

HERBALIFE LTD.
Form 8-K
August 02, 2006

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 2, 2006

Herbalife Ltd.

(Exact name of registrant as specified in its charter)

Cayman Islands

1-32381

98-0377871

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

PO Box 309 GT, Uglan House, South Church
Street, Grand Cayman, Cayman Islands

0000000

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

c/o (310) 410-9600

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Top of the Form

Item 2.02 Results of Operations and Financial Condition.

The following information is furnished pursuant to Item 2.02, Results of Operations and Financial Condition.

On August 2, 2006, Herbalife Ltd. issued a press release announcing its financial results for its fiscal second quarter ended June 30, 2006. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

The information contained in this Item 2.02 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release issued by Herbalife Ltd. on August 2, 2006

Top of the Form

SIGNATURES

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

Herbalife Ltd.

August 2, 2006

By: /s/ Brett R. Chapman

Name: Brett R. Chapman

Title: General Counsel

Top of the Form

Exhibit Index

Exhibit No.	Description
99.1	Press Release issued by Herbalife Ltd. on August 2, 2006

dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results. ** The distribution is not constant and is subject to change. A portion of the distribution may be deemed a tax return of capital or net realized gain at fiscal year end. *** As a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). The table below summarizes the changes in the Fund's market price and net asset value: -----

8/31/07	2/28/07	Change	High	Low	-----	Market Price
\$6.41	\$7.28	(11.95%)	\$7.44	\$4.75	Net Asset Value	\$6.47 \$7.01 (7.70%) \$7.08 \$6.36

----- The following charts show the Fund's portfolio composition and credit quality allocations of the Fund's long-term investments: Portfolio Composition Asset Mix 8/31/07 2/28/07 -----

8/31/07	2/28/07	-----	Corporate Bonds
63%	70%	Floating Rate Loan Interests	33 28 Common Stocks
3	2	Preferred Stocks	1 --* Warrants
--*	--*	Other Interests	--* --*

----- * Amount is less than 1%. Credit Quality

Allocations*	Credit Rating	8/31/07	2/28/07	-----
BBB/Baa	2%	1%	BB/Ba	12 11 B/B
-----	56 62	CCC/Caa	-----	17 15 CC/Ca
-----	1 1	D	-----	--+ --+ NR (Not Rated)
-----	8 8	Other**	-----	4 2

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

Includes portfolio holdings in common stocks, preferred stocks, warrants and other interests. + Amount is less than 1%. 4 BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 Schedule of Investments as of August 31, 2007 (Unaudited) (in U.S. dollars) Face Amount Corporate Bonds Value

===== Aerospace & Defense -- 3.3% USD 5,000,000 Alliant Techsystems, Inc., 3% due 8/15/2024 (a)(m) \$ 7,400,000 7,500,000 L-3 Communications Corp., 3% due 8/01/2035 (a)(m) 8,540,625 7,170,000 Vought Aircraft Industries, Inc., 8% due 7/15/2011 6,954,900 ----- 22,895,525

===== Auto Components -- 2.0% 245,000 Compagnie Generale de Geophysique SA, 7.50% due 5/15/2015 246,225 The Goodyear Tire & Rubber Co. (m): 4,500,000 9.135% due 12/01/2009 (b) 4,500,000 2,000 8.625% due 12/01/2011 2,031 1,020,000 Lear Corp., 8.75% due 12/01/2016 943,500 9,350,000 Metaldyne Corp., 11% due 6/15/2012 8,368,250 Venture Holdings Co. LLC: 4,450,000 12% due 6/01/2009 (e) 0 1,800,000 Series B, 9.50% due 7/01/2005 (m) 5,400 ----- 14,065,406

===== Biotechnology -- 0.7% 5,000,000 Angiotech Pharmaceuticals, Inc., 9.371% due 12/01/2013 (b) 4,950,000

===== Building Products -- 1.9% CPG International I, Inc.: 3,000,000 12.13% due 7/01/2012 (b) 3,015,000 1,300,000 10.50% due 7/01/2013 1,274,000 5,900,000 Goodman Global Holding Co., Inc., 7.875% due 12/15/2012 5,841,000 2,270,000 Masonite International Corp., 11% due 4/06/2015 1,850,050 1,050,000 Momentive Performance Materials, Inc., 10.125% due 12/01/2014 (g)(m) 976,500 ----- 12,956,550

===== Capital Markets -- 0.2% 2,000,000 Pennant CBO Ltd., 13.43% due 3/14/2011 (m) 1,700,000

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Chemicals -- 5.9% 1,490,000 American Pacific Corp., 9% due 2/01/2015 1,467,650 3,550,000 ArCo Chemical Co., 9.80% due 2/01/2020 3,692,000 9,783,000 GEO Specialty Chemicals, Inc., 13.85% due 12/31/2009 (a)(m) 8,070,975 3,100,000 Hexion U.S. Finance Corp., 10.058% due 11/15/2014 (b) 3,162,000 2,515,000 Ineos Group Holdings Plc, 8.50% due 2/15/2016 (m) 2,313,800 6,360,000 MacDermid, Inc., 9.50% due 4/15/2017 (m) 5,914,800 14,060,000 NOVA Chemicals Corp., 8.484% due 11/15/2013 (b) 13,638,200 2,500,000 PolyOne Corp., 6.89% due 9/22/2008 2,500,000 ----- 40,759,425

Commercial Banks -- 0.2% 1,500,000 Investcorp SA, 7.54% due 10/21/2008 1,506,723

Commercial Services & Supplies -- 1.4% 1,090,000 PNA Intermediate Holding Corp., 12.558% due 2/15/2013 (b)(m) 1,049,125 4,280,000 Sally Holdings LLC, 10.50% due 11/15/2016 (m) 4,087,400 3,270,000 West Corp., 11% due 10/15/2016 3,319,050 1,395,000 Yankee Acquisition Corp., 9.75% due 2/15/2017 1,248,525 ----- 9,704,100

Amount Corporate Bonds Value

Communications Equipment -- 0.3% USD 983,000 Loral Spacecom Corp., 14% due 11/15/2015 (g) \$ 1,059,183 630,000 Nortel Networks Ltd., 9.61% due 7/15/2011 (b)(m) 631,575 ----- 1,690,758

Computers & Peripherals -- 0.4% 2,700,000 Viasystems, Inc., 10.50% due 1/15/2011 2,700,000

Construction Materials -- 0.7% 5,850,000 Nortek, Inc., 8.50% due 9/01/2014 5,060,250

Containers & Packaging -- 2.7% Berry Plastics Holding Corp.: 665,000 8.875% due 9/15/2014 663,338 375,000 9.569% due 9/15/2014 (b) 371,250 1,100,000 Graham Packing Co., Inc., 9.875% due 10/15/2014 1,078,000 705,000 Graphic Packaging International Corp., 9.50% due 8/15/2013 712,050 6,215,000 Packaging Dynamics Finance Corp., 10% due 5/01/2016 (m) 6,222,769 Smurfit-Stone Container Enterprises, Inc.: 1,600,000 8.375% due 7/01/2012 1,568,000 2,600,000 8% due 3/15/2017 2,479,750 6,325,000 Wise Metals Group LLC, 10.25% due 5/15/2012 5,692,500 ----- 18,787,657

