | |
| 2015 Term Loan E, 3.78%, 5/14/22 | | 692 | 694,844 |
| 2016 Extended Term Loan F, 3.78%, 6/09/23 | | 2,762 | 2,774,850 |
| Term Loan D, 4.00%, 6/04/21 | | 829 | 831,709 |
| | | | 6,416,539 |
| Air Freight & Logistics 1.1% | | | |
| Avolon TLB Borrower 1 (Luxembourg) Sarl, Term Loan B2, 3.50%, 1/13/22 | | | |
| | | 5,050 | 5,137,365 |
| CEVA Group PLC, Synthetic LOC, 6.50%, 3/19/21 | | 701 | 610,199 |
| CEVA Intercompany BV, Dutch Term Loan, 6.54%, 3/19/21 | | 720 | 626,585 |
| CEVA Logistics Canada ULC, Canadian Term Loan, 6.54%, 3/19/21 | | 124 | 107,892 |
| CEVA Logistics US Holdings, Inc., Term Loan, 6.54%, 3/19/21 | | 949 | 825,922 |
| XPO Logistics, Inc., Term Loan B2, 4.30%, 11/01/21 | | 1,579 | 1,591,539 |
| | | | 8,899,502 |
| Airlines 0.1% | | | |
| Northwest Airlines, Inc.: | | | |
| 3.08%, 4/30/17 | | 82 | 82,194 |

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| | | | |
|--|-----|--------------|--------------|
| 2.46%, 9/10/18 | | 302 | 297,594 |
| | | | 379,788 |
| Floating Rate Loan Interests (c) | | Par | Value |
| Auto Components 0.9% | | (000) | |
| Anchor Glass Container Corp., 2016 1st Lien Term Loan, 4.25%, 12/07/23 | USD | 365 | \$ 369,260 |
| FPC Holdings, Inc., 1st Lien Term Loan, 5.25%, 11/19/19 | | 1,149 | 1,078,839 |
| Gates Global LLC, Term Loan B, 4.25%, 7/06/21 | | 5,157 | 5,157,379 |
| Goodyear Tire & Rubber Co., 2nd Lien Term Loan, 3.78%, 4/30/19 | | 401 | 401,333 |
| | | | 7,006,811 |
| Automobiles 0.1% | | | |
| CH Hold Corp.: | | | |
| 1st Lien Term Loan, 11.38%, 2/01/24 | | 820 | 828,101 |
| Delayed Draw Term Loan B, 4.50%, 1/18/24 | | 80 | 80,897 |
| | | | 908,998 |
| Building Materials 0.8% | | | |
| Forterra, Inc., Term Loan B, 4.50%, 10/25/23 | | 525 | 529,669 |
| USAGM HoldCo LLC: | | | |
| 2015 2nd Lien Term Loan, 9.54%, 7/28/23 | | 895 | 907,306 |
| 2015 Term Loan, 4.79%, 7/28/22 | | 1,655 | 1,658,046 |
| 2016 Incremental Delayed Draw Term Loan, 5.50%, 7/28/22 | | 365 | 366,737 |
| 2016 Incremental Term Loan, 5.50%, 7/28/22 | | 3,001 | 3,018,904 |
| | | | 6,480,662 |
| Building Products 1.9% | | | |
| Continental Building Products LLC, 2017 Term Loan B, 3.03%, 8/18/23 | | 1,427 | 1,437,901 |
| CPG International, Inc., Term Loan, 4.75%, 9/30/20 | | 3,899 | 3,921,449 |
| GYP Holdings III Corp., 1st Lien Term Loan, 4.54%, 4/01/21 | | 1,380 | 1,387,484 |
| Jeld-Wen, Inc., Term Loan B2, 4.75%, 7/01/22 | | 1,659 | 1,668,922 |
| Ply Gem Industries, Inc., Term Loan, 4.00%, 2/01/21 | | 1,222 | 1,227,180 |
| Quikrete Holdings, Inc., 2016 1st Lien Term Loan, 4.02%, 11/15/23 | | 2,495 | 2,523,842 |
| Wilsonart LLC, 2016 Term Loan, 4.50%, 12/19/23 | | 2,646 | 2,661,644 |
| | | | 14,828,422 |
| Capital Markets 0.2% | | | |
| Affinion Group, Inc., Term Loan B, 6.75%, 4/30/18 | | 425 | 423,327 |
| RPI Finance Trust, Term Loan B5, 3.50%, 10/14/22 | | 1,127 | 1,139,307 |
| | | | 1,562,634 |
| Chemicals 1.6% | | | |
| Atotech BV, 2017 Term Loan B1, 4.00%, 1/31/24 | | 715 | 722,150 |
| Axalta Coating Systems US Holdings, Inc., Term Loan B1, 3.50%, 2/01/23 | | 2,103 | 2,128,174 |
| CeramTec Acquisition Corp., Term Loan B2, 4.30%, 8/30/20 | | 72 | 71,834 |
| Chemours Co., Term Loan B, 3.79%, 5/12/22 | | 148 | 149,238 |
| MacDermid, Inc.: | | | |
| 2016 Term Loan, 5.00%, 6/07/23 | | 2,186 | 2,209,403 |
| Term Loan B5, 4.50%, 6/07/20 | | 338 | 341,771 |
| OXEA Finance LLC, Term Loan B2, 4.25%, 1/15/20 | | 2,374 | 2,344,050 |
| PQ Corp., 2016 Term Loan, 5.29%, 11/04/22 | | 697 | 706,283 |
| Royal Holdings, Inc.: | | | |
| 2015 2nd Lien Term Loan, 8.50%, 6/19/23 | | 361 | 361,831 |
| 2017 Term Loan B, 4.25%, 6/30/22 | | 512 | 515,242 |
| Solenis International LP, 2nd Lien Term Loan, 7.80%, 7/31/22 | | 1,915 | 1,890,258 |
| Tata Chemicals North America, Inc., Term Loan B, 3.75%, 8/07/20 | | 573 | 573,460 |
| Versum Materials, Inc., Term Loan, 3.50%, 9/29/23 | | 713 | 721,685 |
| | | | 12,735,379 |
| Commercial Services & Supplies 4.0% | | | |
| Advanced Disposal Services, Inc., Term Loan B3, 3.50%, 11/10/23 | | 1,992 | 2,011,600 |

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|--|-----|--------------|--------------|
| Floating Rate Loan Interests (c) | | | |
| Commercial Services & Supplies (continued) | | | |
| Aramark Services, Inc.: | | | |
| Term Loan E, 3.28%, 9/07/19 | USD | 1,778 | \$ 1,795,771 |
| Term Loan F, 3.50%, 2/24/21 | | 1,192 | 1,203,490 |
| Asurion LLC: | | | |
| 2016 Term Loan B2, 4.03%, 7/08/20 | | 470 | 474,864 |
| Term Loan B4, 4.25%, 8/04/22 | | 2,439 | 2,467,711 |
| Term Loan B5, 4.75%, 11/03/23 | | 1,416 | 1,434,666 |
| Brand Energy & Infrastructure Services, Inc., Term Loan B, 4.79%, 11/26/20 | | 1,956 | 1,956,178 |
| Camelot UK Holdco Ltd., Term Loan B, 4.75%, 10/03/23 | | 4,973 | 5,027,434 |
| Catalent Pharma Solutions, Inc., Term Loan B, 3.75%, 5/20/21 | | 2,436 | 2,464,374 |
| Creative Artists Agency LLC, 2017 1st Lien Term Loan B, 4.75%, 2/15/24 | | 1,300 | 1,312,194 |
| Employbridge LLC, Exit Term Loan, 7.50%, 5/16/20 | | 517 | 480,976 |
| GCA Services Group, Inc., 2016 Term Loan, 5.99%, 3/01/23 | | 1,250 | 1,262,249 |
| KAR Auction Services, Inc., Term Loan B3, 4.50%, 3/09/23 | | 903 | 913,905 |
| Livingston International, Inc., 1st Lien Term Loan, 5.50%, 4/18/19 | | 830 | 818,837 |
| Prime Security Services Borrower LLC, 2016 1st Lien Term Loan, 4.25%, 5/02/22 | | 2,188 | 2,208,064 |
| Spin Holdco, Inc., Term Loan B, 4.28%, 11/14/19 | | 3,076 | 3,063,724 |
| US Security Associates Holdings, Inc., 2016 Term Loan, 6.00%, 7/14/23 | | 1,671 | 1,689,609 |
| Waste Industries USA, Inc., 2016 Term Loan, 3.53%, 2/27/20 | | 645 | 648,389 |
| | | | 31,234,035 |
| Communications Equipment 0.6% | | | |
| Applied Systems, Inc.: | | | |
| 1st Lien Term Loan, 4.00%, 1/25/21 | | 569 | 572,618 |
| 2nd Lien Term Loan, 7.50%, 1/24/22 | | 534 | 538,107 |
| Avaya, Inc.: | | | |
| DIP Term Loan, 3.28%, 1/24/18 | | 215 | 221,839 |
| Term Loan B7, 6.28%, 5/29/20 | | 935 | 746,023 |
| CommScope, Inc., Term Loan B5, 3.28%, 12/29/22 | | 548 | 553,028 |
| Riverbed Technology, Inc., 2016 Term Loan, 4.25%, 4/24/22 | | 2,295 | 2,312,820 |
| | | | 4,944,435 |
| Construction & Engineering 0.5% | | | |
| CNT Holdings III Corp., 2017 Term Loan, 4.25%, 1/22/23 | | 645 | 648,757 |
| Safway Group Holding LLC, Term Loan B, 5.75%, 8/19/23 | | 2,279 | 2,307,779 |
| USIC Holdings, Inc., 2016 1st Lien Term Loan, 4.75%, 12/08/23 | | 835 | 839,701 |
| | | | 3,796,237 |
| Construction Materials 0.3% | | | |
| Filtration Group Corp.: | | | |
| 1st Lien Term Loan, 4.30%, 11/21/20 | | 1,575 | 1,587,678 |
| Delayed Draw Term Loan, 3.77%, 11/21/20 | | 1,081 | 1,084,801 |
| | | | 2,672,479 |
| Containers & Packaging 0.9% | | | |
| Ardagh Holdings USA, Inc., Incremental Term Loan, 4.01%, 12/17/21 | | 424 | 424,567 |
| Berry Plastics Group, Inc., Term Loan I, 3.28%, 10/03/22 | | 3,990 | 4,017,088 |
| BWAY Holding Co., 2016 Term Loan B, 4.75%, 8/14/23 | | 1,025 | 1,024,865 |
| Flex Acquisition Company, Inc., 1st Lien Term Loan, 4.25%, 12/29/23 | | 1,150 | 1,157,762 |
| | | | 6,624,282 |
| Floating Rate Loan Interests (c) | | | |
| Distributors 0.3% | | | |
| American Builders & Contractors Supply Co., Inc., Term Loan B, 3.53%, 10/31/23 | USD | 2,322 | \$ 2,341,162 |
| American Tire Distributors Holdings, Inc., 2015 Term Loan, 5.25%, 9/01/21 | | 295 | 293,400 |
| | | | 2,634,562 |
| Diversified Consumer Services 1.2% | | | |

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| | | |
|---|-------|------------|
| Bright Horizons Family Solutions, Inc., 2016 Term Loan B, 3.52%, 11/07/23 | 2,993 | 3,023,782 |
| Serta Simmons Holdings LLC, 2nd Lien Term Loan, 9.04%, 11/08/24 | 885 | 901,594 |
| ServiceMaster Co., 2016 Term Loan B, 3.28%, 11/08/23 | 4,880 | 4,928,800 |
| Weight Watchers International, Inc., Term Loan B2, 4.25%, 4/02/20 | 809 | 709,557 |
| | | 9,563,733 |
| Diversified Financial Services 0.3% | | |
| AlixPartners LLP, 2016 Term Loan B, 4.00%, 7/28/22 | 1,686 | 1,701,184 |
| SAM Finance Luxembourg Sarl, Term Loan, 4.25%, 12/17/20 | 262 | 263,890 |
| | | 1,965,074 |
| Diversified Telecommunication Services 3.7% | | |
| Consolidated Communications, Inc., Term Loan B2, 6.54%, 10/05/23 | 680 | 683,883 |
| Hawaiian Telcom Communications, Inc., Term Loan B, 5.29%, 6/06/19 | 806 | 805,770 |
| Integra Telecom, Inc.: | | |
| 2015 1st Lien Term Loan, 5.29%, 8/14/20 | 1,743 | 1,743,714 |
| 2nd Lien Term Loan, 9.75%, 2/12/21 | 1,063 | 1,062,451 |
| Level 3 Financing Inc., 2017 Term Loan B, 4.25%, 2/14/24 | 8,075 | 8,112,468 |
| Sprint Communications, Inc., 1st Lien Term Loan B, 3.31%, 2/02/24 | 3,035 | 3,039,340 |
| Telenet International Finance Sarl, Term Loan AF, 3.77%, 1/31/25 | 2,780 | 2,804,325 |
| Telesat Canada, 2017 Term Loan B, 3.85%, 11/17/23 | 1,347 | 1,360,091 |
| Virgin Media Investment Holdings Ltd., Term Loan I, 3.52%, 1/31/25 | 3,470 | 3,483,499 |
| Zayo Group LLC, 2017 Term Loan B2, 3.50%, 1/19/24 | 5,765 | 5,818,960 |
| | | 28,914,501 |
| Electric Utilities 1.2% | | |
| Energy Future Intermediate Holding Co. LLC, 2016 DIP Term Loan, 4.30%, 6/30/17 | 6,104 | 6,119,720 |
| Lightstone Generation LLC: | | |
| Term Loan B, 6.54%, 11/22/23 | 647 | 656,521 |
| Term Loan C, 6.54%, 11/22/23 | 62 | 62,526 |
| TEX Operations Co. LLC: | | |
| Exit Term Loan B, 3.53%, 8/04/23 | 1,491 | 1,498,194 |
| Exit Term Loan C, 3.53%, 8/04/23 | 340 | 341,807 |
| Texas Competitive Electric Holdings Co. LLC/TCEH Finance, Inc., Escrow, 5.03%, 11/10/17 | 2,375 | |
| Vistra Operations Co. LLC, 2016 Term Loan B2, 4.02%, 12/14/23 | 710 | 714,104 |
| | | 9,392,872 |
| Energy Equipment & Services 0.1% | | |
| Weatherford International Ltd., Term Loan, 3.09%, 7/13/20 | 911 | 890,490 |
| Food & Staples Retailing 2.3% | | |
| Albertsons LLC: | | |
| 2016 Term Loan B4, 3.78%, 8/22/21 | 3,810 | 3,855,593 |
| 2016 Term Loan B5, 4.25%, 12/22/22 | 543 | 550,685 |