Distributors -- 0.3% 2,000,000 Buhrmann US, Inc., 7.875% due 3/01/2015 1,840,000

Diversified Consumer Services -- 0.5% 3,875,000 NBC Acquisition Corp., 11% due 3/15/2013 (i) 3,448,750

Diversified Financial Services -- 1.2% 5,743,690 Archimedes Funding III Ltd., 5.50% due 11/29/2011 (b)(m) 2,871,836 Ford Motor Credit Co. LLC: 760,000 5.80% due 1/12/2009 716,127 4,480,000 8.11% due 1/13/2012 (b) 4,102,824 750,000 9.81% due 4/15/2012 (b) 755,516 ----- 8,446,303

Diversified Telecommunication Services -- 1.3% 2,675,000 Qwest Corp., 8.944% due 6/15/2013 (b) 2,822,125 6,000,000 Time Warner Telecom Holdings, Inc., 9.25% due 2/15/2014 6,210,000 ----- 9,032,125

Electric Utilities -- 0.8% 5,380,000 NSG Holdings LLC, 7.75% due 12/15/2025 (l)(m) 5,225,325

Electronic Equipment & Instruments -- 1.4% 2,675,000 Muzak Holdings, LLC, 13% due 3/15/2010 (i) 2,113,250 NXP BV: 5,520,000 8.11% due 10/15/2013 (b) 5,002,500 2,300,000 9.50% due 10/15/2015 1,989,500 375,000 Sanmina-SCI Corp., 8.125% due 3/01/2016 324,375 ----- 9,429,625

Energy Equipment & Services -- 2.1% 670,000 Compagnie Generale de Geophysique-Veritas, 7.75% due 5/15/2017 676,700 8,000,000 Ocean RIG ASA, 9.36% due 4/04/2011 (b) 7,900,000 6,300,000 SemGroup LP, 8.75% due 11/15/2015 (m) 6,063,750 ----- 14,640,450

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BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 5 Schedule of Investments (continued) (in U.S. dollars) Face Amount Corporate Bonds Value

=====	Food
& Staples Retailing -- 0.4% USD 2,900,000 Rite Aid Corp., 9.375% due 12/15/2015 (m) \$ 2,639,000	
=====	Gas
Utilities -- 0.4% 2,900,000 El Paso Performance-Linked Trust, 7.75% due 7/15/2011 (m) 2,971,169	
=====	Health
Care Providers & Services -- 2.4% 3,975,000 Community Health Systems, Inc., 8.875% due 7/15/2015 (m) 3,970,031	
Tenet Healthcare Corp.: 2,990,000 6.50% due 6/01/2012 2,481,700 6,000,000 7.375% due 2/01/2013 4,980,000	
Universal Hospital Services, Inc. (m): 1,000,000 8.50% due 6/01/2015 (g) 927,826 930,000 8.759% due 6/01/2015 (b) 897,450 4,100,000 Vanguard Health Holding Co. I, LLC, 11.25% due 10/01/2015 (i) 2,972,500 -----	
16,229,507	
=====	
Hotels, Restaurants & Leisure -- 6.0% 1,250,000 Galaxy Entertainment Finance Co. Ltd., 9.875% due 12/15/2012 (m) 1,268,750 HRP Myrtle Beach (m): 5,976,698 Holdings LLC, 14.50% due 4/01/2014 (g) 5,767,514 5,000,000	
Operations LLC, 10.07% due 4/01/2012 (b) 4,750,000 5,000,000 Operations LLC, 12.50% due 4/01/2013 4,900,000 2,560,000 Little Traverse Bay Bands of Odawa Indians, 10.25% due 2/15/2014 (m) 2,572,800 915,000 Penn National	
Gaming, Inc., 6.75% due 3/01/2015 917,288 2,700,000 Pinnacle Entertainment, Inc., 7.50% due 6/15/2015 (m) 2,484,000 1,370,000 Shingle Springs Tribal Gaming Authority, 9.375% due 6/15/2015 (m) 1,349,450 1,015,000	
Snoqualmie Entertainment Authority, 9.063% due 2/01/2014 (b)(m) 990,894 3,400,000 Station Casinos, Inc., 7.75% due 8/15/2016 3,255,500 2,600,000 Travelport LLC, 10.246% due 9/01/2014 (b) 2,600,000 3,265,000 Tropicana	
Entertainment, LLC, 9.625% due 12/15/2014 (m) 2,416,100 3,000,000 Tunica-Biloxi Gaming Authority, 9% due 11/15/2015 (m) 3,000,000 5,300,000 Universal City Florida Holding Co. I, 10.106% due 5/01/2010 (b) 5,353,000 -----	
41,625,296	
=====	
Household Durables -- 0.6% 175,000 Fedders North America, Inc., 9.875% due 3/01/2014 28,000 2,610,000 Jarden Corp., 7.50% due 5/01/2017 2,440,350 2,250,000 Stanley-Martin Communities LLC, 9.75% due 8/15/2015 1,676,250 -----	
4,144,600	
=====	IT
Services -- 0.7% 4,818,000 SunGard Data Systems, Inc., 10.25% due 8/15/2015 (m) 4,962,540	
=====	
Insurance -- 0.2% 1,630,000 USI Holdings Corp., 9.433% due 11/15/2014 (b)(m) 1,515,900	
=====	
Leisure Equipment & Products -- 0.2% 2,000,000 True Temper Sports, Inc., 8.375% due 9/15/2011 1,560,000	
=====	Face
Amount Corporate Bonds Value	
=====	
Machinery -- 1.7% USD 3,070,000 Esco Corp., 9.235% due 12/15/2013 (b)(m) \$ 3,008,600 3,815,000 Invensys Plc, 9.875% due 3/15/2011 (m) 4,053,438 RBS Global, Inc.: 1,480,000 9.50% due 8/01/2014 1,494,800 1,685,000 8.875% due 9/01/2016 1,647,088 1,530,000 Titan International, Inc., 8% due 1/15/2012 1,507,968 -----	
11,711,894	
=====	
Marine -- 0.5% 1,500,000 Navios Maritime Holdings, Inc., 9.50% due 12/15/2014 (m) 1,531,875 1,760,000 Titan Petrochemicals Group Ltd., 8.50% due 3/18/2012 (m) 1,548,800 -----	
3,080,675	
=====	Media
-- 11.6% Affinion Group, Inc.: 280,000 10.125% due 10/15/2013 280,000 800,000 11.50% due 10/15/2015 800,000 5,950,000 Cablevision Systems Corp. Series B, 9.82% due 4/01/2009 (b) 6,098,750 2,000,000 Cadmus	
Communications Corp., 8.375% due 6/15/2014 1,900,000 5,000,000 Canadian Satellite Radio Holdings, Inc., 12.75% due 2/15/2014 (m) 4,906,250 Charter Communications Holdings LLC: 3,750,000 10% due 4/01/2009 3,740,625 1,319,000 11.125% due 1/15/2011 1,282,728 1,978,000 10% due 5/15/2011 1,888,990 Intelsat Bermuda Ltd. (b): 8,605,000 11.409% due 6/15/2013 8,841,638 2,880,000 8.886% due 1/15/2015 2,901,600 10,350,000 Intelsat	
Intermediate Holding Co. Ltd., 9.25% due 2/01/2015 (i) 8,383,500 4,125,000 Liberty Media Corp., 0.75% due	