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|--|-----|--------------|--------------|
| Floating Rate Loan Interests (c) | | | |
| Food & Staples Retailing (continued) | | | |
| BJ's Wholesale Club, Inc.: | | | |
| 2017 1st Lien Term Loan, 4.75%, 2/03/24 | USD | 2,635 | \$ 2,613,604 |
| 2017 2nd Lien Term Loan, 8.50%, 2/03/25 | | 1,115 | 1,113,372 |
| Hostess Brands LLC, 2016 1st Lien Term Loan, 4.00%, 8/03/22 | | 2,818 | 2,850,707 |
| Rite Aid Corp.: | | | |
| 5.75%, 8/21/20 | | 695 | 696,737 |
| 4.88%, 6/21/21 | | 1,475 | 1,479,912 |
| US Foods, Inc., 2016 Term Loan B, 3.53%, 6/27/23 | | 4,801 | 4,859,686 |
| | | | 18,020,296 |
| Food Products 1.7% | | | |
| Blue Ribbon LLC, Term Loan, 5.00%, 11/13/21 | | 1,100 | 1,087,533 |
| Chobani LLC, 1st Lien Term Loan, 5.25%, 10/07/23 | | 1,085 | 1,097,890 |
| Dole Food Co., Inc., Term Loan B, 4.50%, 11/01/18 | | 1,572 | 1,576,482 |
| JBS USA LLC, 2017 Term Loan B, 3.28%, 10/30/22 | | 1,970 | 1,980,677 |
| Pinnacle Foods Finance LLC, 2017 Term Loan B, 4.25%, 2/02/24 | | 2,570 | 2,581,771 |
| Reddy Ice Corp.: | | | |
| 1st Lien Term Loan, 6.75%, 5/01/19 | | 1,796 | 1,769,201 |
| 2nd Lien Term Loan, 10.75%, 11/01/19 | | 724 | 632,595 |
| Reynolds Group Holdings Inc., 2017 Term Loan, 3.78%, 2/05/23 | | 2,206 | 2,222,156 |
| | | | 12,948,305 |
| Health Care Equipment & Supplies 1.9% | | | |
| Alere, Inc., 2015 Term Loan B, 4.25%, 6/18/22 | | 1,562 | 1,564,379 |
| Capsugel Holdings US, Inc., Term Loan B, 4.00%, 7/31/21 | | 2,167 | 2,170,689 |
| Cotiviti Corp., Term Loan B, 3.75%, 9/28/23 | | 2,300 | 2,315,961 |
| DJO Finance LLC, 2015 Term Loan, 4.25%, 6/08/20 | | 2,655 | 2,604,802 |
| Immucor, Inc., Refinancing Term Loan B2, 5.00%, 8/17/18 | | 1,529 | 1,509,100 |
| National Vision, Inc., 1st Lien Term Loan, 4.00%, 3/12/21 | | 2,680 | 2,678,521 |
| Ortho-Clinical Diagnostics, Inc., Term Loan B, 4.75%, 6/30/21 | | 2,254 | 2,232,177 |
| | | | 15,075,629 |
| Health Care Providers & Services 4.4% | | | |
| Air Medical Group Holdings, Inc., Term Loan B, 4.25%, 4/28/22 | | 624 | 624,737 |
| CHG Healthcare Services, Inc., 2016 Term Loan B, 4.75%, 6/07/23 | | 2,159 | 2,185,671 |
| Community Health Systems, Inc.: | | | |
| Term Loan F, 4.19%, 12/31/18 | | 1,177 | 1,173,629 |
| Term Loan G, 3.75%, 12/31/19 | | 1,486 | 1,472,616 |
| Term Loan H, 4.00%, 1/27/21 | | 1,237 | 1,215,126 |
| Curo Health Services Holdings, Inc., 2015 1st Lien Term Loan, 6.50%, 2/07/22 | | 585 | 586,817 |
| DaVita HealthCare Partners, Inc., Term Loan B, 3.53%, 6/24/21 | | 6,835 | 6,918,476 |
| Envision Healthcare Corp., 2016 Term Loan B, 4.00%, 12/01/23 | | 5,195 | 5,257,755 |
| inVentiv Health, Inc., 2016 Term Loan B, 4.80%, 11/09/23 | | 2,825 | 2,841,736 |
| MPH Acquisition Holdings LLC, 2016 Term Loan B, 5.00%, 6/07/23 | | 2,187 | 2,219,975 |
| National Mentor Holdings, Inc., Term Loan B, 4.25%, 1/31/21 | | 671 | 670,739 |
| Precyse Acquisition Corp., 2016 1st Lien Term Loan, 6.50%, 10/20/22 | | 1,327 | 1,343,250 |
| Sterigenics-Nordion Holdings LLC, 2015 | | | |
| Term Loan B, 4.25%, 5/15/22 | | 1,534 | 1,533,514 |
| Surgery Center Holdings, Inc., 1st Lien Term Loan, 4.75%, 11/03/20 | | 1,345 | 1,352,656 |
| Surgical Care Affiliates, Inc., Incremental Term Loan B, 3.75%, 3/17/22 | | 987 | 987,911 |
| | | | Par (000) |
| | | | Value |
| Floating Rate Loan Interests (c) | | | |
| Health Care Providers & Services (continued) | | | |
| Team Health, Inc., 1st Lien Term Loan, 3.75%, 2/06/24 | USD | 2,095 | \$ 2,088,464 |
| U.S. Renal Care, Inc., 2015 Term Loan B, 5.25%, 12/31/22 | | 879 | 808,450 |
| Vizient, Inc., 2016 Term Loan B, 5.00%, 2/13/23 | | 1,333 | 1,350,479 |

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| | | |
|---|-------|------------|
| | | 34,632,001 |
| Health Care Technology 1.1% | | |
| Change Healthcare Holdings, Inc., 2017 | | |
| Term Loan B, 3.03%, 2/08/24 | 5,345 | 5,367,289 |
| IMS Health, Inc., 2016 Term Loan B, 3.50%, 3/17/21 | 2,543 | 2,553,412 |
| Press Ganey Holdings, Inc., 1st Lien Term Loan, 4.25%, 10/21/23 | 945 | 946,181 |
| | | 8,866,882 |
| Hotels, Restaurants & Leisure 4.2% | | |
| Amaya Holdings BV: | | |
| 1st Lien Term Loan, 5.00%, 8/01/21 | 2,317 | 2,318,680 |
| 2nd Lien Term Loan, 8.00%, 8/01/22 | 2,200 | 2,205,931 |
| Boyd Gaming Corp.: | | |
| Term Loan B, 4.00%, 8/14/20 | 812 | 814,803 |
| Term Loan B2, 3.71%, 9/15/23 | 602 | 608,320 |
| Bronco Midstream Funding LLC, Term Loan B, 5.06%, 8/15/20 | 1,601 | 1,608,753 |
| Burger King Capital Holdings LLC., 2017 | | |
| Term Loan B, 3.25%, 2/14/24 | 4,166 | 4,162,970 |
| Caesars Entertainment Operating Co., | | |
| Term Loan B7 (Non RSA), 3.71%, 3/01/22 | 1,685 | 2,023,399 |
| Caesars Entertainment Resort Properties LLC, Term Loan B, 7.00%, 10/11/20 | 8,324 | 8,393,636 |
| CCM Merger, Inc., Term Loan B, 4.03%, 8/08/21 | 968 | 975,009 |
| ESH Hospitality, Inc., 2016 Term Loan B, 3.78%, 8/30/23 | 1,865 | 1,877,916 |
| Four Seasons Holdings, Inc., 1st Lien Term Loan, 4.00%, 11/30/23 | 215 | 217,918 |
| Hilton Worldwide Finance LLC: | | |
| Term Loan B1, 3.50%, 10/26/20 | 101 | 101,638 |
| Term Loan B2, 3.28%, 10/25/23 | 756 | 759,218 |
| La Quinta Intermediate Holdings LLC, Term Loan B, 3.77%, 4/14/21 | 454 | 456,527 |
| Las Vegas Sands LLC, 2016 Term Loan B, 3.04%, 12/19/20 | 1,597 | 1,607,452 |
| Sabre GLOBL, Inc., Term Loan B, 3.53%, 2/08/24 | 1,233 | 1,242,034 |
| Scientific Games International, Inc., 2017 Term Loan B3, 4.77%, 10/01/21 | 1,527 | 1,550,050 |
| Station Casinos LLC, 2016 Term Loan B, 3.28%, 6/08/23 | 1,139 | 1,144,333 |
| Yum! Brands, Inc., 1st Lien Term Loan B, 3.53%, 6/16/23 | 905 | 916,958 |
| | | 32,985,545 |
| Household Products 0.7% | | |
| Serta Simmons Bedding LLC, 1st Lien Term Loan, 4.54%, 11/08/23 | | |
| Spectrum Brands, Inc., 2016 Term Loan, 3.51%, 6/23/22 | 1,767 | 1,789,152 |
| | | 5,223,482 |
| Independent Power and Renewable Electricity Producers 0.9% | | |
| Calpine Construction Finance Co., LP, | | |
| Term Loan B1, 3.03%, 5/03/20 | 793 | 792,252 |
| Calpine Corp.: | | |
| Term Loan B5, 3.75%, 1/15/24 | 465 | 466,973 |
| Term Loan B6, 3.75%, 1/15/23 | 1,168 | 1,173,492 |
| Dynegy, Inc., 2017 Term Loan C, 4.25%, 6/27/23 | 2,539 | 2,563,861 |
| Granite Acquisition, Inc.: | | |
| Term Loan B, 5.00%, 12/19/21 | 1,674 | 1,689,481 |
| Term Loan C, 5.00%, 12/19/21 | 75 | 75,854 |
| | | 6,761,913 |

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|--|-----|--------------|--------------|
| Floating Rate Loan Interests (c) | | | |
| Industrial Conglomerates 0.4% | | | |
| Cortes NP Acquisition Corp., Term Loan B, 6.04%, 11/30/23 | USD | 2,840 | \$ 2,860,227 |
| Sequa Corp., Term Loan B, 5.25%, 6/19/17 | | 373 | 359,404 |
| | | | 3,219,631 |
| Insurance 1.0% | | | |
| Alliant Holdings I, Inc., 2015 Term Loan B, 4.50%, 8/12/22 | | 1,194 | 1,204,256 |
| AmWINS Group, Inc., 2017 Term Loan B, 3.75%, 1/25/24 | | 920 | 924,600 |
| AssuredPartners, Inc., 2016 Term Loan B, 5.25%, 10/21/22 | | 1,144 | 1,155,449 |
| Hub International Ltd., Term Loan B, 4.03%, 10/02/20 | | 1,072 | 1,079,624 |
| Sedgwick Claims Management Services, Inc.: | | | |
| 1st Lien Term Loan, 3.75%, 3/01/21 | | 1,624 | 1,627,729 |
| 2nd Lien Term Loan, 6.75%, 2/28/22 | | 1,650 | 1,654,818 |
| | | | 7,646,476 |
| Internet & Direct Marketing Retail 0.3% | | | |
| Harbor Freight Tools USA, Inc., 2016 Term Loan B, 3.78%, 8/19/23 | | 2,021 | 2,022,410 |
| Internet Software & Services 0.7% | | | |
| Go Daddy Operating Co. LLC: | | | |
| Delayed Draw Term Loan, 2.50%, 2/15/24 | | 1,503 | 1,505,838 |
| 2017 Term Loan B, 4.50%, 2/02/24 | | 1,131 | 1,133,341 |
| Rackspace Hosting, Inc., 1st Lien Term Loan, 4.53%, 11/03/23 | | 2,305 | 2,329,502 |
| W3 Co., 2nd Lien Term Loan, 9.25%, 9/11/20 | | 289 | 79,068 |
| | | | 5,047,749 |
| IT Services 2.1% | | | |
| Cision US, Inc., Term Loan B, 7.00%, 6/16/23 | | 1,139 | 1,145,917 |
| First Data Corp., 2016 Term Loan, 3.78%, 3/24/21 | | 9,199 | 9,278,079 |
| TKC Holdings, Inc., 2017 Term Loan, 4.75%, 2/01/23 | | 1,400 | 1,410,500 |
| Vantiv LLC, 2014 Term Loan B, 3.27%, 10/14/23 | | 798 | 805,764 |
| VF Holding Corp., Reprice Term Loan, 4.25%, 6/30/23 | | 1,157 | 1,166,507 |
| WEX, Inc., Term Loan B, 4.28%, 7/01/23 | | 2,463 | 2,499,564 |
| | | | 16,306,331 |
| Machinery 1.0% | | | |
| Faenza Acquisition GmbH: | | | |
| Term Loan B1, 4.30%, 8/30/20 | | 614 | 615,612 |
| Term Loan B3, 4.30%, 8/30/20 | | 187 | 187,914 |
| Gardner Denver, Inc., Term Loan, 4.57%, 7/30/20 | | 1,182 | 1,178,717 |
| Milacron LLC, Amended Term Loan B, 3.78%, 6/20/23 | | 555 | 557,431 |
| Mueller Water Products, Inc., 2017 Term Loan B, 3.28%, 11/26/21 | | 559 | 563,840 |
| Navistar International Corp., 2017 Term Loan B, 5.00%, 8/07/20 | | 761 | 765,431 |
| Rexnord LLC, 2016 Term Loan B, 3.75%, 8/21/23 | | 1,323 | 1,330,523 |
| Signode Industrial Group US, Inc., Term Loan B, 4.00%, 5/01/21 | | 890 | 892,965 |
| Silver II US Holdings LLC, Term Loan, 4.00%, 12/13/19 | | 2,057 | 1,960,742 |
| | | | 8,053,175 |
| Media 5.8% | | | |
| Altice US Finance I Corp., 2016 Term Loan B, 3.78%, 1/15/25 | | 3,264 | 3,298,390 |
| AMC Entertainment, Inc., Term Loan B, 3.53%, 12/15/23 | | 665 | 671,983 |
| CBS Radio, Inc., Term Loan B, 4.50%, 10/17/23 | | 1,318 | 1,329,266 |
| Floating Rate Loan Interests (c) | | | |
| Media (continued) | | | |
| Charter Communications Operating LLC, 2016 Term Loan I Add, 3.03%, 1/15/24 | USD | 4,575 | \$ 4,603,198 |
| CSC Holdings LLC, 2016 Term Loan, 3.77%, 10/11/24 | | 3,042 | 3,071,521 |
| Houghton Mifflin Harcourt Publishing Co., 2015 Term Loan B, 4.00%, 5/31/21 | | 1,718 | 1,594,621 |
| iHeartCommunications, Inc., Term Loan D, 7.53%, 1/30/19 | | 3,967 | 3,442,500 |
| Intelsat Jackson Holdings SA, Term Loan B2, 3.75%, 6/30/19 | | 5,281 | 5,244,544 |

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| | | |
|--|-------|------------|
| Live Nation Entertainment, Inc., Term Loan B2, 3.31%, 10/31/23 | 605 | 611,792 |
| Mission Broadcasting, Inc., 2016 Term Loan B2, 3.77%, 1/17/24 | 304 | 308,359 |
| Nexstar Broadcasting, Inc., 2017 Term Loan B, 3.77%, 1/17/24 | 3,198 | 3,247,072 |
| Numericable U.S. LLC: | | |
| Term Loan B10, 4.29%, 1/14/25 | 2,170 | 2,184,923 |
| Term Loan B7, 5.29%, 1/15/24 | 3,109 | 3,135,682 |
| SBA Senior Finance II LLC, Term Loan B1, 3.04%, 3/24/21 | 1,926 | 1,933,655 |
| Trader Corp., Term Loan, 5.00%, 9/28/23 | 1,075 | 1,078,139 |
| Tribune Media Co., Term Loan C, 3.78%, 1/27/24 | 2,554 | 2,575,719 |
| Univision Communications, Inc., Term Loan C4, 4.00%, 3/01/20 | 4,244 | 4,259,375 |
| Ziggo Secured Finance Partnership, Term Loan E, 3.53%, 4/23/25 | 2,925 | 2,933,365 |
| | | 45,524,104 |
| Metals & Mining 0.1% | | |
| Ameriforge Group, Inc., 2nd Lien Term Loan, 8.75%, 12/19/20 | 530 | 51,235 |
| WireCo WorldGroup, Inc., 2016 1st Lien Term Loan, 6.50%, 9/30/23 | 514 | 517,350 |
| | | 568,585 |
| Multiline Retail 0.1% | | |
| Hudson's Bay Co., 2015 Term Loan B, 4.25%, 9/30/22 | 882 | 866,312 |
| Oil, Gas & Consumable Fuels 2.5% | | |
| California Resources Corp.: | | |
| Second Out Term Loan, 11.38%, 12/31/21 | 1,845 | 2,078,706 |
| Term Loan A, 3.78%, 10/01/19 | 1,582 | 1,521,111 |
| Chesapeake Energy Corp., Term Loan, 8.55%, 8/23/21 | 1,947 | 2,102,369 |
| CITGO Holding, Inc., 2015 Term Loan B, 9.50%, 5/12/18 | 824 | 837,457 |
| Drillships Financing Holding, Inc., Term Loan B1, 6.06%, 3/31/21 | 1,400 | 1,144,927 |
| Energy Transfer Equity LP, 2017 Term Loan B, 3.53%, 2/02/24 | 1,885 | 1,889,826 |
| MEG Energy Corp., 2017 Term Loan B, 4.75%, 12/31/23 | 3,415 | 3,433,542 |
| Panda Patriot LLC, Term Loan B1, 6.75%, 12/19/20 | 501 | 490,003 |
| Peabody Energy Corp., Exit Term Loan, 4.25%, 1/30/22 | 815 | 820,770 |
| PowerTeam Services LLC, 2nd Lien Term Loan, 8.25%, 11/06/20 | 200 | 199,000 |
| Samchully Midstream 3 LLC, Term Loan B, 5.75%, 10/20/21 | 1,186 | 1,162,340 |
| Seventy Seven Operating LLC, Term Loan B, 3.78%, 6/25/20 | 186 | 184,403 |
| Ultra Resources, Inc., Revolver, 3.53%, 4/06/17 (a)(f) | 1,674 | 1,709,573 |
| Veresen Midstream Limited Partnership, | | |
| Term Loan B1, 5.25%, 3/31/22 | 1,875 | 1,894,135 |
| | | 19,468,162 |

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | Par (000) | Value |
|--|----------------------|--------------|
| Floating Rate Loan Interests (c) | | |
| Personal Products 0.5% | | |
| Prestige Brands, Inc., Term Loan B4, 3.53%, 1/26/24 | USD 2,047 | \$ 2,071,543 |
| Revlon Consumer Products Corp., 2016 Term Loan B, 4.28%, 9/07/23 | 1,940 | 1,950,575 |
| | | 4,022,118 |
| Pharmaceuticals 3.3% | | |
| Akorn, Inc., Term Loan B, 5.25%, 4/16/21 | 1,349 | 1,367,965 |
| DPx Holdings BV, 2014 Incremental Term Loan, 4.25%, 3/11/21 | 4,625 | 4,644,571 |
| Endo Luxembourg Finance Co. I Sarl, 2015 Term Loan B, 3.81%, 9/26/22 | 2,209 | 2,217,850 |
| Grifols Worldwide Operations USA, Inc., 2017 Acquisition Term Loan, 2.97%, 1/31/25 | 5,985 | 6,004,631 |
| Jaguar Holding Co. II, 2015 Term Loan B, 4.25%, 8/18/22 | 4,121 | 4,142,004 |
| Valeant Pharmaceuticals International, Inc.: | | |
| Series C2 Term Loan B, 5.28%, 12/11/19 | 999 | 1,003,311 |
| Series D2 Term Loan B, 5.03%, 2/13/19 | 1,467 | 1,473,226 |
| Series E Term Loan B, 5.27%, 8/05/20 | 1,439 | 1,446,815 |
| Series F1 Term Loan B, 5.53%, 4/01/22 | 3,279 | 3,299,876 |
| | | 25,600,249 |
| Professional Services 1.4% | | |
| Advantage Sales & Marketing, Inc., 2014 1st Lien Term Loan, 4.25%, 7/23/21 | 748 | 744,689 |
| Emdeon Business Services LLC, Term Loan B2, 3.75%, 11/02/18 | 3,421 | 3,425,178 |
| Information Resources, Inc., 1st Lien Term Loan, 5.25%, 1/18/24 | 775 | 784,207 |
| TransUnion LLC, Term Loan B2, 3.28%, 4/09/23 | 5,548 | 5,605,378 |
| | | 10,559,452 |
| Real Estate Investment Trusts (REITs) 0.5% | | |
| Communications Sales & Leasing, Inc., 2017 Term Loan B, 4.00%, 10/24/22 | 463 | 465,048 |
| MGM Growth Properties LLC, 2016 Term Loan B, 3.28%, 4/25/23 | 3,187 | 3,211,760 |
| | | 3,676,808 |
| Real Estate Management & Development 0.8% | | |
| CityCenter Holdings LLC, Term Loan B, 3.53%, 10/16/20 | 1,158 | 1,171,932 |
| DTZ U.S. Borrower LLC, 2015 1st Lien Term Loan, 4.29%, 11/04/21 | 2,064 | 2,074,821 |
| Realogy Corp., 2017 Term Loan B, 3.03%, 7/20/22 | 2,626 | 2,645,744 |
| | | 5,892,497 |
| Road & Rail 0.1% | | |
| SIRVA Worldwide, Inc., 2016 Term Loan, 7.50%, 11/14/22 | 1,125 | 1,099,687 |
| Semiconductors & Semiconductor Equipment 0.2% | | |
| Cavium, Inc., Term Loan B, 3.78%, 8/16/22 | 525 | 529,299 |
| Microsemi Corp., 2015 Term Loan B, 3.03%, 1/15/23 | 411 | 413,863 |
| ON Semiconductor Corp., Incremental Term Loan, 4.03%, 3/31/23 | 643 | 648,901 |
| | | 1,592,063 |
| Software 4.5% | | |
| BMC Software Finance, Inc., Term Loan, 5.00%, 9/10/20 | 2,349 | 2,360,460 |
| DTI Holdco, Inc., 2016 Term Loan B, 6.09%, 9/21/23 | 1,197 | 1,193,505 |
| Hyland Software, Inc., 2017 Term Loan, 3.75%, 7/01/22 | 275 | 278,223 |
| Infor (US), Inc., Term Loan B6, 3.75%, 2/01/22 | 2,874 | 2,875,934 |
| | Par (000) | Value |
| Floating Rate Loan Interests (c) | | |
| Software (continued) | | |
| Informatica Corp., Term Loan, 4.50%, 8/05/22 | USD 3,694 | \$ 3,670,788 |
| IQOR US, Inc., Term Loan B, 6.00%, 4/01/21 | 706 | 683,736 |
| Kronos, Inc.: | | |
| 1st Lien Term Loan, 5.00%, 11/01/23 | 2,615 | 2,644,680 |
| 2nd Lien Term Loan, 9.28%, 11/01/24 | 1,175 | 1,214,022 |

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| | | |
|---|-------|------------|
| LANDesk Group, Inc., 2017 Term Loan B, 5.25%, 1/20/24 | 335 | 336,615 |
| Mitchell International, Inc.: | | |
| 1st Lien Term Loan, 4.54%, 10/13/20 | 1,983 | 1,994,219 |
| 2nd Lien Term Loan, 8.50%, 10/11/21 | 1,250 | 1,247,662 |
| Optiv Security, Inc., 1st Lien Term Loan, 4.25%, 2/01/24 | 2,590 | 2,605,384 |
| RP Crown Parent LLC, 2016 Term Loan B, 4.50%, 10/12/23 | 2,004 | 2,020,621 |
| SolarWinds, Inc., 2017 Term Loan, 4.50%, 2/05/23 | 2,488 | 2,490,933 |
| Solera LLC, Term Loan B, 5.75%, 3/03/23 | 1,327 | 1,334,544 |
| Sophia LP, 2017 Term Loan B, 4.25%, 9/30/22 | 1,765 | 1,771,121 |
| SS&C Technologies, Inc.: | | |
| 2015 Term Loan B1, 4.03%, 7/08/22 | 2,482 | 2,494,007 |
| 2015 Term Loan B2, 4.03%, 7/08/22 | 238 | 239,342 |
| Synchronoss Technologies, Inc., Term Loan, 4.25%, 1/19/24 | 1,560 | 1,563,900 |
| Tibco Software Inc., 2017 Term Loan B, 5.50%, 12/04/20 | 1,919 | 1,942,795 |
| | | 34,962,491 |
| Specialty Retail 1.3% | | |
| Academy Ltd., 2015 Term Loan B, 5.04%, 7/01/22 | 1,040 | 820,360 |
| Bass Pro Group LLC: | | |
| 2015 Term Loan, 4.02%, 6/05/20 | 348 | 333,214 |
| Asset Sale Term Loan, 5.72%, 6/09/18 | 655 | 655,000 |
| Term Loan B, 5.97%, 12/16/23 | 750 | 719,482 |
| Coinstar LLC, 1st Lien Term Loan, 5.25%, 9/27/23 | 711 | 716,717 |
| Leslie's Poolmart, Inc., 2016 Term Loan, 4.75%, 8/16/23 | 833 | 835,536 |
| Michaels Stores, Inc., 2016 Term Loan B1, 3.75%, 1/30/23 | 3,267 | 3,258,052 |
| Party City Holdings, Inc., 2016 Term Loan, 3.79%, 8/19/22 | 2,284 | 2,266,136 |
| Things Remembered, Inc., 2016 Term Loan, 3.86%, 2/29/20 | 1,267 | 316,823 |
| | | 9,921,320 |
| Technology Hardware, Storage & Peripherals 0.4% | | |
| Dell, Inc., 2016 Term Loan B, 4.04%, 9/07/23 | 3,057 | 3,075,987 |
| Oberthur Technologies SA, 2016 Term Loan B1, 4.70%, 12/15/23 | 164 | 165,618 |
| | | 3,241,605 |
| Textiles, Apparel & Luxury Goods 0.3% | | |
| Ascend Performance Materials LLC, Term Loan B, 6.50%, 8/12/22 | 2,494 | 2,511,145 |
| Thrifts & Mortgage Finance 0.2% | | |
| IG Investment Holdings LLC, Term Loan B, 6.00%, 10/29/21 | 1,486 | 1,495,495 |
| Trading Companies & Distributors 0.5% | | |
| Beacon Roofing Supply, Inc., Term Loan B, 3.71%, 10/01/22 | 583 | 585,538 |
| HD Supply, Inc.: | | |
| Incremental Term Loan B1, 3.75%, 8/13/21 | 1,486 | 1,495,877 |
| Incremental Term Loan B2, 3.75%, 10/17/23 | 1,910 | 1,924,539 |
| Nexeo Solutions LLC, 2016 Term Loan, 5.29%, 6/09/23 | 244 | 245,055 |
| | | 4,251,009 |

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

| | | Par (000) | Value |
|--|-----|--------------|--------------------|
| Floating Rate Loan Interests (c) | | | |
| Wireless Telecommunication Services 1.7% | | | |
| Ligado Networks LLC, PIK Exit Term Loan (9.75% PIK), 9.75%, 12/07/20 (e) | USD | 8,914 | \$ 8,718,248 |
| LTS Buyer LLC, 1st Lien Term Loan, 4.25%, 4/13/20 | | 3,826 | 3,854,115 |
| Radiate Holdco LLC, 1st Lien Term Loan, 3.78%, 2/01/24 | | 945 | 951,955 |
| | | | 13,524,318 |
| Total Floating Rate Loan Interests 67.5% | | | 527,438,680 |

| | | Shares | |
|--|--|---------|------------|
| Investment Companies 1.8% | | | |
| iShares iBoxx \$ High Yield Corporate Bond ETF (j) | | 157,001 | 13,861,618 |

| | | Beneficial Interest (000) | |
|-------------------------------------|--|---------------------------------|----|
| Other Interests (k) | | | |
| Auto Components 0.0% | | | |
| Intermet Liquidating Trust, Class A | | 1,154 | 12 |

Preferred Securities

| | | Par (000) | Value |
|--|--|--------------|------------------|
| Capital Trusts (l) | | | |
| Banco Popular Espanol SA, 8.25% (c) | | 200 | 183,541 |
| Banco Santander SA, 6.25% (c) | | 200 | 208,967 |
| Bank of America Corp., Series X, 6.25% (c) | | 1,100 | 1,177,110 |
| Barclays PLC (c): | | | |
| 7.25% | | 200 | 248,165 |
| 7.88% | | 200 | 209,810 |
| Citigroup, Inc., Series N, 5.80% (c) | | 1,100 | 1,141,250 |
| Cooperatieve Rabobank UA, 6.63% (c) | | 200 | 228,724 |
| Credit Agricole SA, 6.50% (c) | | 100 | 109,958 |
| DCP Midstream LLC, 5.85% (b)(c) | | 115 | 107,525 |
| Enel SpA (c): | | | |
| 6.50% | | 100 | 114,415 |
| 7.75% | | 100 | 137,421 |
| Gas Natural Fenosa Finance BV, 3.38% (c) | | 100 | 102,614 |
| Goldman Sachs Group, Inc., Series L, 5.70% (c) | | 750 | 772,500 |
| HBOS Capital Funding LP, 6.85% | | 100 | 101,750 |
| Intesa Sanpaolo SpA, 7.00% (c) | | 400 | 424,819 |
| JPMorgan Chase & Co., Series V, 5.00% (c) | | 780 | 784,688 |
| Lanxess AG, 4.50% (c) | | 50 | 56,943 |
| Repsol International Finance BV, 4.50% (c) | | 100 | 107,298 |
| Royal Bank of Scotland Group PLC, 8.63% (c) | | 246 | 259,899 |
| Societe Generale SA, 7.38% (b)(c) | | 200 | 202,500 |
| Solvay Finance SA, 5.12% (c) | | 100 | 116,177 |
| | | Par (000) | Value |
| Capital Trusts (l) | | | |
| Telefonica Europe BV (c): | | | |
| 3.75% | | 100 | \$ 107,132 |
| 4.20% | | 200 | 222,209 |
| 5.00% | | 100 | 112,577 |
| TOTAL SA, 3.88% (c) | | 100 | 112,794 |
| UBS Group AG, 5.75% (c) | | 200 | 231,479 |
| Total Capital Trusts 1.0% | | | 7,582,265 |

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| | Shares | |
|--|--------|----------------|
| Preferred Stock 0.0% | | |
| Capital Markets 0.0% | | |
| Goldman Sachs Group, Inc., Series J, 5.50% (c)(1) | 13,550 | 361,107 |
| Trust Preferred 0.2% | | |
| Diversified Financial Services 0.2% | | |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (c) | 59,219 | 1,518,623 |
| Total Preferred Securities 1.2% | | 9,461,995 |
| Rights 0.0% | | |
| Electric Utilities 0.0% | | |
| Tex Energy LLC | 39,599 | 53,459 |
| Oil, Gas & Consumable Fuels 0.0% | | |
| Southcross Holdings LP | 94 | 28,204 |
| Total Rights 0.0% | | 81,663 |
| Warrants | | |
| Software 0.0% | | |
| HMH Holdings/EduMedia (Issued/exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$21.14) | 3,049 | 793 |
| Transportation Infrastructure 0.0% | | |
| Jack Cooper Enterprises, Inc., Class B (Issued/exercisable 4/26/17, 1 Share for 1 Warrant, Expires 4/26/27, Strike Price \$0.01) | 4,494 | 28,851 |
| Turbo Cayman Ltd. (Expires 3/15/18, Strike Price \$0.01) | 1 | |
| | | 28,851 |
| Total Warrants 0.0% | | 29,644 |
| Total Long-Term Investments | | |
| (Cost \$1,137,396,419) 145.0% | | 1,132,532,731 |
| Options Purchased | | |
| (Cost \$5,867) 0.0% | | |
| Total Investments (Cost \$1,137,402,286) 145.0% | | 1,132,532,731 |
| Liabilities in Excess of Other Assets (45.0)% | | (351,723,434) |
| Net Assets 100.0% | | \$ 780,809,297 |

Notes to Consolidated Schedule of Investments

- (a) Non-income producing security.
- (b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Variable rate security. Rate as of period end.
- (d) When-issued security.
- (e) Payment-in-kind security which may pay interest/dividends in additional par/shares and/or in cash. Rates shown are the current rate and possible payment rates.
- (f) Issuer filed for bankruptcy and/or is in default.

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(g) Zero-coupon bond.

(h) Convertible security.

(i) Step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate as of period end.

See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Consolidated Schedule of Investments (continued)

(j) During the year ended February 28, 2017, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 29, 2016 | Shares Purchased | Shares Sold | Shares Held at February 28, 2017 | Value at February 28, 2017 | Income | Net Realized Gain (Loss) ² | Change in Unrealized Appreciation |
|---|--|---------------------|--------------------------|--|----------------------------------|--------------|--|---|
| BlackRock Liquidity Funds, T-Fund, Institutional Class | | | | | | \$ 3,358 | \$ 7 | |
| BlackRock Liquidity Funds, TempFund, Institutional Class | 5,011,655 | | (5,011,655) ¹ | | | 2,378 | | |
| iShares iBoxx \$ High Yield Corporate Bond ETF | 267,180 | 126,941 | (237,120) | 157,001 | \$ 13,861,618 | 1,202,554 | (966,809) | \$ 3,291,775 |
| Total | | | | | \$ 13,861,618 | \$ 1,208,290 | \$ (966,802) | \$ 3,291,775 |

¹ Represents net shares sold.

² Includes net capital gain distributions.

(k) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(l) Perpetual security with no stated maturity date.