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3/30/2023 (a) 4,666,406 3,875,000 Mediacom LLC, 9.50% due 1/15/2013 3,875,000 750,000 NTL Cable Plc, 8.75% due 4/15/2014 759,375 580,000 Network Communications, Inc., 10.75% due 12/01/2013 580,000 4,325,000 Nielsen Finance LLC, 10% due 8/01/2014 4,433,125 2,800,000 Paxson Communications Corp., 8.61% due 1/15/2012 (b)(m) 2,761,500 3,235,000 Sinclair Broadcast Group, Inc. Class A, 4.875% due 7/15/2018 (a)(i) 3,000,463 5,795,000 Sirius Satellite Radio, Inc., 9.625% due 8/01/2013 5,476,275 5,230,000 TL Acquisitions, Inc., 10.50% due 1/15/2015 (m) 4,929,275 3,485,000 Umbrella Acquisition, 9.75% due 3/15/2015 (g)(m) 3,319,463 2,800,000 XM Satellite Radio, Inc., 9.856% due 5/01/2013 (b) 2,604,000 2,685,000 Young Broadcasting, Inc., 10% due 3/01/2011 2,416,500 ----- 79,845,463

===== Metals & Mining -- 3.5% 2,735,000 Aleris International, Inc., 9% due 12/15/2014 (g) 2,550,513 4,000,000 Compass Minerals International, Inc. Series B, 12% due 6/01/2013 (i) 4,020,000 10,360,000 Freeport-McMoRan Copper & Gold, Inc., 8.564% due 4/01/2015 (b) 10,670,800 2,854,000 Indalex Holding Corp. Series B, 11.50% due 2/01/2014 2,675,625 4,550,000 RathGibson, Inc., 11.25% due 2/15/2014 4,555,688 ----- 24,472,626

===== 6
BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 Schedule of Investments (continued) (in U.S. dollars) Face Amount Corporate Bonds Value

===== Multi-Utilities -- 0.9% USD 4,142,000 CenterPoint Energy, Inc. Series B, 3.75% due 5/15/2023 (a) \$ 6,052,498

===== Oil, Gas & Consumable Fuels -- 1.0% 480,000 Berry Petroleum Co., 8.25% due 11/01/2016 472,800 3,000,000 Chaparral Energy, Inc., 8.50% due 12/01/2015 2,685,000 2,445,000 Compton Petroleum Finance Corp., 7.625% due 12/01/2013 2,322,750 1,425,000 Williams Cos., Inc., 8.625% due 6/01/2010 1,486,460 ----- 6,967,010

===== Paper & Forest Products -- 9.3% 6,500,000 Abitibi-Consolidated, Inc., 9.194% due 6/15/2011 (b) 5,590,000 Ainsworth Lumber Co. Ltd. (b): 9,725,000 9.11% due 10/01/2010 7,488,250 8,000,000 9.36% due 4/01/2013 6,080,000 Boise Cascade LLC: 2,150,000 8.235% due 10/15/2012 (b) 2,128,500 900,000 7.125% due 10/15/2014 828,000 7,600,000 Bowater, Inc., 8.694% due 3/15/2010 (b) 6,840,087 3,775,000 Domtar, Inc., 7.125% due 8/15/2015 3,510,750 NewPage Corp.: 8,000,000 11.606% due 5/01/2012 (b) 8,480,000 4,725,000 12% due 5/01/2013 4,937,625 13,625,000 Smurfit Kappa Funding Plc, 7.75% due 4/01/2015 13,148,125 Verso Paper Holdings LLC Series B: 4,400,000 9.106% due 8/01/2014 (b) 4,378,000 530,000 11.375% due 8/01/2016 540,600 ----- 63,949,937

===== Pharmaceuticals -- 1.2% Elan Finance Plc: 3,525,000 7.75% due 11/15/2011 3,436,875 4,825,000 9.558% due 11/15/2011 (b) 4,728,500 ----- 8,165,375

===== Real Estate Investment Trusts (REITs) -- 0.3% 3,500,000 RAIT Financial Trust, 6.875% due 4/15/2027 (a)(m) 2,209,375

===== Real Estate Management & Development -- 2.3% Realty Corp. (m): 4,770,000 10.50% due 4/15/2014 4,018,725 7,540,000 11% due 4/15/2014 (g) 6,107,400 7,410,000 12.375% due 4/15/2015 5,455,613 ----- 15,581,738

===== Road & Rail -- 0.8% 1,250,000 Atlantic Express Transportation Corp., 12.609% due 4/15/2012 (b)(g)(m) 1,212,500 790,000 Britannia Bulk Plc, 11% due 12/01/2011 782,100 5,060,000 St. Acquisition Corp., 13.107% due 5/15/2015 (b)(m) 3,516,700 ----- 5,511,300

===== Face Amount Corporate Bonds Value

===== Semiconductors & Semiconductor Equipment -- 3.2% Amkor Technology, Inc.: USD 3,000,000 7.125% due 3/15/2011 \$ 2,820,000 210,000 7.75% due 5/15/2013 194,775 2,645,000 9.25% due 6/01/2016 2,565,650 Freescale Semiconductor, Inc.: 8,990,000 9.125% due 12/15/2014 (g) 8,046,050 5,470,000 9.569% due 12/15/2014 (b) 5,032,400 3,370,000 Spansion, Inc., 8.746% due 6/01/2013 (b)(m) 3,201,500 ----- 21,860,375

===== Software -- 0.3% 2,416,832 BMS Holdings, Inc., 12.40% due 2/15/2012 (b)(g)(m) 2,113,534

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Specialty Retail -- 4.1% 2,215,000 Buffets, Inc., 12.50% due 11/01/2014 1,705,550 Claire's Stores, Inc. (m): 500,000 9.25% due 6/01/2015 433,750 610,000 9.625% due 6/01/2015 (g) 476,993 1,110,000 10.50% due 6/01/2017 821,400 General Nutrition Centers, Inc. (g)(m): 5,560,000 10.009% due 3/15/2014 5,026,029 4,480,000 10.75% due 3/15/2015 4,008,533 Michaels Stores, Inc. (m): 3,790,000 10% due 11/01/2014 3,799,475 8,660,000 11.375% due 11/01/2016 8,421,850 8,000,000 Movie Gallery, Inc., 11% due 5/01/2012 (e) 2,000,000 1,380,000 United Auto Group, Inc., 7.75% due 12/15/2016 1,317,900 ----- 28,011,480

Wireless Telecommunication Services -- 3.7% 1,905,000 Centennial Communications Corp., 11.11% due 1/01/2013 (b) 1,952,625 Cricket Communications, Inc.: 5,250,000 9.375% due 11/01/2014 5,145,000 1,000,000 9.375% due 11/01/2014 (m) 980,000 Digicel Group Ltd. (m): 3,560,000 8.875% due 1/15/2015 3,253,128 7,748,000 9.125% due 1/15/2015 (g) 7,080,122 2,150,000 FiberTower Corp., 9% due 11/15/2012 (a)(m) 2,246,750 1,250,000 iPCS, Inc., 7.481% due 5/01/2013 (b)(m) 1,206,250 2,600,000 Nordic Telephone Co. Holdings ApS, 8.875% due 5/01/2016 (m) 2,691,000 Orascom Telecom Finance SCA: 620,000 7.875% due 2/08/2014 565,754 755,000 7.875% due 2/08/2014 (m) 688,938 ----- 25,809,567 ----- Total Corporate Bonds (Cost -- \$602,872,636) -- 82.6% 569,829,831

BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 7 Schedule of Investments (continued) (in U.S. dollars) Face Amount Floating Rate Loan Interests** Value

Aerospace & Defense -- 0.2% Hawker Beechcraft: USD 39,007 Letter of Credit, 5.26% due 3/31/2014 \$ 37,057 459,840 Term Loan B, 7.36% - 7.508% due 3/31/2014 436,848 1,145,200 IAP Worldwide Services Inc. Term Loan, 11.687% due 12/31/2012 983,727 ----- 1,457,632

Airlines -- 0.7% 1,890,000 Delta Airlines First Lien Term Loan, 7.36% due 5/15/2012 1,794,319 1,492,500 United Air Lines, Inc. Term Loan B, 7.625% due 1/30/2014 1,399,529 2,000,000 US Airways Group, Inc. Term Loan B, 7.86% due 3/22/2014 1,878,750 ----- 5,072,598

Auto Components -- 1.2% 1,000,000 Delphi Automotive Systems Term Loan B, 7.625% due 12/31/2007 980,000 2,000,000 Goodyear Tire & Rubber Co. First Lien Term Loan, 7.10% due 4/30/2014 1,880,000 Intermet Corp.: 1,685,185 Letter of Credit, 10.21% due 11/08/2010 1,617,778 1,162,530 Term Loan B, 10.36% due 11/08/2010 1,116,029 Metaldyne Corp.: 86,538 Letter of Credit, 5.17% - 9.125% due 1/15/2012 84,375 588,462 Term Loan B, 9.125% due 1/15/2014 573,750 1,000,000 TRW Automotive, Inc. Term Loan B, 6.875% due 2/09/2014 970,000 1,250,000 Visteon Corp. Term Loan B, 8.38% due 6/13/2013 1,150,781 ----- 8,372,713

Beverages -- 0.4% Culligan International: 1,500,000 Second Lien Term Loan, 7.815% due 10/24/2012 1,736,868 1,000,000 Term Loan B, 7.61% - 7.815% due 10/24/2012 910,000 ----- 2,646,868

Chemicals -- 2.3% 400,000 Arizona Chemical Second Lien Term Loan, 11.01% due 2/28/2014 370,667 2,000,000 Flint Group Term Loan, 7.933% due 12/20/2014 1,895,500 Huish Detergents, Inc.: 2,000,000 First Lien Term Loan, 7.51% due 4/15/2014 1,835,000 1,500,000 Second Lien Term Loan, 9.57% due 10/15/2014 1,372,500 677,316 Huntsman ICI Holdings Term Loan B, 7.25% due 4/19/2014 662,782 636,000 NuSil Technology Term Loan, 8.07% due 10/31/2013 623,280 620,000 Rockwood Specialties Group, Inc. Tranche D Term Loan, 6.857% due 7/30/2012 599,463 10,000,000 Wellman, Inc. Second Lien Term Loan, 12.106% due 2/10/2010 8,700,000 ----- 16,059,192

Face Amount Floating Rate Loan Interests** Value

Commercial Services & Supplies -- 5.7% Aramark Corp.: USD 533,316 Letter of Credit, 5.36% due 1/30/2014 \$ 513,183 7,580,509 Term Loan B, 7.36% due 1/30/2014 7,294,345 Euramax International Plc: 2,538,314 First Lien Term Loan, 8.375% due 6/29/2012 2,346,672 6,000,000 Second Lien Term Loan, 13.36% due 6/29/2013 5,340,000

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1,500,000 Jason, Inc. Term Loan B, 8.03% - 9.50% due 4/30/2010 1,425,000 1,410,788 John Maneely Co. Term Loan B, 8.61% due 12/15/2013 1,262,067 3,019,996 NES Rentals Holdings, Inc. Term Loan C, 12.125% due 7/12/2013 2,957,081 RiskMetrics Group, Inc.: 250,000 Second Lien Term Loan, 10.86% due 6/15/2014 242,813 748,125 Term Loan, 7.61% due 1/15/2014 727,552 8,670,000 Service Master Bridge Loan, 9.86% due 6/19/2008 7,542,900 7,000,359 Waste Services, Inc. Term Loan D, 7.82% due 3/31/2011 6,790,348 2,970,112 West Corp. Term Loan, 7.735% - 7.88% due 10/31/2013 2,864,920 ----- 39,306,881

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 Communications Equipment -- 0.1% 1,000,000 SafeNet, Inc. First Lien Term Loan, 7.86% due 5/11/2015 930,000

=====
 Computers & Peripherals -- 0.4% Intergraph Corp. Term Loan: 430,893 7.503% due 5/15/2014 412,041 1,000,000 11.506% due 11/15/2014 956,250 1,500,000 Reynolds and Reynolds Co. Third Lien Term Loan, 12.86% due 10/31/2014 1,462,500 ----- 2,830,791

=====
 Construction Materials -- 0.3% 2,453,125 Headwaters, Inc. Term Loan B-1, 7.36% due 4/30/2011 2,391,797

=====
 Containers & Packaging -- 1.6% 2,239,574 Anchor Glass Container Corp. Term Loan B, 7.61% - 7.791% due 5/03/2013 2,172,387 8,590,000 Berry Plastics Corp. Term Loan B, 11.61% due 6/15/2014 7,387,400 750,000 Consolidated Container Second Lien Term Loan, 10.86% - 11.065% due 10/15/2014 675,000 495,000 Graham Packaging Term Loan B, 7.625% due 4/15/2011 480,975 ----- 10,715,762

=====
 Distributors -- 0.2% 1,741,250 Keystone Automotive Operations, Inc. Term Loan B, 8.828% - 9% due 1/15/2012 1,588,891

=====
 BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 Schedule of Investments (continued) (in U.S. dollars) Face Amount Floating Rate Loan Interests** Value