For Fund compliance purposes, the Fund's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

| Contracts Short | Issue | Expiration | Notional Value | Unrealized Appreciation (Depreciation) |
|--------------------|---------------------------|------------|----------------|--|
| (1) | 5-Year U.S. Treasury Note | June 2017 | \$117,703 | \$ 163 |
| (4) | Euro BOBL | June 2017 | \$562,160 | (4) |
| (2) | Euro Bund Future | June 2017 | \$344,962 | (150) |
| Total | | | | \$ 9 |

Forward Foreign Currency Exchange Contracts

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|--|--------------------|--|
| EUR 500,000 | USD 527,074 | Morgan Stanley & Co. International PLC | 3/06/17 | \$ 2,700 |
| USD 12,832,960 | EUR 11,922,000 | Morgan Stanley & Co. International PLC | 3/06/17 | 201,029 |
| USD 25,354 | EUR 24,000 | Northern Trust Co. | 3/06/17 | (75) |
| USD 2,296,324 | GBP 1,838,000 | Barclays Bank PLC | 3/06/17 | 15,504 |
| USD 12,230,035 | EUR 11,520,000 | Bank of America N.A. | 4/05/17 | 6,349 |
| USD 2,274,281 | GBP 1,829,000 | Barclays Bank PLC | 4/05/17 | 2,767 |
| Total | | | | \$ 228,274 |

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OTC Options Purchased

| Description | Put/ Call | Counterparty | Expiration Date | Strike Price | Contracts | Value |
|---|--------------|---------------------|--------------------|-----------------|-----------|-------|
| Marsico Parent Superholdco LLC | Call | Goldman Sachs & Co. | 12/14/19 | USD 942.86 | 6 | |
| Centrally Cleared Credit Default Swaps Sell Protection | | | | | | |

| Issuer / Index | Receive Fixed Rate | Expiration Date | Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|---|--------------------------|--------------------|-------------------------------|--|--|
| Chesapeake Energy Corp. | 5.00% | 12/20/21 | CCC | USD 620 | \$ (7,054) |
| Markit CDX North America High Yield Index, Series 27, Version 2 | 5.00% | 12/20/21 | B+ | USD 21,174 | 352,240 |
| Total | | | | | \$ 345,186 |

See Notes to Consolidated Financial Statements.

Schedule of Investments (continued)

OTC Credit Default Swaps Sell Protection

| Issuer/Index | Receive Fixed Rate | Counterparty | Expiration Date | Credit Rating ¹ | Notional Amount (000) ² | Value | Premiums Paid (Received) | Unrealized Appreciation |
|---------------|--------------------|-----------------------------|-----------------|----------------------------|------------------------------------|----------|--------------------------|-------------------------|
| UniCredit SPA | 1.00% | Barclays Bank PLC | 12/20/21 | BBB- | EUR 20 | \$ (700) | \$ (1,124) | \$ 424 |
| UniCredit SPA | 1.00% | BNP Paribas S.A. | 12/20/21 | BBB- | EUR 10 | (363) | (457) | 94 |
| OTE PLC | 5.00% | Goldman Sachs International | 12/20/21 | B+ | EUR 30 | 2,253 | 1,733 | 520 |
| Total | | | | | | \$ 1,190 | \$ 152 | \$ 1,038 |

¹ Using Standard & Poor's (S&P's) rating of the issuer or the underlying securities of the index, as applicable.

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

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Consolidated Statement of Assets and Liabilities were as follows:

| Assets | Derivative Financial Instruments | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|---|--|---------------------|------------------|------------------|-------------------------------------|-------------------------|-----------------|------------|
| Futures contracts | Net unrealized appreciation ¹ | | | | | \$ 163 | | \$ 163 |
| Forward foreign currency exchange contracts | Unrealized appreciation on forward foreign currency exchange contracts | | | | \$ 228,349 | | | 228,349 |
| Swaps centrally cleared | Net unrealized appreciation ¹ | | \$ 352,240 | | | | | 352,240 |
| Swaps OTC | Unrealized appreciation on OTC derivatives; Swap premiums paid | | 2,771 | | | | | 2,771 |
| Total | | | \$ 355,011 | | \$ 228,349 | \$ 163 | | \$ 583,523 |

Liabilities Derivative Financial Instruments

| | | | | | | | | |
|---|--|--|----------|--|-------|--------|--|----------|
| Futures contracts | Net unrealized depreciation ¹ | | | | | \$ 154 | | \$ 154 |
| Forward foreign currency exchange contracts | Unrealized depreciation on forward foreign currency exchange contracts | | | | \$ 75 | | | 75 |
| Swaps centrally cleared | Net unrealized depreciation ¹ | | \$ 7,054 | | | | | 7,054 |
| Swaps OTC | Unrealized depreciation on OTC derivatives; Swap premiums received | | 1,581 | | | | | 1,581 |
| Total | | | \$ 8,635 | | \$ 75 | \$ 154 | | \$ 8,864 |

¹ Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Consolidated Schedule of Investments. Only current day's variation margin is reported within the Consolidated Statement of Assets and Liabilities. For the year ended February 28, 2017, the effect of derivative financial instruments in the Consolidated Statement of Operations was as follows:

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| | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Currency Exchange Contracts | Interest Rate Contracts | Other Contracts | Total |
|---|------------------------|---------------------|---------------------|--|-------------------------------|--------------------|--------------|
| Net Realized Gain (Loss) from: | | | | | | | |
| Futures contracts | | | | | \$ (88,217) | | \$ (88,217) |
| Forward foreign currency exchange contracts | | | | \$ (233,773) | | | (233,773) |
| Swaps | | \$ 2,143,499 | | | | | 2,143,499 |
| Total | | \$ 2,143,499 | | \$ (233,773) | \$ (88,217) | | \$ 1,821,509 |
| Net Change in Unrealized Appreciation (Depreciation) on: | | | | | | | |
| Futures contracts | | | | | \$ 39,062 | | \$ 39,062 |
| Forward foreign currency exchange contracts | | | | \$ 87,990 | | | 87,990 |
| Swaps | | \$ 477,331 | | | | | 477,331 |
| Total | | \$ 477,331 | | \$ 87,990 | \$ 39,062 | | \$ 604,383 |

See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Consolidated Schedule of Investments (continued)

Average Quarterly Balances of Outstanding Derivative Financial Instruments

| | |
|--|---------------|
| Futures contracts: | |
| Average notional value of contracts – short | \$ 980,050 |
| Forward foreign currency exchange contracts: | |
| Average amounts purchased – in USD | \$ 31,161,799 |
| Average amounts sold – in USD | \$ 641,617 |
| Credit default swaps: | |
| Average notional value – buy protection | \$ 153,225 |
| Average notional value – sell protection | \$ 21,398,821 |

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Consolidated Financial Statements.

Derivative Financial Instruments – Offsetting as of Period End

The Fund's derivative assets and liabilities (by type) were as follows:

| | Assets | Liabilities |
|---|------------|-------------|
| Derivative Financial Instruments: | | |
| Futures contracts | \$ 276 | \$ |
| Forward foreign currency exchange contracts | 228,349 | 75 |
| Swaps – Centrally cleared | 5,446 | |
| Swaps – OTC | 2,771 | 1,581 |
| Total derivative assets and liabilities in the Consolidated Statement of Assets and Liabilities | \$ 236,842 | \$ 1,656 |
| Derivatives not subject to a Master Netting Agreement or similar agreement (– MNA –) | (5,722) | |
| Total derivative assets and liabilities subject to an MNA | \$ 231,120 | \$ 1,656 |

¹ Includes unrealized appreciation (depreciation) on OTC swaps and swap premiums paid/received in the Consolidated Statement of Assets and Liabilities.

The following table presents the Fund's derivative assets and liabilities by counterparty net of amounts available for offset under an MNA and net of the related collateral received and pledged by the Fund:

| Counterparty | Derivative Assets | | Non-cash Collateral Received | Cash Collateral Received | Net Amount of Derivative Assets ^{2,3} |
|--|-----------------------------------|---|------------------------------|--------------------------|--|
| | Subject to an MNA by Counterparty | Derivatives Available for Offset ¹ | | | |
| Bank of America N.A. | \$ 6,349 | | | | \$ 6,349 |
| Barclays Bank PLC | 18,695 | \$ (1,124) | | | 17,571 |
| BNP Paribas S.A. | 94 | (94) | | | |
| Goldman Sachs International | 2,253 | | | | 2,253 |
| Morgan Stanley & Co. International PLC | 203,729 | | | | 203,729 |
| Total | \$ 231,120 | \$ (1,218) | | | \$ 229,902 |

Counterparty

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| | Derivative Liabilities Subject to an MNA by Counterparty | Derivatives Available for Offset ¹ | Non-cash Collateral Pledged | Cash Collateral Pledged | Net Amount of Derivative Liabilities ⁴ |
|--------------------|---|--|-----------------------------------|-------------------------------|--|
| Barclays Bank PLC | \$ 1,124 | \$ (1,124) | | | |
| BNP Paribas S.A. | 457 | (94) | | | \$ 363 |
| Northern Trust Co. | 75 | | | | 75 |
| Total | \$ 1,656 | \$ (1,218) | | | \$ 438 |

¹ The amount of derivatives available for offset is limited to the amount of derivative asset and/or liabilities that are subject to an MNA.

² Net amount represents the net amount receivable from the counterparty in the event of default.

³ Net amount may also include forward foreign currency exchange contracts that are not required to be collateralized.

⁴ Net amount represents the net amount payable due to the counterparty in the event of default.

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (continued)

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Consolidated Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|------------------|---------------|------------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments: | | | | |
| Asset-Backed Securities | | \$ 24,213,954 | \$ 1,800,000 | \$ 26,013,954 |
| Common Stocks | \$ 657,246 | 17,768 | 2,519,729 | 3,194,743 |
| Corporate Bonds | | 541,858,818 | 10,591,604 | 552,450,422 |
| Floating Rate Loan Interests | | 511,464,406 | 15,974,274 | 527,438,680 |
| Investment Companies | 13,861,618 | | | 13,861,618 |
| Other Interests | | | 12 | 12 |
| Preferred Securities | 1,879,730 | 7,582,265 | | 9,461,995 |
| Rights | | | 81,663 | 81,663 |
| Warrants | | | 29,644 | 29,644 |
| Unfunded Floating Rate Loan Interests ¹ | | 3,824 | | 3,824 |
| Total | \$ 16,398,594 | \$ 1,085,141,035 | \$ 30,996,926 | \$ 1,132,536,555 |
| Derivative Financial Instruments² | | | | |
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 228,349 | | \$ 228,349 |
| Credit contracts | | 353,278 | | 353,278 |
| Interest rate contracts | \$ 163 | | | 163 |
| Liabilities: | | | | |
| Foreign currency exchange contracts | | (75) | | (75) |
| Credit contracts | | (7,054) | | (7,054) |
| Interest rate contracts | (154) | | | (154) |
| Total | \$ 9 | \$ 574,498 | | \$ 574,507 |

¹ Unfunded floating rate loan interests are valued at the unrealized appreciation (depreciation) on the commitment.

² Derivative financial instruments are swaps, futures contracts and forward foreign currency exchange contracts. Swaps, futures contracts and forward foreign currency exchange contracts are valued at the unrealized appreciation (depreciation) on the instrument.

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, bank borrowings payable of \$318,000,000 are categorized as Level 2 within the disclosure hierarchy.

During the year ended February 28, 2017, there were no transfers between Level 1 and Level 2.

See Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments (concluded)

A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

| | Common Stocks | Asset-Backed Securities | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Rights | Warrants | Total |
|--|---------------------|----------------------------|----------------------|------------------------------------|--------------------|------------------|------------------|----------------------|
| Assets: | | | | | | | | |
| Opening balance, as of February 29, 2016 | \$ 426,470 | \$ 5,724,520 | \$ 8,918,270 | \$ 26,851,447 | \$ 3,123,012 | | \$ 10,056 | \$ 45,053,775 |
| Transfers into Level 3 ¹ | 1,500 | | | 3,358,161 | | | | 3,359,661 |
| Transfers out of Level 3 ² | | (4,949,220) | (1,304,448) | (14,277,845) | | | | (20,531,513) |
| Accrued discounts/premiums | | 4,909 | 2,508 | 93,133 | | | | 100,550 |
| Net realized gain (loss) | | 29,641 | (799,480) | (1,390,111) | 2,973,564 | | | 813,614 |
| Net change in unrealized appreciation (depreciation) ^{3,4} | 2,091,759 | 148,525 | 3,292,345 | 1,634,714 | (1,350,779) | \$ 72,317 | 19,588 | 5,908,469 |
| Purchases | | 1,786,000 | 482,920 | 10,180,188 | | 9,346 | | 12,458,454 |
| Sales | | (944,375) | (511) | (10,475,413) | (4,745,785) | | | (16,166,084) |
| Closing Balance, as of February 28, 2017 | \$ 2,519,729 | \$ 1,800,000 | \$ 10,591,604 | \$ 15,974,274 | \$ 12 | \$ 81,663 | \$ 29,644 | \$ 30,996,926 |
| Net change in unrealized appreciation (depreciation) on investments still held at February 28, 2017 ⁴ | \$ 2,091,759 | \$ 14,000 | \$ 2,494,864 | \$ 344,295 | | \$ 72,317 | \$ 19,588 | \$ 5,036,823 |

¹ As of February 29, 2016, the Fund used observable inputs in determining the value of certain investments. As of February 28, 2017, the Fund used significant unobservable inputs in determining the value of the same investments. As a result, investments at the beginning of period value were transferred from Level 2 to Level 3 in the disclosure hierarchy.

² As of February 29, 2016, the Fund used significant unobservable inputs in determining the value of certain investments. As of February 28, 2017, the Fund used observable inputs in determining the value of the same investments. As a result, investments at the beginning of period value were transferred from Level 3 to Level 2 in the disclosure hierarchy.

³ Included in the related net change in unrealized appreciation (depreciation) in the Consolidated Statement of Operations.

⁴ Any difference between net change in unrealized appreciation (depreciation) and net change in unrealized appreciation (depreciation) on investments still held at February 28, 2017 is generally due to investments no longer held or categorized as Level 3 at period end.

The following table summarizes the valuation approaches used and unobservable inputs utilized by the BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee) to determine the value of certain of the Fund's Level 3 investments as of period end. The table does not include Level 3 investments with values based upon unadjusted third party pricing information in the amount of \$17,188,203.

| | Value | Valuation Approach | Unobservable Inputs | Range of Unobservable Inputs Utilized |
|-----------------|--------------|--------------------|--|---|
| Assets: | | | | |
| Common Stocks | \$ 2,519,717 | Market | EBITDA Multiple ¹ | 7.0x |
| | | | Marketability Discount ² | 20.00% |
| | | | Time to Exit ¹ | 1 - 2 years |
| | | | Volatility ¹ | 28.7% |
| | | | Last 12 Months EBITDA Multiple ¹ | 4.63x - 6.63x |
| Corporate Bonds | 10,591,604 | Income Market | Current Fiscal Year EBITDA Multiple ¹ | 5.38x - 7.88x |
| | | | Discount Rate ² | 10.4% |
| | | | EBITDA Multiple ¹ | 7.0x |
| | | | Marketability Discount ² | 20.00% |

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| | | | | |
|------------------------------|---------|--------|--|---------------|
| | | | Time to Exit ¹ | 1 - 2 years |
| | | | Volatility ¹ | 28.7% |
| Floating Rate Loan Interests | 696,611 | Income | Discount Rate ² | 4.44% - 4.55% |
| | | Market | Last 12 Months Revenue Multiple ¹ | 0.075x |
| Warrants ³ | 793 | Market | Volatility ¹ | 25.00% |

Total \$ 13,808,725

¹ Increase in unobservable input may result in a significant increase to value, while a decrease in the unobservable input may result in a significant decrease to value.

² Decrease in unobservable input may result in a significant increase to value, while an increase in the unobservable input may result in a significant decrease to value.

³ For the year ended February 28, 2017, the valuation technique changed for certain warrants amounting to \$793 from an adjusted dealer mark to the Black-Scholes model. The change was due to changes in available market inputs.

See Notes to Consolidated Financial Statements.