=====
 Diversified Financial Services -- 0.5% USD 4,000,000 JG Wentworth Manufacturing Term Loan B, 7.61% due 4/15/2014 \$ 3,710,000

=====
 Diversified Telecommunication Services -- 0.9% 995,000 Kentucky Data Link, Inc. Term Loan B, 7.815% due 2/26/2014 957,688 258,716 Transaction Network Services Term Loan B, 7.541% due 5/15/2014 250,954 3,161,871 Winstar Communications Debtor In Possession, 6.366% due 12/31/2006 (n) 5,051,089 ----- 6,259,731

=====
 Electrical Equipment -- 0.4% 4,000,000 Generac Portable Products, Inc. Second Lien Term Loan, 11.36% due 5/15/2014 2,663,332

=====
 Electronic Equipment & Instruments -- 0.2% 1,500,000 CoCreate Software, Inc. Second Lien Term Loan, 12.608% due 5/30/2014 1,440,000

=====
 Energy Equipment & Services -- 0.9% Dresser, Inc.: 3,000,000 First Lien Term Loan, 8.01% - 8.038% due 5/15/2014 2,881,875 2,500,000 Second Lien Term Loan, 11.129% due 5/04/2015 2,362,500 1,234,375 MEG Energy Corp. Term Loan B, 7.36% due 4/03/2013 1,191,172 ----- 6,435,547

=====
 Food & Staples Retailing -- 1.3% 1,000,000 Bolthouse Farms, Inc. Second Lien Term Loan, 10.86% due 12/01/2013 967,500 1,000,000 DS Waters LP Term Loan B, 7.61% - 7.753% due 3/31/2012 940,000 Dole Food Co., Inc.: 323,981 Letter of Credit, 5.23% due 4/12/2013 304,542 719,846 Term Loan B, 7.438% - 9.25% due 4/12/2013 676,655 2,399,487 Term Loan C, 7.438% - 9.25% due 4/04/2013 2,255,517 969,217 Eight O'Clock Coffee Second Lien Term Loan, 8.125% due 7/21/2012 920,756 497,500 McJunkin Corp. Term Loan B, 7.815% due 1/30/2014 483,197 Sturm Foods, Inc.: 997,500 First Lien Term Loan, 7.875% - 7.938% due 1/30/2014 927,675 1,250,000 Second Lien Term Loan, 11.438% due 6/30/2014 1,165,625 ----- 8,641,467

=====
 Food

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Products -- 0.3% 1,937,500 Jetro Holdings, Inc. Term Loan, 7.82% due 5/11/2014 1,860,000

===== Health

Care Providers & Services -- 0.5% 488,011 CCS Medical First Lien Term Loan, 8.82% due 10/31/2012 471,541

3,147,392 Rotech Healthcare, Inc. Term Loan B, 11.36% due 9/26/2011 2,706,757 ----- 3,178,298

===== Face

Amount Floating Rate Loan Interests** Value

=====

Hotels, Restaurants & Leisure -- 2.8% USD 1,500,000 Golden Nugget, Inc. Term Loan Second Lien, 8.84% due

11/30/2014 \$ 1,402,500 Green Valley Ranch Gaming LLC Term Loan: 480,568 7.36% - 7.565% due 2/16/2014

456,540 750,000 8.791% due 8/30/2014 705,000 3,200,000 Las Vegas Sands Term Loan B, 7.11% due 5/04/2014

3,036,400 OSI Restaurant Partners, Inc.: 75,188 Revolving Credit, 5.18% due 6/14/2013 71,170 924,812 Term Loan

B, 7.625% due 5/15/2014 875,393 6,000,000 QCE LLC Second Lien Term Loan, 11.11% due 11/05/2013 5,715,000

1,031,315 Tropicana Opco Term Loan B, 7.61% due 12/15/2011 979,381 Venetian Macau US Finance Co. LLC:

2,500,000 Delay Draw Term Loan, 7.61% - 7.76% due 5/25/2012 2,414,285 3,500,000 Term Loan B, 7.61% due

5/25/2013 3,379,999 ----- 19,035,668

=====

Household Durables -- 0.4% 3,000,000 American Residential Services Second Lien Term Loan, 12% due 4/17/2015

2,970,000

=====

Household Products -- 0.8% Spectrum Brands, Inc.: 281,917 Letter of Credit, 5.17% due 4/15/2013 273,225

4,203,182 Term Loan B-1, 9.34% - 9.53% due 4/15/2013 4,073,585 1,014,901 Term Loan B-2, 9.565% due 4/15/2013

954,007 ----- 5,300,817

===== IT

Services -- 0.9% 3,686,354 Activant Solutions Term Loan B, 7.375% due 5/02/2013 3,437,525 1,000,000 Audio

Visual Services Corp. Second Lien Term Loan, 10.86% due 2/28/2014 950,000 894,231 RedPrairie Corp. Term Loan,

8.50% - 10.25% due 7/31/2012 1,145,021 950,000 Verifone, Inc. Term Loan B, 7.09% - 7.11% due 10/31/2013

912,000 ----- 6,444,546

=====

Insurance -- 0.1% 1,000,000 USI Holdings Corp., Term Loan B, 7.95% due 5/15/2014 935,000

=====

Machinery -- 1.7% 997,500 Harrington Holdings, Inc. Term Loan, 7.61% due 1/15/2014 947,625 1,000,000 Maxim

Crane Term Loan B, 7.32% due 6/14/2014 920,000 Navistar International Transportation Corp.: 1,866,667 Revolving

Credit, 5.17% - 8.61% due 1/19/2012 1,792,000 5,133,333 Term Loan, 8.61% due 1/19/2012 4,928,000 1,990,000

OshKosh Truck Corp. Term Loan B, 7.11% due 11/30/2013 1,908,535 1,093,086 Rexnord Corp. Term Loan, 11.61%

due 3/02/2013 (g) 1,032,966 ----- 11,529,126

=====

BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 9 Schedule of Investments (continued) (in

U.S. dollars) Face Amount Floating Rate Loan Interests** Value

===== Media

-- 8.9% USD 4,000,000 Affinion Group, Inc. Term Loan, 11.678% due 3/01/2012 \$ 3,693,332 9,055,466 Cequel

Communications LLC Second Lien Term Loan, 9.856% due 3/31/2015 8,738,525 1,593,818 Cequel Communications

LLC Term Loan B, 7.36% - 7.505% due 4/04/2013 1,503,060 13,500,000 Charter Communications, Inc. Term Loan

B, 7.361% due 4/30/2014 12,751,479 973,460 ClientLogic Holding Corp. Term Loan B, 7.86% - 8.065% due

1/30/2014 934,522 3,808,979 Easton-Bell Sports Inc. Term Loan B, 11.36% due 5/01/2012 3,630,433 6,500,000 Ellis

Communications Term Loan, 10% due 1/15/2008 6,305,000 GateHouse Media, Inc.: 591,667 Delay Draw Term Loan,

7.36% - 7.51% due 9/15/2014 535,458 2,000,000 Term Loan B, 7.51% due 9/15/2014 1,810,000 Insight Midwest

Holdings LLC: 6,750,000 Delay Draw Term Loan, 7.11% due 4/03/2014 6,559,103 1,250,000 Term Loan B, 7.36%

due 4/06/2014 1,214,649 1,000,000 Local TV LLC Term Loan, 7.31% due 5/15/2013 940,000 485,000 Multicultural

Radio Broadcasting Inc. Term Loan, 8.288% due 12/15/2012 470,450 997,498 NEP Supershooters, LP Term Loan B,

7.61% due 2/13/2014 949,286 992,500 Nielsen Finance LLC Term Loan B, 7.36% due 8/15/2013 953,076 1,000,000

Penton Media Term Loan, 10.36% due 2/15/2014 937,500 1,500,000 Persona Communications Second Lien Term

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Loan, 11.565% due 4/30/2014 1,500,000 ProSiebenSat. 1 Media AG Term Loan B: EUR 500,000 6.796% due 6/30/2015 620,675 1,000,000 7.039% due 6/30/2016 1,222,194 Riverdeep Group Ltd.: USD 963,550 Bridge Loan, 11.55% due 12/21/2007 958,732 997,494 Term Loan B, 8.11% due 12/21/2013 976,048 4,697,987 Univision Communications, Inc. Delay Draw Term Loan, 7.61% due 9/30/2014 4,337,806 ----- 61,541,328

=====

Multi-Utilities -- 0.6% Brand Energy Term Loan B: 498,750 7.625% - 7.813% due 2/15/2014 472,981 500,000 11.375% - 11.563% due 2/15/2015 484,167 Coletto Creek: 464,633 Letter of Credit, 8.11% due 7/31/2013 446,048 31,847 Term Loan B, 5.26% due 7/31/2013 30,573 750,000 Energy Transfer Equity LP Term Loan B, 7.106% due 11/01/2012 726,563 750,000 NE Energy Second Lien Term Loan, 9.875% due 10/31/2014 723,750 1,000,000 USPF Holdings Term Loan, 7.082% - 7.09% due 4/15/2014 950,000 ----- 3,834,082

===== Oil, Gas & Consumable Fuels -- 3.1% 787,500 Big West Oil & Gas Term Loan B, 7.61% due 5/15/2014 744,188 373,106 Carrizo Oil & Gas, Inc. Second Lien Term Loan, 10.11% due 7/21/2010 367,509 6,400,000 Frontier Drilling Term Loan B, 9.18% due 6/21/2013 6,272,000 Face Amount Floating Rate Loan Interests** Value

===== Oil, Gas & Consumable Fuels (concluded) USD 2,000,000 Petroleum Geo-Services ASA Term Loan B, 7.11% due 6/30/2015 \$ 1,931,666 2,000,000 SandRidge Energy, Inc. Term Loan B, 8.985% due 3/01/2014 1,975,000 8,000,000 Scorpion Drilling Ltd. Second Lien Term Loan, 12.86% due 5/05/2015 8,520,000 Western Refining Co. L.P.: 187,500 Delay Draw Term Loan, 7.07% due 3/15/2014 178,125 1,205,357 Term Loan B, 7.07% due 3/15/2014 1,145,089 ----- 21,133,577

===== Paper & Forest Products -- 1.0% 6,695,000 Verso Paper Holdings LLC Term Loan B, 11.606% due 2/01/2013 6,661,525

===== Pharmaceuticals -- 0.4% 3,000,000 Pharmaceutical Technologies & Services (PTS) Term Loan, 7.61% due 4/15/2014 2,737,500

===== Real Estate Management & Development -- 0.6% 4,000,000 Enclave First Lien Term Loan, 6.14% due 3/01/2012 3,788,280 445,174 Yellowstone Club Term Loan B, 7.883% due 10/15/2010 426,625 ----- 4,214,905

===== Road & Rail -- 0.6% 4,418,605 Swift Transportation Co., Inc. Term Loan B, 8.375% due 5/15/2014 3,905,861

===== Software -- 1.1% 8,000,000 Aspect Software Second Lien Term Loan, 12.438% due 7/11/2010 7,520,000

===== Specialty Retail -- 0.9% 2,000,000 ADESA, Inc. Term Loan B, 7.61% due 10/30/2013 1,871,250 1,500,000 Burlington Coat Factory Warehouse Corp. Term Loan B, 7.76% due 4/15/2013 1,404,107 3,500,000 Claire's Stores Term Loan B, 8.11% due 5/24/2014 3,203,960 ----- 6,479,317

===== Textiles, Apparel & Luxury Goods -- 0.3% 997,500 David's Bridal, Inc. Term Loan B, 7.36% due 1/30/2014 927,675 300,000 Gold Toe Investment Corp. Second Lien Term Loan, 11.36% due 4/30/2014 291,000 745,733 Renfro Corp. Term Loan B, 8.61% - 8.76% due 9/30/2013 719,631 ----- 1,938,306

===== Wireless Telecommunication Services -- 1.0% 4,750,000 Centennial Cellular Operating Co. Term Loan, 7.36% - 7.541% due 2/09/2011 4,609,875 2,000,000 IPC Systems First Lien Term Loan, 7.61% due 5/25/2014 1,776,663 609,626 NG Wireless Term Loan, 10% due 7/31/2014 597,433 ----- 6,983,971

----- Total Floating Rate Loan Interests (Cost -- \$311,584,203) -- 43.3% 298,727,029

===== 10
BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 Schedule of Investments (continued) (in U.S. dollars) Shares Held Common Stocks Value