Consolidated Statement of Assets and Liabilities

February 28, 2017

| Assets | | |
|--|--|----------------------|
| Investments at value unaffiliated (cost \$1,124,015,991) | | \$ 1,118,671,113 |
| Investments at value affiliated (cost \$13,386,295) | | 13,861,618 |
| Cash | | 5,109,851 |
| Cash pledged: | | |
| Centrally cleared swaps | | 1,631,000 |
| Futures contracts | | 12,000 |
| Foreign currency at value (cost \$114,922) | | 114,889 |
| Receivables: | | |
| Interest unaffiliated | | 10,823,798 |
| Investments sold | | 5,576,338 |
| Variation margin on centrally cleared swaps | | 5,446 |
| Dividends affiliated | | 1,239 |
| Variation margin on futures contracts | | 276 |
| Swap premiums paid | | 1,733 |
| Unrealized appreciation on: | | |
| Forward foreign currency exchange contracts | | 228,349 |
| Unfunded floating rate loan interests | | 3,824 |
| OTC derivatives | | 1,038 |
| Prepaid expenses | | 44,441 |
| Other assets | | 57,400 |
| Total assets | | 1,156,144,353 |

| Liabilities | | |
|--|--|--------------------|
| Bank overdraft | | 2,674,126 |
| Payables: | | |
| Bank borrowings | | 318,000,000 |
| Investments purchased | | 51,980,477 |
| Capital shares redeemed | | 757,163 |
| Investment advisory fees | | 455,492 |
| Interest expense | | 382,315 |
| Officers and Directors fees | | 292,082 |
| Income dividends | | 97,770 |
| Other accrued expenses | | 693,975 |
| Swap premiums received | | 1,581 |
| Unrealized depreciation on forward foreign currency exchange contracts | | 75 |
| Contingencies ¹ | | |
| Total liabilities | | 375,335,056 |

Net Assets \$ 780,809,297

Net Assets Consist of

| | |
|--|------------------|
| Paid-in capital | \$ 1,017,870,769 |
| Undistributed net investment income | 3,238,048 |
| Accumulated net realized loss | (236,050,035) |
| Net unrealized appreciation (depreciation) | (4,249,485) |

Net Assets \$ 780,809,297

Net asset value, based on net assets of \$780,809,297 and 61,499,287 shares outstanding, 400 million shares authorized, \$0.10 par value \$ 12.70²

¹ See Note 12 of the Notes to Consolidated Financial Statements for details of contingencies.

² Shares outstanding and net asset value per share reflect a one for three reverse stock split effective after the close of trading on November 15, 2016 for the shareholders of record on November 15, 2016. See Note 11 of the Notes to Consolidated Financial Statements.

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See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Consolidated Statement of Operations

Year Ended February 28, 2017

Investment Income

| | |
|------------------------|---------------|
| Interest unaffiliated | \$ 54,614,904 |
| Dividends affiliated | 1,208,290 |
| Dividends unaffiliated | 120,367 |

Total investment income 55,943,561

Expenses

| | |
|-----------------------|-----------|
| Investment advisory | 5,444,481 |
| Professional | 560,797 |
| Transfer agent | 138,705 |
| Officer and Directors | 122,493 |
| Accounting services | 85,352 |
| Registration | 79,014 |
| Custodian | 61,465 |
| Printing | 31,749 |
| Miscellaneous | 155,169 |

Total expenses excluding interest expense and income tax 6,679,225

Interest expense 3,090,441

Income tax 535,669

Total expenses 10,305,335

Less:

Fees waived by the Manager (63,355)

Fees paid indirectly (1,470)

Total expenses after fees waived and paid indirectly 10,240,510

Net investment income 45,703,051

Realized and Unrealized Gain (Loss)

Net realized gain (loss) from:

Investments unaffiliated 1,743,476

Investments affiliated (966,809)

Futures contracts (88,217)

Forward foreign currency exchange contracts (233,773)

Foreign currency transactions 955,077

Capital gain distributions from investment companies affiliated 7

Swaps 2,143,499

3,553,260

Net change in unrealized appreciation (depreciation) on:

Investments unaffiliated 74,405,751

Investments affiliated 3,291,775

Futures contracts 39,062

Forward foreign currency exchange contracts 87,990

Foreign currency translations (14,410)

Swaps 477,331

Unfunded floating rate loan interests 3,824

78,291,323

Net realized and unrealized gain 81,844,583

Net Increase in Net Assets Resulting from Operations

\$ 127,547,634

See Notes to Consolidated Financial Statements.

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BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

Consolidated Statements of Changes in Net Assets

| | Year Ended | |
|--|----------------|----------------|
| | February 28, | February 29, |
| | 2017 | 2016 |
| Increase (Decrease) in Net Assets: | | |
| Operations | | |
| Net investment income | \$ 45,703,051 | \$ 47,933,661 |
| Net realized gain (loss) | 3,553,260 | (27,841,328) |
| Net change in unrealized appreciation (depreciation) | 78,291,323 | (62,650,503) |
| Net increase (decrease) in net assets resulting from operations | 127,547,634 | (42,558,170) |
| Distributions to Shareholders¹ | | |
| From net investment income | (46,740,255) | (50,092,741) |
| Capital Share Transactions | | |
| Redemption of shares resulting from share repurchase program (including transaction costs) | (9,233,758) | |
| Net Assets | | |
| Total increase (decrease) in net assets | 71,573,621 | (92,650,911) |
| Beginning of year | 709,235,676 | 801,886,587 |
| End of year | \$ 780,809,297 | \$ 709,235,676 |
| Undistributed net investment income, end of year | \$ 3,238,048 | \$ 1,232,872 |

¹ Distributions for annual periods determined in accordance with federal income tax regulations.

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Year Ended February 28, 2017

Cash Used for Operating Activities

| | |
|--|---------------------|
| Net increase in net assets resulting from operations | \$ 127,547,634 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash used for operating activities: | |
| Proceeds from sales of long-term investments and principal paydowns | 552,719,643 |
| Purchases of long-term investments | (675,965,250) |
| Net proceeds from sales of short-term securities | 5,011,655 |
| Amortization of premium and accretion of discount on investments and other fees | (756,144) |
| Paid-in-kind income | (1,883,585) |
| Net realized gain on investments | (375,784) |
| Net unrealized gain on investments, swaps, foreign currency translations and unfunded floating rate loan interests | (77,812,266) |
| (Increase) Decrease in Assets: | |
| Cash Pledged: | |
| Futures contracts | 12,710 |
| Centrally cleared swaps | (371,000) |
| Receivables: | |
| Interest unaffiliated | (847,112) |
| Swaps | 2,739 |
| Dividends affiliated | (1,214) |
| Variation margin on futures contracts | (276) |
| Variation margin on centrally cleared swaps | 71,929 |
| Swap premiums paid | (1,733) |
| Other assets | 21,204 |
| Prepaid expenses | 38,007 |
| Increase (Decrease) in Liabilities: | |
| Payables: | |
| Investment advisory fees | 66,435 |
| Interest expense and fees | 198,022 |
| Officers and Directors fees | 58,248 |
| Variation margin on futures contracts | (4,788) |
| Other accrued expenses | 323,936 |
| Swap premiums received | 1,581 |
| Net cash used for operating activities | (71,945,409) |

Cash Provided by Financing Activities

| | |
|--|-------------------|
| Cash dividends paid to Common Shareholders | (46,872,914) |
| Payments on bank borrowings | (259,000,000) |
| Proceeds from bank borrowings | 387,000,000 |
| Net payments on redemption of Common Shares | (8,476,595) |
| Increase in bank overdraft | 2,674,126 |
| Net cash provided by financing activities | 75,324,617 |

Cash Impact from Foreign Exchange Fluctuations

| | |
|--|--------|
| Cash impact from foreign exchange fluctuations | \$ 684 |
|--|--------|

Cash and Foreign Currency

| | |
|--|---------------------|
| Net increase in cash and foreign currency at value | 3,379,892 |
| Cash and foreign currency at value at beginning of year | 1,844,848 |
| Cash and foreign currency at value at end of year | \$ 5,224,740 |

Supplemental Disclosure of Cash Flow Information

| | |
|--|--------------|
| Cash paid during the year for interest expense | \$ 2,892,419 |
|--|--------------|

See Notes to Consolidated Financial Statements.

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BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

Consolidated Financial Highlights

| | Year Ended February 28, | Year Ended February 29, | Year Ended February 28, | | |
|--|----------------------------|----------------------------|-------------------------|--------------------|--------------------|
| | 2017 | 2016 ⁹ | 2015 ⁹ | 2014 ⁹ | 2013 ⁹ |
| Per Share Operating Performance | | | | | |
| Net asset value, beginning of year | \$ 11.38 | \$ 12.87 | \$ 13.32 | \$ 13.15 | \$ 12.39 |
| Net investment income ¹ | 0.73 | 0.77 | 0.87 | 0.90 | 0.99 |
| Net realized and unrealized gain (loss) | 1.34 | (1.46) | (0.43) | 0.28 | 0.77 |
| Net increase (decrease) from investment operations | 2.07 | (0.69) | 0.44 | 1.18 | 1.76 |
| Distributions: ² | | | | | |
| From net investment income | (0.75) | (0.80) | (0.89) | (0.99) | (1.00) |
| From return of capital | | | | (0.02) | |
| Total distributions | (0.75) | (0.80) | (0.89) | (1.01) | (1.00) |
| Net asset value, end of year | \$ 12.70 | \$ 11.38 | \$ 12.87 | \$ 13.32 | \$ 13.15 |
| Market price, end of year | \$ 11.68 | \$ 9.96 | \$ 11.43 | \$ 12.24 | \$ 13.38 |
| Total Return³ | | | | | |
| Based on net asset value | 19.57% | (4.73)% | 4.15% | 9.91% | 14.78% |
| Based on market price | 25.53% | (6.03)% | 0.66% | (0.81)% | 16.87% |
| Ratios to Average Net Assets | | | | | |
| Total expenses | 1.36% ⁴ | 1.18% ⁵ | 1.24% | 1.38% ⁶ | 1.41% ⁷ |
| Total expenses after fees waived and paid indirectly | 1.35% ⁴ | 1.18% ⁵ | 1.24% | 1.38% ⁶ | 1.41% ⁷ |
| Total expenses after fees waived and paid indirectly and excluding interest expense and income tax | 0.87% ⁴ | 0.84% ⁵ | 0.89% | 1.00% ⁶ | 1.04% ⁸ |
| Net investment income | 6.04% | 6.29% | 6.68% | 6.80% | 7.89% ⁷ |
| Supplemental Data | | | | | |
| Net assets, end of year (000) | \$ 780,810 | \$ 709,236 | \$ 801,887 | \$ 829,737 | \$ 474,953 |
| Borrowings outstanding, end of year (000) | \$ 318,000 | \$ 190,000 | \$ 295,000 | \$ 315,000 | \$ 190,000 |
| Asset coverage, end of year per \$1,000 of bank borrowings | \$ 3,455 | \$ 4,733 | \$ 3,719 | \$ 3,634 | \$ 3,500 |
| Portfolio turnover rate | 55% | 41% | 54% | 54% | 72% |

¹ Based on average shares outstanding.

² Distributions for annual periods determined in accordance with federal income tax regulations.

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- ³ Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- ⁴ Ratios do not include expenses incurred indirectly as a result of investments in underlying funds of approximately 0.02%.
- ⁵ Ratios do not include expenses incurred indirectly as a result of investments in underlying funds of approximately 0.01%.
- ⁶ Includes reorganization costs associated with the Fund's reorganization. Without these costs, total expenses, total expenses after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense and income tax would have been 1.31%, 1.31% and 0.94%, respectively.
- ⁷ Restated to include income taxes for the consolidated entity.
- ⁸ For the year ended February 28, 2013, the total expense ratio after fees waived and excluding interest expense, borrowing costs and income tax was 0.98%.
- ⁹ Per share operating performance amounts have been adjusted to reflect a one-for-three reverse stock split effective after the close of trading on November 15, 2016 for the shareholders of record on November 15, 2016. See Note 11 of the Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Notes to Consolidated Financial Statements

1. Organization:

BlackRock Debt Strategies Fund, Inc. (the Fund) is registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund is registered as a diversified, closed-end management investment company. The Fund is organized as a Maryland corporation. The Fund determines and makes available for publication the net asset value (NAV) of its Common Shares on a daily basis.

The Fund, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the Manager) or its affiliates, are included in a complex of closed-end funds referred to as the Closed-End Complex.

Basis of Consolidation: The accompanying consolidated financial statements of DSU include the account of DSU Subsidiary, LLC (the Taxable Subsidiary), which is a wholly-owned taxable subsidiary of DSU. The Taxable Subsidiary enables DSU to hold an investment in an operating partnership and satisfy Regulated Investment Company (RIC) tax requirements. Income earned and gains realized on the investment held by the Taxable Subsidiary are taxable to such subsidiary. A tax provision for income, if any, is shown as income tax in the Consolidated Statement of Operations for DSU. A tax provision for realized and unrealized gains, if any, is included as a reduction of realized and/or unrealized gain (loss) in the Consolidated Statement of Operations for DSU. DSU may invest up to 25% of its total assets in the Taxable Subsidiary. The net assets of the Taxable Subsidiary as of period end were \$4,747,393, which is 0.6% of DSU's consolidated net assets. Intercompany accounts and transactions, if any, have been eliminated. The Taxable Subsidiary is subject to the same investment policies and restrictions that apply to DSU.

2. Significant Accounting Policies:

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

Foreign Currency: The Fund's books and records are maintained in U.S. dollars. Purchases and sales of investments are recorded at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the investments denominated in that currency will lose value; the opposite effect occurs if the U.S. dollar falls in relative value.

The Fund does not isolate the portion of the results of operations arising as a result of changes in the exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in exchange rates on investments are not segregated in the Consolidated Statement of Operations from the effects of changes in market prices of those investments, but are included as a component of net realized and unrealized gain (loss) from investments. The Fund reports realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for federal income tax purposes.

Segregation and Collateralization: In cases where the Fund enters into certain investments (e.g., futures contracts, forward foreign currency exchange contracts and swaps) that would be treated as senior securities for 1940 Act purposes, the Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments. Doing so allows the investment to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, the Fund may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Fund is informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

Distributions: Distributions from net investment income are declared monthly and paid monthly. Distributions of capital gains are recorded on the ex-dividend date and made at least annually. The character and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

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Deferred Compensation Plan: Under the Deferred Compensation Plan (the Plan) approved by the Fund s Board, the independent Directors (Independent Directors) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors. This has the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

Notes to Consolidated Financial Statements (continued)

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Fund, if applicable. Deferred compensation liabilities are included in officer's and directors' fees payable in the Consolidated Statement of Assets and Liabilities and will remain as a liability of the Fund until such amounts are distributed in accordance with the Plan.

Recent Accounting Standards: In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update Restricted Cash which will require entities to include the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the beginning and ending cash balances in the Consolidated Statement of Cash Flows. The guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Management is evaluating the impact, if any, of this guidance on the Fund's presentation in the Consolidated Statement of Cash Flows.

Indemnifications: In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification. The Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against the Fund, which cannot be predicted with any certainty.

Other: Expenses directly related to the Fund are charged to the Fund. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods.

Through May 31, 2016, the Fund had an arrangement with its custodian whereby credits were earned on uninvested cash balances, which could be used to reduce custody fees and/or overdraft charges. Credits previously earned have been utilized until December 31, 2016. Under current arrangements effective June 1, 2016, the Fund no longer earns credits on uninvested cash, and may incur charges on uninvested cash balances and overdrafts, subject to certain conditions.

3. Investment Valuation and Fair Value Measurements:

Investment Valuation Policies: The Fund's investments are valued at fair value (also referred to as market value within the consolidated financial statements) as of the close of trading on the New York Stock Exchange (NYSE) (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund determines the fair values of its financial instruments using various independent dealers or pricing services under policies approved by the Board of Directors of the Fund (the Board). The BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee) is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

Fair Value Inputs and Methodologies: The following methods and inputs are used to establish the fair value of the Fund's assets and liabilities:

Equity investments traded on a recognized securities exchange are valued at the official closing price each day, if available. For equity investments traded on more than one exchange, the official closing price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.

Fixed-income securities for which market quotations are readily available are generally valued using the last available bid prices or current market quotations provided by independent dealers or third party pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more independent brokers or dealers as obtained from a third party pricing service. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but the Fund may hold or transact in such securities in smaller, odd lot sizes. Odd lots often trade at lower prices than institutional round lots. The pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values, including transaction data (e.g., recent representative bids and offers), credit quality information, perceived market movements, news, and other relevant information. Certain fixed-income securities, including asset-backed and mortgage related securities may be valued based on valuation models that consider the estimated cash flows of each tranche of the entity, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. The amortized cost method of valuation may be used with respect to debt obligations with sixty days or less remaining to maturity unless the Manager determines such method does not represent fair value.

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Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of trading on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of trading on the NYSE that may not be reflected in the computation of the Fund's net assets. Each business day, the Fund uses a pricing service to assist with the valuation of certain foreign exchange-traded equity securities and foreign exchange-traded over-the-counter (OTC) options (the Systematic Fair Value Price). Using current market factors, the Systematic Fair Value Price is designed to value such foreign securities and foreign options at fair value as of the close of trading on the NYSE, which follows the close of the local markets.

Investments in open-end U.S. mutual funds are valued at NAV each business day.

Futures contracts traded on exchanges are valued at their last sale price.

BLACKROCK DEBT STRATEGIES FUND, INC.

FEBRUARY 28, 2017

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Notes to Consolidated Financial Statements (continued)

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of trading on the NYSE. Forward foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of trading on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day's price will be used, unless it is determined that the prior day's price no longer reflects the fair value of the option. OTC options are valued by an independent pricing service using a mathematical model, which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.

Swap agreements are valued utilizing quotes received daily by the Fund's pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value (Fair Valued Investments). The fair valuation approaches that may be used by the Global Valuation Committee will include Market approach, Income approach and Cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that the Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement.

The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Fund's pricing vendors, regular reviews of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis. As a result of the inherent uncertainty in valuation of these investments, the fair values may differ from the values that would have been used had an active market existed.

For investments in equity or debt issued by privately-held companies or funds (Private Company or collectively, the Private Companies) and other Fair Valued Investments, the fair valuation approaches that are used by third party pricing services utilize one or a combination of, but not limited to, the following inputs.

| Standard Inputs Generally Considered By Third Party Pricing Services | |
|--|---|
| Market approach | (i) recent market transactions, including subsequent rounds of financing, in the underlying investment or comparable issuers; (ii) recapitalizations and other transactions across the capital structure; and (iii) market multiples of comparable issuers. |
| Income approach | (i) future cash flows discounted to present and adjusted as appropriate for liquidity, credit, and/or market risks; (ii) quoted prices for similar investments or assets in active markets; and (iii) other risk factors, such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates. |
| Cost approach | audited or unaudited financial statements, investor communications and financial or operational metrics issued by the (i) Private Company; (ii) changes in the valuation of relevant indices or publicly traded companies comparable to the Private Company; (iii) relevant news and other public sources; and (iv) known secondary market transactions in the Private Company's interests and merger or acquisition activity in companies comparable to the Private Company. |

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Investments in series of preferred stock issued by Private Companies are typically valued utilizing Market approach in determining the enterprise value of the company. Such investments often contain rights and preferences that differ from other series of preferred and common stock of the same issuer. Valuation techniques such as an option pricing model (OPM), a probability weighted expected return model (PWERM) or a hybrid of those techniques are used in allocating enterprise value of the company, as deemed appropriate under the circumstances. The use of OPM and PWERM techniques involve a determination of the exit scenarios of the investment in order to appropriately allocate the enterprise value of the company among the various parts of its capital structure.

The Private Companies are not subject to the public company disclosure, timing, and reporting standards as other investments held by the Fund. Typically, the most recently available information by a Private Company is as of a date that is earlier than the date the Fund is calculating its NAV. This factor may result in a difference between the value of the investment and the price the Fund could receive upon the sale of the investment.

Notes to Consolidated Financial Statements (continued)

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by Private Companies. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

4. Securities and Other Investments:

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

For mortgage pass-through securities (the Mortgage Assets) there are a number of important differences among the agencies and instrumentalities of the U.S. Government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by Ginnie Mae are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by Freddie Mac and Fannie Mae, including Freddie Mac and Fannie Mae guaranteed mortgage pass-through certificates, which are solely the obligations of Freddie Mac and Fannie Mae, are not backed by or entitled to the full faith and credit of the United States, but are supported by the right of the issuer to borrow from the U.S. Treasury.

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Non-agency mortgage-backed securities are securities issued by non-governmental issuers and have no direct or indirect government guarantees of payment and are subject to various risks. Non-agency mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. The ability of a borrower to repay a loan is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair a borrower's ability to repay its loans.

Collateralized Debt Obligations: Collateralized debt obligations (CDOs), including collateralized bond obligations (CBOs) and collateralized loan obligations (CLOs), are types of asset-backed securities. A CDO is an entity that is backed by a diversified pool of debt securities (CBOs) or syndicated bank loans (CLOs). The cash flows of the CDO can be split into multiple segments, called tranches, which will vary in risk profile and yield. The riskiest segment is the subordinated or equity tranche. This tranche bears the greatest risk of defaults from the underlying assets in the CDO and serves to protect the other, more senior, tranches from default in all but the most severe circumstances. Since it is shielded from defaults by the more junior tranches, a senior tranche will typically have higher credit ratings and lower yields than their underlying securities, and often receive investment grade ratings from one or more of the nationally recognized rating agencies. Despite the protection from the more junior tranches, senior tranches can experience substantial losses

Notes to Consolidated Financial Statements (continued)

due to actual defaults, increased sensitivity to future defaults and the disappearance of one or more protecting tranches as a result of changes in the credit profile of the underlying pool of assets.

Zero-Coupon Bonds: Zero-coupon bonds are normally issued at a significant discount from face value and do not provide for periodic interest payments. These bonds may experience greater volatility in market value than other debt obligations of similar maturity which provide for regular interest payments.

Capital Securities and Trust Preferred Securities: Capital securities, including trust preferred securities, are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics. In the case of trust preferred securities, an affiliated business trust of a corporation issues these securities, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured with either a fixed or adjustable coupon that can have either a perpetual or stated maturity date. For trust preferred securities, the issuing bank or corporation pays interest to the trust, which is then distributed to holders of these securities as a dividend. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for federal income tax purposes. These securities generally are rated below that of the issuing company's senior debt securities and are freely callable at the issuer's option.

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

Warrants: Warrants entitle the Fund to purchase a specified 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 of the warrants, if any. If the price of the underlying stock does not rise above the strike price before the warrant expires, the warrant generally expires without any value and the Fund will lose any amount it paid for the warrant. Thus, investments in warrants may involve more risk than investments in common stock. Warrants may trade in the same markets as their underlying stock; however, the price of the warrant does not necessarily move with the price of the underlying stock.

Floating Rate Loan Interests: Floating rate loan interests are typically issued to companies (the borrower) by banks, other financial institutions, or privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged or in bankruptcy proceedings. In addition, transactions in floating rate loan interests may settle on a delayed basis, which may result to proceeds from the sale to not be readily available for the Fund to make additional investments or meet its redemption obligations. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. Since the rates reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the NAV of the Fund to the extent that it invests in floating rate loan interest. The base lending rates are generally the lending rate offered by one or more European banks, such as the London Interbank Offered Rate (LIBOR), the prime rate offered by one or more U.S. banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. These investments are treated as investments in debt securities for purposes of the Fund's investment policies.

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

Floating rate loan interests are usually freely callable at the borrower's option. The Fund may invest in such loans in the form of participations in loans (Participations) or assignments (Assignments) of all or a portion of loans from third parties. Participations typically will result in the Fund having a contractual relationship only with the lender, not with the borrower. The Fund has the right to receive payments of principal, interest

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and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower. The Fund may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Fund assumes the credit risk of both the borrower and the lender that is selling the Participation. The Fund's investment in loan participation

Notes to Consolidated Financial Statements (continued)

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

In connection with floating rate loan interests, the Fund may also enter into unfunded floating rate loan interests (commitments). In connection with these commitments, the Fund earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is included in interest income in the Consolidated Statement of Operations, is recognized ratably over the commitment period. Unfunded floating rate loan interests are marked-to-market daily, and any unrealized appreciation (depreciation) is included in the Consolidated Statement of Assets and Liabilities and Consolidated Statement of Operations. As of period end, the Fund had the following unfunded floating rate loan interests:

| Borrower | Par | Commitment Amount | Value | Unrealized Appreciation |
|--------------------------|------------|-------------------|------------|-------------------------|
| Oberthur Technologies SA | \$ 265,921 | \$ 264,591 | \$ 268,415 | \$ 3,824 |

Forward Commitments and When-Issued Delayed Delivery Securities: The Fund may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Fund may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Fund may be required to pay more at settlement than the security is worth. In addition, the Fund is not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Fund's maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions.

5. Derivative Financial Instruments:

The Fund engages in various portfolio investment strategies using derivative contracts both to increase the returns of the Fund and/or to manage its exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Consolidated Schedule of Investments. These contracts may be transacted on an exchange or OTC.

Futures Contracts: The Fund invests in long and/or short positions in futures and options on futures contracts to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk), changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract.

Securities deposited as initial margin are designated in the Consolidated Schedule of Investments and cash deposited, if any, is shown as cash pledged for futures contracts in the Consolidated Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract (variation margin). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Consolidated Statement of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

Forward Foreign Currency Exchange Contracts: The Fund enters into forward foreign currency exchange contracts to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk).

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A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a specified date. These contracts help to manage the overall exposure to the currencies in which some of the investments held by the Fund are denominated and in some cases, may be used to obtain exposure to a particular market.

The contract is marked to market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the Consolidated Statement of Assets and Liabilities. When a contract is closed, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the value at the time it was opened and the value at the time it was closed. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency. The use of forward foreign currency exchange contracts involves the risk that the value of a forward foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies.

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Notes to Consolidated Financial Statements (continued)

Options: The Fund purchases and writes call and put options to increase or decrease its exposure to the risks of underlying instruments, including equity risk, interest rate risk and/or commodity price risk and/or, in the case of options written, to generate gains from options premiums.

A call option gives the purchaser (holder) of the option the right (but not the obligation) to buy, and obligates the seller (writer) to sell (when the option is exercised) the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise or strike price at any time or at a specified time during the option period.

Premiums paid on options purchased and premiums received on options written, as well as the daily fluctuation in market value, are included in investments at value unaffiliated and options written at value, respectively, in the Consolidated Statement of Assets and Liabilities. When an instrument is purchased or sold through the exercise of an option, the premium is offset against the cost or proceeds of the underlying instrument. When an option expires, a realized gain or loss is recorded in the Consolidated Statement of Operations to the extent of the premiums received or paid. When an option is closed or sold, a gain or loss is recorded in the Consolidated Statement of Operations to the extent the cost of the closing transaction exceeds the premiums received or paid. When the Fund writes a call option, such option is typically covered, meaning that it holds the underlying instrument subject to being called by the option counterparty. When the Fund writes a put option, such option is covered by cash in an amount sufficient to cover the obligation.

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

Swaps: The Fund enters into swap contracts to manage exposure to issuers, markets and securities. Such contracts are agreements between the Fund and a counterparty to make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be entered into as a bilateral contract (OTC swaps) or centrally cleared (centrally cleared swaps).

For OTC swaps, any upfront premiums paid and any upfront fees received are shown as swap premiums paid and swap premiums received, respectively, in the Consolidated Statement of Assets and Liabilities and amortized over the term of the contract. The daily fluctuation in market value is recorded as unrealized appreciation (depreciation) on OTC Swaps in the Consolidated Statement of Assets and Liabilities. Payments received or paid are recorded in the Consolidated Statement of Operations as realized gains or losses, respectively. When an OTC swap is terminated, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract, if any. Generally, the basis of the contract is the premium received or paid.

In a centrally cleared swap, immediately following execution of the swap contract, the swap contract is novated to a central counterparty (the CCP) and the Fund's counterparty on the swap agreement becomes the CCP. The Fund is required to interface with the CCP through the broker. Upon entering into a centrally cleared swap, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap. Securities deposited as initial margin are designated in the Consolidated Schedule of Investments and cash deposited is shown as cash pledged for centrally cleared swaps in the Consolidated Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract (variation margin). Variation margin is recorded as unrealized appreciation (depreciation) and shown as variation margin receivable (or payable) on centrally cleared swaps in the Consolidated Statement of Assets and Liabilities. Payments received from (paid to) the counterparty, including at termination, are recorded as realized gains (losses) in the Consolidated Statement of Operations.

Credit default swaps The Fund enters into credit default swaps to manage its exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which it is not otherwise exposed (credit risk).

The Fund may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps are agreements in which the protection buyer pays fixed periodic payments to the seller in consideration for a promise from the protection seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation acceleration, repudiation, moratorium or restructuring). As a buyer, if an underlying credit event occurs, the Fund will either (i) receive from the seller an amount equal to the notional amount of the swap and deliver the

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referenced security or underlying securities comprising the index, or (ii) receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Fund will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

Master Netting Arrangements: In order to define its contractual rights and to secure rights that will help it mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs certain OTC derivatives and typically contains, among

Notes to Consolidated Financial Statements (continued)

other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. Bankruptcy or insolvency laws of a particular jurisdiction may restrict or prohibit the right of offset in bankruptcy, insolvency or other events. In addition, certain ISDA Master Agreements allow counterparties to terminate derivative contracts prior to maturity in the event the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA Master Agreements. The result would cause the Fund to accelerate payment of any net liability owed to the counterparty.

Collateral Requirements: For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty.

Cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, is reported separately on the Consolidated Statement of Assets and Liabilities as cash pledged as collateral and cash received as collateral, respectively. Non-cash collateral pledged by the Fund, if any, is noted in the Consolidated Schedule of Investments. Generally, the amount of collateral due from or to a counterparty is subject to a certain minimum transfer amount threshold before a transfer is required, which is determined at the close of business of the Fund. Any additional required collateral is delivered to/pledged by the Fund on the next business day. Typically, the counterparty is not permitted to sell, re-pledge or use cash and non-cash collateral it receives. The Fund generally agrees not to use non-cash collateral that it receives but may, absent default or certain other circumstances defined in the underlying ISDA Master Agreement, be permitted to use cash collateral received. In such cases, interest may be paid pursuant to the collateral arrangement with the counterparty. To the extent amounts due to the Fund from its counterparties are not fully collateralized, it bears the risk of loss from counterparty non-performance. Likewise, to the extent the Fund has delivered collateral to a counterparty and stands ready to perform under the terms of its agreement with such counterparty, it bears the risk of loss from a counterparty in the amount of the value of the collateral in the event the counterparty fails to return such collateral. Based on the terms of agreements, collateral may not be required for all derivative contracts.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements, if any, in the Consolidated Statement of Assets and Liabilities.

6. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. (BlackRock) for 1940 Act purposes.

Investment Advisory: The Fund entered into an Investment Advisory Agreement with the Manager, the Fund's investment adviser, an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of the Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of the Fund.

For such services, the Fund pays the Manager a monthly fee at an annual rate equal to 0.55% of the average daily value of the Fund's net assets, plus the proceeds of any debt securities or outstanding borrowings used for leverage. For purposes of calculating this fee, net assets mean the total assets of the Fund minus the sum of its accrued liabilities.

The Manager provides investment management and other services to the Taxable Subsidiary. The Manager does not receive separate compensation from the Taxable Subsidiary for providing investment management or administrative services. However, the Fund pays the Manager based on the Fund's net assets, plus the proceeds of any debt securities or outstanding borrowings used for leverage, which includes the assets of the Taxable Subsidiary.

Distribution Fees: The Fund has entered into a Distribution Agreement with BlackRock Investments, LLC (BRIL), an affiliate of the Manager, to provide for distribution of the Fund's common shares on a reasonable best efforts basis through an equity shelf offering (a Shelf Offering) (the Distribution Agreement). Pursuant to the Distribution Agreement, the Fund will compensate BRIL with respect to sales of common shares at a commission rate of 1.00% of the gross proceeds of the sale of the Fund's common shares and a portion of such commission is re-allowed to broker-dealers engaged by BRIL.

Expense Waivers: The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Manager indirectly through its investment in affiliated money market funds (the affiliated money market fund waiver). This amount

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is included in fees waived by the Manager in the Consolidated Statement of Operations. For the year ended February 28, 2017, the amount waived was \$1,020.

Effective September 1, 2016, the Manager voluntarily agreed to waive its investment advisory fee with respect to any portion of the Fund's assets invested in affiliated equity or fixed-income mutual funds or affiliated exchange-traded funds. Prior to September 1, 2016, the Manager did not waive such fees. On December 2, 2016, the Manager entered into a Master Advisory Fee Agreement (Agreement), contractually committing to this arrangement through June 30, 2017. The Agreement can be renewed for annual periods thereafter, and may be terminated on 90 days' notice, each subject to approval by a majority of the Fund's Independent Directors. For the year ended February 28, 2017, the Fund waived \$62,335 in investment advisory fees pursuant to these arrangements.

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Notes to Consolidated Financial Statements (continued)

Officers and Directors: Certain officers and/or Directors of the Fund are officers and/or directors of BlackRock or its affiliates. The Fund reimburses the Manager for a portion of the compensation paid to the Fund's Chief Compliance Officer, which is included in Officer and Directors in the Consolidated Statement of Operations.