===== Airlines -- 0.5% 221,600 Delta Air Lines, Inc. (d) \$ 3,740,608

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Components -- 0.0%	403 GenTek Inc. (d)	12,392	Auto
Chemicals -- 0.1%	339,340 GEO Specialty Chemicals, Inc. (d)	339,340	
Commercial Services & Supplies -- 0.4%	90,876 Outsourcing Solutions Inc. (d)	2,544,521	
Communications Equipment -- 0.9%	150,354 Loral Space & Communications Ltd. (d)	6,026,188	
Containers & Packaging -- 0.2%	1,428,423 Viskase Cos., Inc. (d)	1,685,539	
Diversified Financial Services -- 0.2%	35,000 Preferred Term Securities VI, Ltd.	1,505,000	
Electrical Equipment -- 0.4%	286,757 Medis Technologies Ltd. (d)	3,025,287	
Hotels, Restaurants & Leisure -- 0.1%	5,000 HRP PIK Corp. Class B (m)	27,787 Lodgian, Inc. (d)	339,835
		339,885	
& Mining -- 0.1%	144,858 Neenah Enterprises, Inc. (d)	905,364 41,149 Acme Package Corp. Senior Holdings (d)(k)	Metals
	1,234	906,598	
& Forest Products -- 0.2%	36,342 Smurfit Kappa Plc (d)	795,575 211,149 Western Forest Products, Inc. Restricted Shares (d)	Paper
	453,890	1,249,465	
Semiconductors & Semiconductor Equipment -- 0.2%	55,172 Cypress Semiconductor Corp. (d)	1,381,507	
		Total Common Stocks (Cost -- \$29,850,165) --	
		3.3%	22,756,330
Preferred Stocks			
Communications Equipment -- 0.3%	10,732 Loral Spacecom Corp. Series A, 12% (g)	2,189,334	
Gas & Consumable Fuels -- 1.5%	179 EXCO Resources, Inc., 7% (a)	2,040,600 737 EXCO Resources, Inc., 11%	Oil,
	8,401,800	10,442,400	
		Total Preferred Stocks (Cost -- \$11,284,952) -- 1.8%	
		12,631,734	Shares
Held Warrants (h) Value			
Components -- 0.0%	471 GenTek Inc. Tranche B (expires 11/10/2008)	\$ 17,427 231 GenTek Inc. Tranche C (expires 11/10/2010)	Auto
	7,392	24,819	
Care Providers & Services -- 0.0%	126,761 HealthSouth Corp. (expires 1/16/2014)	101,409	Health
-- 0.0%	15,000 Sirius Satellite Radio, Inc. (expires 5/15/2009)	6,750	Media
& Mining -- 0.1%	652,739 ACP Holding Co. (expires 9/30/2013)	783,287	Metals
Wireless Telecommunication Services -- 0.1%	1,325 American Tower Corp. (expires 8/01/2008)	722,125	
		Total Warrants (Cost -- \$870,754) -- 0.2%	
		1,638,390	

Beneficial Interest Other Interests (f)

=====
Airlines -- 0.1% USD 5,505,000 Delta Air Default, 8.33% Escrow 302,775 4,200,000 Delta Air Default, 10% Escrow
220,500 ----- 523,275
=====
Auto
Components -- 0.0% 3,614,601 Cambridge Industries, Inc. (Litigation Trust Certificates) 0
=====
Media
-- 0.0% Adelpia C.V.U.: 7,500,000 Escrow 750 5,000 Preferred Escrow 0 9,406,019 Recovery Trust 941 500,000
Adelpia Recovery Trust Series ACC-6B INT 0 ----- 1,691
=====
Paper
& Forest Products -- 0.0% 18 Cellu Tissue Holdings, Inc. (Escrow Shares) 0
----- Total Other Interests (Cost -- \$30,749) -- 0.1%
524,966
=====

Short-Term Securities

=====
USD
1,880,140 BlackRock Liquidity Series, LLC Cash Sweep Series, 5.33% (c)(j) 1,880,140
----- Total Short-Term Investments (Cost -- \$1,880,140)
-- 0.3% 1,880,140
=====

=====
Total
Investments (Cost -- \$958,373,599*) -- 131.6% 907,988,420 Liabilities in Excess of Other Assets -- (31.6%)
(218,136,266) ----- Net Assets -- 100.0% \$ 689,852,154 ===== BLACKROCK DEBT
STRATEGIES FUND, INC. AUGUST 31, 2007 11 Schedule of Investments (concluded) (in U.S. dollars) * The cost
and unrealized appreciation (depreciation) of investments as of August 31, 2007, as computed for federal income tax
purposes, were as follows: Aggregate cost \$959,704,946 ===== Gross
unrealized appreciation \$ 21,112,967 Gross unrealized depreciation (72,829,493)
----- Net unrealized depreciation \$(51,716,526) ===== ** Floating rate loan

interests in which the Fund invests generally pay interest at rates that are periodically determined by reference to a
base lending rate plus a premium. The base lending rates are generally (i) the lending rate offered by one or more
European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more U.S.
banks or (iii) the certificates of deposit rate. (a) Convertible security. (b) Floating rate security. (c) Investments in
companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of
1940, were as follows: ----- Net Interest Affiliate Activity

Income ----- BlackRock Liquidity Series, LLC Cash Sweep
Series \$(34,610) \$227,539 ----- (d) Non-income producing
security. (e) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments. (f) Other
interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income
producing. (g) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares. (h)
Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income
producing. The purchase price and number of shares are subject to adjustment under certain conditions until the
expiration date. (i) Represents a step bond; the interest rate shown is the effective yield at the time of purchase. (j)
Represents the current yield as of August 31, 2007. (k) Restricted security as to resale, representing 0.0% of net assets,
were as follows: ----- Acquisition Issue Date Cost Value

----- Acme Package Corp. Senior Holdings 11/25/2002 --
\$1,234 ----- (l) Subject to principal paydowns. (m) The
security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933. (n)
As a result of bankruptcy proceedings, the company did not repay the principal amount of the security upon maturity.
The security is non-income producing. o For Fund compliance purposes, the Fund's industry classifications refer to
any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings
group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report,
which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets. o

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Forward foreign exchange contracts of August 31, 2007 were as follows:

-----	Foreign Settlement Unrealized Currency Sold Date
Appreciation -----	EUR 3,000,000 October 2007 \$ 36,284

=====
 Total
 Unrealized Appreciation on Forward Foreign Exchange Contracts (USD Commitment -- \$4,131,197) \$ 36,284

===== o Swaps outstanding as of August 31, 2007 were as follows:

-----	Unrealized Notional Appreciation Amount
(Depreciation) -----	Sold credit default protection on
Novelis Inc. and receive 1.40% Broker, JPMorgan Chase Expires January 2008 USD 4,000,000 \$ 3,608	Sold credit
default protection on Ford Motor Company and receive 3.80% Broker, Lehman Brothers Special Finance Expires	March 2010 USD 10,000,000 (674,890)
Sold credit default protection on BAA Ferovial Junior Term Loan and receive	2.00% Broker, Deutsche Bank AG London Expires June 2012 USD 900,000 (25,866)
Bought credit default protection	on LCDX Index and pay 1.20% Broker, JPMorgan Chase Expires June 2012 USD 4,500,000 (51,302)
Bought credit	default protection on LCDX Index and pay 1.20% Broker, Morgan Stanley Expires June 2012 USD 4,500,000
(51,302)	Sold credit default protection on LCDX Index and receive 1.20% Broker, Morgan Stanley Expires June 2012
USD 4,500,000 96,602	Sold credit default protection on Dow Jones CDX North America High Yield Series 8 and
receive 2.75% Broker, JPMorgan Chase Expires June 2012 USD 5,950,000 (18,340)	Sold credit default protection on
Dow Jones CDX North America High Yield Index Series 8 and receive 2.75% Broker, JPMorgan Chase Expires June	2012 USD 5,950,000 (14,621)
Bought credit default protection on Frontier Drilling and pay 3.45% Broker, Lehman	Brothers Special Finance Expires September 2012 USD 2,250,000 63,029
Bought credit default protection on Frontier	Drilling ASA and pay 4.00% Broker, Lehman Brothers Special Finance Expires September 2012 USD 2,500,000
30,858 -----	Total \$ (642,224) ===== o Currency