7. Purchases and Sales:

For the year ended February 28, 2017, purchases and sales of investments, including paydowns and excluding short-term securities, were \$716,076,065 and \$551,620,625, respectively.

8. Income Tax Information:

It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required, except with respect to any taxes related to the Taxable Subsidiary.

The Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Fund's U.S. federal tax returns generally remains open for each of the four years ended February 28, 2017. The statutes of limitations on the Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Fund as of February 28, 2017, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Fund's consolidated financial statements.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of period end, the following permanent differences attributable to the accounting for swap agreements, amortization methods on fixed income securities, foreign currency transactions, liquidating distribution on a wholly-owned subsidiary, limitations on the utilization of capital loss carryforwards and expiration of capital loss carryforwards were reclassified to the following accounts:

| | |
|-------------------------------------|-----------------|
| Paid-in capital | \$ (66,349,717) |
| Undistributed net investment income | \$ 3,042,380 |
| Accumulated net realized loss | \$ 63,307,337 |

The tax character of distributions paid was as follows:

| | 2/28/17 | 2/29/16 |
|-----------------|----------------------|----------------------|
| Ordinary income | \$ 46,667,038 | \$ 50,092,741 |
| Total | \$ 46,667,038 | \$ 50,092,741 |

As of period end, the tax components of accumulated net earnings (losses) were as follows:

| | |
|---|-------------------------|
| Undistributed ordinary income | \$ 3,647,188 |
| Capital loss carryforwards | (235,282,195) |
| Net unrealized losses ¹ | (4,910,769) |
| Qualified late-year losses ² | (515,696) |
| Total | \$ (237,061,472) |

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¹ The differences between book-basis and tax-basis net unrealized losses were attributable primarily to the tax deferral of losses on wash sales and straddles, amortization methods for premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/losses on certain futures and foreign currency contracts, income recognized from pass-through entities, the deferral of compensation to directors and the classification of investments.

² The Fund has elected to defer certain qualified late year losses and recognize such losses in the next taxable year. As of February 28, 2017, the Fund had a capital loss carryforward available to offset future realized capital gains through the indicated expiration dates as follows:

| | |
|---------------------------------|-----------------------|
| Expires February 28, | |
| No expiration date ³ | \$ 61,352,908 |
| 2018 | 157,627,297 |
| 2019 | 16,301,990 |
| Total | \$ 235,282,195 |

³ Must be utilized prior to losses subject to expiration.

Notes to Consolidated Financial Statements (continued)

As of February 28, 2017, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

| | |
|-------------------------------|------------------|
| Tax cost | \$ 1,137,418,195 |
| Gross unrealized appreciation | 29,507,151 |
| Gross unrealized depreciation | (34,392,615) |
| Net unrealized depreciation | \$ (4,885,464) |

9. Bank Borrowings:

The Fund is party to a senior committed secured, 360-day rolling line of credit facility and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). SSB may elect to terminate its commitment upon 360-days written notice to the Fund. As of period end, the Fund has not received any notice to terminate. The Fund has granted a security interest in substantially all of their assets to SSB. The SSB Agreement allows for the following maximum commitment amount of \$377,000,000.

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

In addition, the Fund pays a commitment fee (based on the daily unused portion of the commitments). The fees associated with each of the agreements are included in the Consolidated Statement of Operations as borrowing costs, if any. Advances to the Fund as of period end are shown in the Consolidated Statement of Assets and Liabilities as bank borrowings payable. Based on the short-term nature of the borrowings under the line of credit and the variable interest rate, the carrying amount of the borrowings approximates fair value.

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

For the year ended February 28, 2017, the average amount of bank borrowings and the daily weighted average interest rate for loans under the revolving credit agreements were \$234,238,356 and 1.32%, respectively.

10. Principal Risks:

In the normal course of business, the Fund invests in securities and enters into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer to meet all its obligations, including the ability to pay principal and interest when due (issuer credit risk). The value of securities held by the Fund may decline in response to certain events, including those directly involving the issuers of securities owned by the Fund. Changes arising from the general economy, the overall market and local, regional or global political and/or social instability, as well as currency, interest rate and price fluctuations, may also affect the securities' value.

The Fund may be exposed to prepayment risk, which is the risk that borrowers may exercise their option to prepay principal earlier than scheduled during periods of declining interest rates, which would force the Fund to reinvest in lower yielding securities. The Fund may also be exposed to reinvestment risk, which is the risk that income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called fixed income securities at market interest rates that are below the Fund portfolio's current earnings rate.

Valuation Risk: The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. The Fund may invest in illiquid investments and may experience difficulty in selling those investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause the Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

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The price the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation technique or a price provided by an independent pricing service. Changes to significant unobservable inputs and assumptions (i.e., publicly traded company multiples, growth rate, time to exit) due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment. The Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third party service providers.

Counterparty Credit Risk: Similar to issuer credit risk, the Fund may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Fund manages counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those

Notes to Consolidated Financial Statements (continued)

counterparties. Financial assets, which potentially expose the Fund to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund's exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Consolidated Statement of Assets and Liabilities, less any collateral held by the Fund.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

The Fund's risk of loss from counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain less the value of any collateral held by the Fund.

For OTC options purchased, the Fund bears the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral held by the Fund should the counterparty fail to perform under the contracts. Options written by the Fund do not typically give rise to counterparty credit risk, as options written generally obligate the Fund, and not the counterparty, to perform. The Fund may be exposed to counterparty credit risk with respect to options written to the extent the Fund deposits collateral with its counterparty to a written option.

With exchange-traded options purchased, futures and centrally cleared swaps, there is less counterparty credit risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund.

Concentration Risk: The Fund invests a significant portion of its assets in fixed income securities and/or uses derivatives tied to the fixed income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed income securities will increase as interest rates fall and decrease as interest rates rise. The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates.

The Fund may invest in securities that are rated below investment grade quality (sometimes called "junk bonds"), which are predominantly speculative, have greater credit risk and generally are less liquid and have more volatile prices than higher quality securities.

11. Capital Share Transactions:

The Fund is authorized to issue 400 million shares, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares without approval of Common Shareholders.

The Board authorized a one-for-three reverse stock split for the Fund, effective after the close of trading on November 15, 2016, for the shareholders of record on November 15, 2016. The impact of the reverse stock split was a decrease in the number of shares outstanding by a factor of three, while increasing the NAV per share by a factor of three, resulting in no effect on the net assets of the Fund. The consolidated financial statements for the Fund have been adjusted to reflect the reverse stock split.

On October 26, 2016 the Board approved the Fund's participation in an open market share repurchase program. The Fund is eligible to purchase, at prevailing market prices, up to 5% of its common shares outstanding as of the close of business on October 28, 2016, subject to certain conditions. Repurchases may be made through November 30, 2017. There is no assurance that the Fund will purchase shares in any particular amounts. For the year ended February 28, 2017, the Fund repurchased 805,119 shares at a cost of \$9,233,758, including transaction costs. The total amount of the repurchase offer is reflected in the Consolidated Statements of Changes in Net Assets.

The Fund filed a final prospectus with the U.S. Securities and Exchange Commission (SEC) allowing it to issue an additional 16,125,000 Common Shares through an equity shelf program (a Shelf Offering). Under the Shelf Offering, the Fund, subject to market conditions, may raise additional equity capital from time to time in varying amounts and utilizing various offering methods at a net price at or above the Fund's NAV per Common Share (calculated within 48 hours of pricing). For the year ended February 28, 2017, Common Shares issued and outstanding under the Shelf Offering remained constant. See Additional Information Shelf Offering Program for additional information about the Shelf Offering.

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Costs incurred by the Fund in connection with the Shelf Offering are recorded as a deferred charge and amortized over 12 months.

12. Contingencies:

In May 2015, the Motors Liquidation Company Avoidance Action Trust, as the Trust Administrator and Trustee of the General Motors bankruptcy estate, began serving amended complaints on defendants, which include former holders of certain General Motors debt (the Debt), in an adversary proceeding in the United States Bankruptcy Court for the Southern District of New York. In addition to the Fund, the lawsuit also names over five hundred other institu-

Notes to Consolidated Financial Statements (concluded)

tional investors as defendants, some of which are also managed by BlackRock Advisors, LLC or its affiliates. The plaintiffs are seeking an order that the Fund and other defendants return proceeds received in 2009 in full payment of the principal and interest on the Debt. The holders received a full repayment of a term loan pursuant to a court order in the General Motors bankruptcy proceeding with the understanding that the Debt was fully secured at the time of repayment. The plaintiffs contend that the Fund and other defendants were not secured creditors at the time of the 2009 payments and therefore not entitled to the payments in full. The Fund cannot predict the outcome of the lawsuit, or the effect, if any, on the Fund's NAV. As such, no liability for litigation related to this matter is reflected in the consolidated financial statements. Management cannot determine the amount of loss that will be realized by the Fund but does not expect the loss to exceed the payment received in 2009. The amount of the proceeds received in 2009 is \$1,385,823.

13. Subsequent Events:

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

The Fund paid a net investment income dividend of \$0.0685 per share on March 31, 2017 to Common Shareholders of record on March 15, 2017.

Additionally, the Fund declared a net investment income dividend of \$0.0685 per share on April 3, 2017 payable to Common Shareholders of record on April 13, 2017.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of BlackRock Debt Strategies Fund, Inc.:

We have audited the accompanying consolidated statement of assets and liabilities, including the consolidated schedule of investments, of BlackRock Debt Strategies Fund, Inc. and Subsidiary (the Fund), as of February 28, 2017, and the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended, and the consolidated financial highlights for each of the five years in the period then ended. These consolidated financial statements and consolidated financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of the securities owned as of February 28, 2017, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements and financial highlights referred to above present fairly, in all material respects, the consolidated financial position of BlackRock Debt Strategies Fund, Inc. and Subsidiary as of February 28, 2017, the consolidated results of their operations and their cash flows for the year then ended, the consolidated changes in their net assets for each of the two years in the period then ended, and the consolidated financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Boston, Massachusetts

April 21, 2017

Important Tax Information (Unaudited)

During the fiscal year ended February 28, 2017, the following information is provided with respect to the ordinary income distributions paid by the Fund.

| | Interest-Related Dividends for Non-US Residents¹ |
|---------------------------|--|
| March 2016 | 79.55% |
| April 2016 - January 2017 | 78.96% |
| February 2017 | 64.40% |

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

Automatic Dividend Reinvestment Plan

Pursuant to the Fund's Dividend Reinvestment Plan (the "Reinvestment Plan"), Common Shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by Computershare Trust Company, N.A. (the "Reinvestment Plan Agent") in the Fund's Common Shares pursuant to the Reinvestment Plan. Shareholders who do not participate in the Reinvestment Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the Reinvestment Plan Agent, which serves as agent for the shareholders in administering the Reinvestment Plan.

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

same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

You may elect not to participate in the Reinvestment Plan and to receive all dividends in cash by contacting the Reinvestment Plan Agent, at the address set forth below.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

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

The Fund reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan; however, the Fund reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants that request a sale of shares are subject to a \$0.02 per share sold brokerage commission. All correspondence concerning the Reinvestment Plan should be directed to Computershare Trust Company, N.A. through the internet at <http://www.computershare.com/blackrock>, or in writing to Computershare, P.O. Box 30170, College Station, TX 77842-3170, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at Computershare, 211 Quality Circle, Suite 210, College Station, TX 77845.

Officers and Directors

| Name, Address ¹ and Year of Birth Independent Directors ² | Position(s) Held with the Fund | Length of Time Served ³ | Principal Occupation(s) During Past Five Years | Number of BlackRock- Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen | Public Company and Other Investment Company Directorships Held During Past Five Years |
|---|--------------------------------------|--|--|--|---|
| Richard E. Cavanagh 1946 | Chair of the Board and Director | Since 2007 | Director, The Guardian Life Insurance Company of America since 1998; Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Faculty Member/Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007. | 75 RICs consisting of 75 Portfolios | None |
| Karen P. Robards 1950 | Vice Chair of the Board and Director | Since 2007 | Principal of Robards & Company, LLC (consulting and private investing) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Investment Banker at Morgan Stanley from 1976 to 1987. | 75 RICs consisting of 75 Portfolios | AtriCure, Inc. (medical devices); Greenhill & Co., Inc. |
| Michael J. Castellano 1946 | Director | Since 2011 | Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religious (non-profit) from 2009 to June 2015; Director, National Advisory Board of Church Management at Villanova University since 2010; Trustee, Domestic Church Media Foundation since 2012; Director, CircleBlack Inc. (financial technology company) since 2015. | 75 RICs consisting of 75 Portfolios | None |
| Cynthia L. Egan 1955 | Director | Since 2016 | Advisor, U.S. Department of the Treasury from 2014 to 2015; President, Retirement Plan Services for T. Rowe Price Group, Inc. from 2007 to 2012; executive positions within Fidelity Investments from 1989 to 2007. | 75 RICs consisting of 75 Portfolios | Unum (insurance); The Hanover Insurance Group (insurance); Envestnet (investment platform) from 2013 until 2016 |
| Frank J. Fabozzi 1948 | Director | Since 2007 | Editor of and Consultant for The Journal of Portfolio Management since 2006; Professor of Finance, EDHEC Business School since 2011; Visiting Professor, Princeton University from 2013 to 2014 and since 2016; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011. | 75 RICs consisting of 75 Portfolios | None |
| Jerrold B. Harris 1942 | Director | Since 2007 | Trustee, Ursinus College from 2000 to 2012; Director, Ducks Unlimited - Canada (conservation) since 2015; Director, Waterfowl Chesapeake (conservation) since 2014; Director, Ducks Unlimited, Inc. since 2013; Director, Troemner LLC (scientific equipment) from 2000 to 2016; Director of Delta Waterfowl Foundation from 2010 to 2012; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999. | 75 RICs consisting of 75 Portfolios | BlackRock Capital Investment Corp. (business development company) |
| R. Glenn Hubbard 1958 | Director | Since 2007 | Dean, Columbia Business School since 2004; Faculty member, Columbia Business School since 1988. | 75 RICs consisting of 75 Portfolios | ADP (data and information services); Metropolitan Life Insurance Company (insurance) |
| W. Carl Kester 1951 | Director | Since 2007 | George Fisher Baker Jr. Professor of Business Administration, Harvard Business School since 2008, Deputy Dean for Academic Affairs from 2006 to 2010, Chairman of the Finance Unit, from 2005 to 2006, Senior Associate Dean and Chairman of the MBA Program from 1999 to 2005; Member of the faculty of Harvard Business School since 1981. | 75 RICs consisting of 75 Portfolios | None |

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| | | | | | |
|---------------------------|----------|-------|---|-----------------------|------|
| Catherine A. Lynch | Director | Since | Chief Executive Officer, Chief Investment Officer and various other positions, National Railroad Retirement Investment Trust from 2003 to 2016; Associate Vice President for Treasury Management, The George Washington University from 1999 to 2003; Assistant Treasurer, Episcopal Church of America from 1995 to 1999. | 75 RICs consisting of | None |
| 1961 | | 2016 | | 75 Portfolios | |

| | | |
|----|--------------------------------------|-------------------|
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|----|--------------------------------------|-------------------|

Officers and Directors (continued)

| Name, Address ¹ and Year of Birth Interested Directors ⁵ | Position(s) Held with the Fund | Length of Time Served ³ | Principal Occupation(s) During Past Five Years | Number of BlackRock- Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen | Public Company and Other Investment Company Directorships Held During Past Five Years |
|--|---|---|---|--|---|
| Barbara G. Novick | Director | Since 2015 | Vice Chairman of BlackRock, Inc. since 2006; Chair of BlackRock's Government Relations Steering Committee since 2009; Head of the Global Client Group of BlackRock, Inc. from 1988 to 2008. | 101 RICs consisting of 220 Portfolios | None |
| 1960 John M. Perlowski | Director, President and Chief Executive Officer | Since 2015 (Director); Since 2010 (President and Chief Executive Officer) | Managing Director of BlackRock, Inc. since 2009; Head of BlackRock Global Fund & Accounting Services since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Advisory Director of Family Resource Network (charitable foundation) since 2009. | 129 RICs consisting of 318 Portfolios | None |
| 1964 | | | | | |

¹ The address of each Director is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

² Each Independent Director will serve until his or her successor is elected and qualifies, or until his or her earlier death, resignation, retirement or removal, or until December 31 of the year in which he or she turns 75. The maximum age limitation may be waived as to any Director by action of a majority of the Directors upon finding of good cause therefor.

³ Following the combination of Merrill Lynch Investment Managers, L.P. (MLIM) and BlackRock, Inc. (BlackRock) in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Independent Directors as joining the Board in 2007, each Director first became a member of the boards of other legacy MLIM or legacy BlackRock funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995 and Karen P. Robards, 1998.

⁴ For purposes of this chart, RICs refers to investment companies registered under the 1940 Act and Portfolios refers to the investment programs of the BlackRock-advised funds. The Closed-End Complex is comprised of 75 RICs. Mr. Perlowski and Ms. Novick are also board members of certain complexes of BlackRock registered open-end funds. Mr. Perlowski is also a board member of the BlackRock Equity-Bond Complex and the BlackRock Equity-Liquidity Complex, and Ms. Novick is also a board member of the BlackRock Equity-Liquidity Complex.

⁵ Mr. Perlowski and Ms. Novick are both interested persons, as defined in the 1940 Act, of the Fund based on their positions with BlackRock and its affiliates. Mr. Perlowski and Ms. Novick are also board members of certain complexes of BlackRock registered open-end funds. Mr. Perlowski is also a board member of the BlackRock Equity-Bond Complex and the BlackRock Equity-Liquidity Complex, and Ms. Novick is also a board member of the BlackRock Equity-Liquidity Complex. Interested Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Director by action of a majority of the Directors upon a finding of good cause therefor.

Officers and Directors (concluded)

| Name, Address ¹ and Year of Birth | Position(s) Held with the Fund | Length of Time Served as an Officer | Principal Occupation(s) During Past Five Years |
|--|--------------------------------|-------------------------------------|---|
| Jonathan Diorio | Vice President | Since 2015 | Managing Director of BlackRock, Inc. since 2015; Director of BlackRock, Inc. from 2011 to 2015; Director of Deutsche Asset & Wealth Management from 2009 to 2011. |
| 1980 Neal J. Andrews | Chief Financial Officer | Since 2007 | Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006. |
| 1966 Jay M. Fife | Treasurer | Since 2007 | Managing Director of BlackRock, Inc. since 2007; Director of BlackRock, Inc. in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006. |
| 1970 Charles Park | Chief Compliance Officer | Since 2014 | Anti-Money Laundering Compliance Officer for the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex from 2014 to 2015; Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares [®] Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors (BFA) since 2006; Chief Compliance Officer for the BFA-advised iShares [®] exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012. |
| 1967 Janey Ahn | Secretary | Since 2012 | Director of BlackRock, Inc. since 2009; Assistant Secretary of the funds in the Closed-End Complex from 2008 to 2012. |

¹ The address of each Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

² Officers of the Fund serve at the pleasure of the Board.

| Investment Adviser | Transfer Agent | Independent Registered Public Accounting Firm | Legal Counsel | Address of the Fund |
|---|---|--|--|--|
| BlackRock Advisors, LLC Wilmington, DE 19809 | Computershare Trust Company, N.A. Canton, MA 02021 | Deloitte & Touche LLP Boston, MA 02116 | Skadden, Arps, Slate, Meagher & Flom LLP Boston, MA 02116 | 100 Bellevue Parkway Wilmington, DE 19809 |
| | Custodian and Accounting Agent | Distributor | | |
| | State Street Bank and Trust Company Boston, MA 02111 | BlackRock Investments, LLC New York, NY 10022 | | |

Additional Information

Fund Certification

The Fund is listed for trading on the NYSE and has filed with the NYSE its annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Fund filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Dividend Policy

The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the distributions paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The portion of distributions that exceeds the Fund's current and accumulated earnings and profits, which are measured on a tax basis, will constitute a nontaxable return of capital. Distributions in excess of the Fund's taxable income and net capital gains, but not in excess of the Fund's earnings and profits, will be taxable to shareholders as ordinary income and will not constitute a nontaxable return of capital. The Fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets and Liabilities, which comprises part of the financial information included in this report.

General Information

DSU's Statement of Additional Information includes additional information about its Board and is available, without charge upon request by calling (800)-882-0052.

In accordance with Section 23(c) of the 1940 Act, the Fund may from time to time purchase shares of its common stock in open market or in private transactions.

Except as described below, during the period there were no material changes in the Fund's investment objectives or policies or to the Fund's charter or by-laws that would delay or prevent a change of control of the Fund that were not approved by shareholders or in the principal risk factors associated with investment in the Fund. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Fund's portfolio.

On October 28, 2016, the Fund announced that it had divided its Board of Directors into three classes, with one class standing for election each year, and had adopted a voting standard of a majority of the outstanding shares for the election of directors in a contested election.

Quarterly performance, semi-annual and annual reports, current net asset value and other information regarding the Fund may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. Any reference to BlackRock's website in this report is intended to allow investors public access to information regarding the Fund and does not, and is not intended to, incorporate BlackRock's website in this report.

Electronic Delivery

Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports by enrolling in the electronic delivery program. Electronic copies of shareholder reports are available on BlackRock's website.

To enroll in electronic delivery:

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

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

Householding

The Fund will mail only one copy of shareholder documents, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us

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otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Fund at (800) 882-0052.

BLACKROCK DEBT STRATEGIES FUND, INC.

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Additional Information (continued)

General Information (concluded)

Availability of Quarterly Schedule of Investments

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room or how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available upon request and without charge, (1) by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 882-0052 and (2) on the SEC's website at <http://www.sec.gov>.

Availability of Fund Updates

BlackRock will update performance and certain other data for the Fund on a monthly basis on its website in the Closed-end Funds section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Fund. This reference to BlackRock's website is intended to allow investors public access to information regarding the Fund and does not, and is not intended to, incorporate BlackRock's website in this report.

Shelf Offering Program

From time to time, the Fund may seek to raise additional equity capital through an equity shelf program (a Shelf Offering). In a Shelf Offering, the Fund may, subject to market conditions, raise additional equity capital by issuing new Common Shares from time to time in varying amounts at a net price at or above the Fund's net asset value (NAV) per Common Share (calculated within 48 hours of pricing). While any such Shelf Offering may allow the Fund to pursue additional investment opportunities without the need to sell existing portfolio investments, it could also entail risks including that the issuance of additional Common Shares may limit the extent to which the Common Shares are able to trade at a premium to NAV in the secondary market.

On June 20, 2016, the Fund filed a final prospectus with the SEC in connection with its Shelf Offering. This report is not an offer to sell Fund Common Shares or a solicitation of an offer to buy Fund Common Shares in any jurisdiction where such offers or sales are not permitted. The prospectus contains important information about the Fund, including its investment objectives, risks, charges and expenses. Investors are urged to read the prospectus of the Fund carefully and in its entirety before investing. A copy of the final prospectus for the Fund can be obtained from BlackRock at <http://www.blackrock.com>.

Additional Information (concluded)

BlackRock Privacy Principles

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

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

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following:

(i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

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

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

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

CEFDSU-2/17-AR

- Item 2 Code of Ethics The registrant (or the Fund) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, the code of ethics was amended to update certain information and to make other non-material changes. During the period covered by this report, there have been no waivers granted under the code of ethics. The registrant undertakes to provide a copy of the code of ethics to any person upon request, without charge, by calling 1-800-882-0052, option 4.
- Item 3 Audit Committee Financial Expert The registrant's board of directors (the board of directors), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Michael Castellano

Frank J. Fabozzi

W. Carl Kester

Karen P. Robards

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

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

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

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert.

The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

Item 4 Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP (D&T) in each of the last two fiscal years for the services rendered to the Fund:

| | (a) Audit Fees | | (b) Audit-Related Fees ¹ | | (c) Tax Fees ^{2, 4} | | (d) All Other Fees ³ | |
|---|--|---|--|---|--|---|--|---|
| | <u>Current</u> <u>Fiscal Year</u> <u>End</u> | <u>Previous</u> <u>Fiscal Year</u> <u>End</u> | <u>Current</u> <u>Fiscal Year</u> <u>End</u> | <u>Previous</u> <u>Fiscal Year</u> <u>End</u> | <u>Current</u> <u>Fiscal Year</u> <u>End</u> | <u>Previous</u> <u>Fiscal Year</u> <u>End</u> | <u>Current</u> <u>Fiscal Year</u> <u>End</u> | <u>Previous</u> <u>Fiscal Year</u> <u>End</u> |
| BlackRock Debt Strategies Fund, Inc. | \$98,494 | \$102,064 | \$0 | \$0 | \$27,402 | \$27,402 | \$0 | \$0 |

The following table presents fees billed by D&T that were required to be approved by the registrant's audit committee (the Committee) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC (Investment Adviser or BlackRock) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund (Fund Service Providers):

| | Current Fiscal Year End | Previous Fiscal Year End |
|---|--------------------------------|---------------------------------|
| (b) Audit-Related Fees¹ | \$0 | \$0 |
| (c) Tax Fees^{2, 4} | \$0 | \$0 |
| (d) All Other Fees³ | \$2,104,000 | \$2,129,000 |

¹ The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

² The nature of the services includes tax compliance, tax advice and tax planning, including services relating to the filing or amendment of federal, state or local income tax returns, regulated investment company qualification reviews, tax distribution and analysis reviews and miscellaneous tax advice.

³ Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

⁴ Includes fees for the Fund and the Fund's subsidiary.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Fund Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are (a) consistent with the SEC's auditor independence rules and (b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case

basis (general pre-approval). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the Committee pursuant to the de minimis exception in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Fund Service Providers were:

| | <u>Current Fiscal</u> | <u>Previous Fiscal</u> |
|---|-----------------------|------------------------|
| <u>Entity Name</u> | <u>Year End</u> | <u>Year End</u> |
| BlackRock Debt Strategies Fund, Inc. | \$27,402 | \$27,402 |

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of \$2,104,000 and \$2,129,000, respectively, were billed by D&T to the Investment Adviser.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser, and the Fund Service Providers that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Item 5 Audit Committee of Listed Registrants

(a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Michael Castellano

Frank J. Fabozzi

W. Carl Kester

Catherine A. Lynch

Karen P. Robards

(b) Not Applicable

Item 6 Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies
 The board of directors has delegated the voting of proxies for the Fund's portfolio securities to the Investment Adviser pursuant to the Investment Adviser's proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund's stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the Oversight Committee) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser's Portfolio Management Group and/or the Investment Adviser's Legal and Compliance Department and concluding that the vote cast is in its client's best interest notwithstanding the conflict. A copy of the Fund's Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at www.blackrock.com and (ii) on the SEC's website at <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies

(a)(1) As of the date of filing this Report:

The Fund is managed by a team of investment professionals comprised of James E. Keenan, Managing Director at BlackRock, C. Adrian Marshall, Managing Director at BlackRock and Mitchell Garfin, Managing Director at BlackRock. Messrs. Keenan, Marshall and Garfin are the Fund's co-portfolio managers and are responsible for the day-to-day management of the Fund's portfolio and the selection of its investments. Messrs. Keenan and Marshall have been members of the Fund's management team since 2009. Mr. Garfin has been a member of the Fund's portfolio management team since 2016.

| Portfolio Manager | Biography |
|--------------------|--|
| James E. Keenan | Managing Director of BlackRock since 2008 and Head of the Leveraged Finance Portfolio team; Director of BlackRock from 2006 to 2007. |
| C. Adrian Marshall | Managing Director of BlackRock since 2013; Director of BlackRock from 2007 to 2013; Vice President of BlackRock from 2004 to 2007. |

Mitchell Garfin Managing Director of BlackRock since 2009; Director of BlackRock from 2005 to 2008.

(a)(2) As of February 28, 2017:

| (i) Name of Portfolio Manager | (ii) Number of Other Accounts Managed and Assets by Account Type | | | (iii) Number of Other Accounts and Assets for Which Advisory Fee is | | |
|-------------------------------|--|-----------------------|----------------------|---|---------------------|----------------------|
| | Other | Other Pooled | Other | Other | Performance-Based | Other |
| | Registered | Investment | | Registered | Other Pooled | |
| | Investment Companies | Vehicles | Accounts | Investment Companies | Investment Vehicles | Accounts |
| James E. Keenan | 13 \$29.42 Billion | 20 \$12.13 Billion | 19 \$8.41 Billion | 0 \$0 | 0 \$0 | 4 \$817.3 Million |
| C. Adrian Marshall | 6 \$5.57 Billion | 28 \$9.97 Billion | 11 \$1.30 Billion | 0 \$0 | 3 \$0.10 Million | 0 \$0 |
| Mitchell Garfin* | 13 \$27.72 Billion | 14 \$9.30 Billion | 22 \$9.93 Billion | 0 \$0 | 0 \$0 | 4 \$817.3 Million |

(iv) Portfolio Manager Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, Inc., its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, Inc., or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock, Inc.'s (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock, Inc. or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that

Messrs. Keenan, Marshall and Garfin may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Messrs. Keenan, Marshall and Garfin may therefore be entitled to receive a portion of any incentive fees earned on such accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3) *Portfolio Manager Compensation Overview*

The discussion below describes the portfolio managers' compensation as of February 28, 2017.

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

Base Compensation. Generally, portfolio managers receive base compensation based on their position with the firm.

Discretionary Incentive Compensation

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the Fund and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to these portfolio managers, such benchmarks for the Fund and other accounts are:

| Portfolio Managers | Applicable Benchmarks |
|--------------------|---|
| C. Adrian Marshall | A combination of market-based indices (e.g., S&P Leveraged All Loan Index), certain customized indices and certain fund industry peer groups. |
| James Keenan | A combination of market-based indices (e.g., The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index), |
| Mitchell Garfin | certain customized indices and certain fund industry peer groups. |

Distribution of Discretionary Incentive Compensation. Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, will generally be settled in BlackRock, Inc. common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock, Inc. stock puts compensation earned by a portfolio manager for a given year at risk based on BlackRock's ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

Long-Term Incentive Plan Awards From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. The portfolio managers of this Fund have unvested long-term incentive awards.

Deferred Compensation Program A portion of the compensation paid to eligible United States-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm's investment products. Any portfolio manager who is either a managing director or director at BlackRock with compensation above a specified threshold is eligible to participate in the deferred compensation program.

Other Compensation Benefits. In addition to base salary and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

Incentive Savings Plans BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit (\$270,000 for 2017). The RSP offers a range of investment options, including registered

investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of February 28, 2017.

| Portfolio Manager | Dollar Range of Equity |
|--------------------------|-------------------------------|
| | Securities of the Fund |
| | Beneficially Owned |
| James Keenan | \$10,001 - \$50,000 |
| C. Adrian Marshall | \$10,001 - \$50,000 |
| Mitchell Garfin | \$10,001 - \$50,000 |

(b) Not Applicable

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers

| Period | <u>(a) Total Number of Shares</u> | <u>(b) Average Price Paid per Share</u> | <u>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs¹</u> | <u>(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs^{1, 2}</u> |
|----------------------|-----------------------------------|---|---|--|
| September 1-30, 2016 | N/A | N/A | N/A | N/A |
| October 1-31, 2016 | N/A | N/A | N/A | 3,115,220 |
| November 1-30, 2016 | N/A | N/A | N/A | 3,115,220 |
| December 1-31, 2016 | 128,284 | \$11.1672 | 128,284 | 2,986,936 |
| January 1-31, 2017 | 342,670 | \$11.4386 | 342,670 | 2,644,266 |
| February 1-28, 2017 | 334,165 | \$11.4600 | 334,165 | 2,310,101 |
| Total: | 805,119 | \$11.3553 | 805,119 | 2,310,101 |

¹The Fund completed a 1-for-3 reverse stock split on November 16, 2016. All shares shown are on a post-split basis.

²The Fund announced an open market share repurchase program on October 28, 2016 pursuant to which the Fund may repurchase, through November 30, 2017, up to 5% of its outstanding common shares based on common shares outstanding on October 28, 2016 (3,115,220 common shares), in open market transactions.

Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.

Item 11 Controls and Procedures

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined

in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12 Exhibits attached hereto

(a)(1) Code of Ethics See Item 2

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(b) Certifications Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Debt Strategies Fund, Inc.

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of

BlackRock Debt Strategies Fund, Inc.

Date: May 3, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of

BlackRock Debt Strategies Fund, Inc.

Date: May 3, 2017

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of

BlackRock Debt Strategies Fund, Inc.

Date: May 3, 2017