Abbreviations: EUR Euro USD U.S. Dollar See Notes to Financial Statements. 12 BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 Statement of Assets, Liabilities and Capital As of August 31, 2007 (Unaudited)

Assets -----

Investments in unaffiliated securities, at value (identified cost -- \$956,493,459) ...	\$ 906,108,280	Investments in
affiliated securities, at value (identified cost -- \$1,880,140)	1,880,140	Cash
.....	1,639,787	Foreign cash (cost -- \$3,393)
.....	3,406	Unrealized appreciation on forward foreign exchange contracts
.....	36,284	Swap premiums paid
.....	543,282	Unrealized
appreciation on swaps	194,097	Receivables: Interest
.....	\$ 18,120,615	Securities sold
10,501,367	Swaps	171,348
.....	56,100	Commitment fees
.....	19,129	Principal paydowns
.....	4,492	28,873,051 -----
.....	12,573	-----
.....	-----	Total assets
939,290,900 -----	-----	-----

Liabilities -----

-----	Loans
.....	242,000,000
.....	Unrealized depreciation on swaps
.....	836,321
.....	Swap premiums received
.....	860,377
Unfunded loan commitment	172,956
.....	Payables: Securities purchased
.....	3,756,675
.....	Investment adviser
.....	528,886
Dividends to shareholders	417,091
.....	Interest on loans
.....	384,880
.....	Swaps
.....	48,835
.....	Other
.....	affiliates
.....	5,928
.....	5,142,295 -----
.....	-----
.....	426,797 -----
.....	-----
.....	Total liabilities
249,438,746 -----	-----

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Net Assets

----- Net
 Assets \$ 689,852,154 =====

Capital

 Common Stock, par value \$.10 per share, 200,000,000 shares authorized (106,629,991 shares issued and outstanding)
 \$ 10,662,999 Paid-in capital in excess of par
 1,031,571,951 Undistributed investment income -- net \$ 8,971,210 Accumulated
 realized capital losses -- net (310,188,228) Unrealized depreciation -- net
 (51,165,778) ----- Total accumulated losses -- net
 (352,382,796) ----- Total capital -- Equivalent to \$6.47 net asset value per
 share of Common Stock (market price -- \$6.41) \$ 689,852,154 ===== See Notes
 to Financial Statements. BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 13 Statement of
 Operations For the Six Months Ended August 31, 2007 (Unaudited)

Investment Income

----- Interest
 (including \$227,539 from affiliates) \$ 47,294,181 Dividends
 883,319 Facility and other fees
 206,950 ----- Total income
 48,384,450 -----

Expenses

----- Loan
 interest expense \$ 8,696,741 Investment advisory fees
 3,176,273 Borrowing costs
 206,396 Accounting services 122,892 Professional fees
 54,700 Custodian fees
 31,518 Printing and shareholder reports 30,129 Transfer agent fees
 29,030 Listing fees 20,584
 Directors' fees and expenses 20,178 Pricing services
 17,450 Other 23,270
 ----- Total expenses 12,429,161 ----- Investment income --
 net 35,955,289 -----

Realized & Unrealized Gain (Loss) -- Net

----- Realized
 gain (loss) on: Investments -- net 2,211,707 Swaps -- net
 441,649 Foreign currency transactions -- net
 (84,408) 2,568,948 ----- Change in unrealized appreciation/depreciation on:
 Investments -- net (61,585,299) Swaps -- net
 (593,358) Unfunded corporate loans -- net
 (187,096) Foreign currency transactions -- net
 34,581 (62,331,172) ----- Total realized and unrealized loss -- net
 (59,762,224) ----- Net Decrease in Net Assets Resulting from Operations \$ (23,806,935)
 ===== See Notes to Financial Statements. 14 BLACKROCK DEBT STRATEGIES FUND, INC.

AUGUST 31, 2007 Statements of Changes in Net Assets For the Six Months Ended For the August 31, Year Ended
 2007 February 28, Increase (Decrease) in Net Assets: (Unaudited) 2007

Operations

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Investment income -- net	\$ 35,955,289	\$ 71,630,035	Realized gain (loss) -- net	2,568,948	(6,186,913)
.....	(62,331,172)	37,848,881	Change in unrealized appreciation/depreciation -- net	(23,806,935)	103,292,003
.....			Net increase (decrease) in net assets resulting from operations		

Dividends to Shareholders

Dividends to shareholders from investment income -- net	(33,878,178)	(69,729,202)
---	--------------	--------------

Stock Transactions

.....			Value of shares issued to Common Stock shareholders in reinvestment of dividends	1,593,204	3,970,321
.....			Net increase in net assets resulting from stock transactions	1,593,204	3,970,321

Net Assets

.....			Total increase (decrease) in net assets	(56,091,909)	37,533,122
.....	745,944,063	708,410,941	Beginning of period		
.....	\$ 689,852,154	\$ 745,944,063	End of period*		
.....			Undistributed investment income -- net	\$ 8,971,210	\$ 6,894,099

=====
 See Notes to Financial Statements. BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 15 Statement of Cash Flows For the Six Months Ended August 31, 2007 (Unaudited)

Cash Provided by Operating Activities

.....			Net decrease in net assets resulting from operations	\$ (23,806,935)	
.....			Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: Increase in other receivables and prepaid expenses	(879,715)	
.....	449,614		Increase in other liabilities		
.....	(1,721,148)		Paid-in-kind income		
.....	61,451,786		Realized and unrealized loss -- net		
.....	(84,408)		Realized loss on foreign currency transactions -- net		
.....	(1,433,842)		Amortization of premium and discount		
.....			Proceeds from sales and paydowns of long-term securities	405,686,464	
.....			Purchases of long-term securities	(349,854,688)	
.....	34,610		Net sales of short-term investments		
.....	89,841,738		Cash provided by operating activities		

Cash Used for Financing Activities

.....			Cash receipts from borrowings	168,000,000	
.....	(224,600,000)		Cash payments from borrowings		
.....	(31,867,883)		Dividends paid to shareholders		
.....	(88,467,883)		Net cash used for financing activities		

Cash

.....			Net increase in cash	1,373,855	
.....	269,338		Cash at beginning of period		
.....			Cash at end of period		

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..... \$ 1,643,193 =====

Cash Flow Information

----- Cash
 paid for interest \$ 8,496,992 =====

Non-Cash Financing Activities

----- Value of
 capital shares issued in reinvestment of dividends to shareholders \$ 1,593,204 =====
 See Notes to Financial Statements. 16 BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007
 Financial Highlights For the Six Months Ended For the Year Ended For the For the The following per share data and
 ratios have August 31, February 28, Year Ended Year Ended been derived from information provided in the 2007
 ----- February 29, February 28, financial statements. (Unaudited) 2007 2006 2005 2004 2003

Per Share Operating Performance

----- Net asset
 value, beginning of period \$ 7.01 \$ 6.69 \$ 7.06 \$ 6.71 \$ 5.35 \$ 6.03
 ----- Investment income -- net***34 .68 .63 .67
 .75 .79 Realized and unrealized gain (loss) -- net (.56) .28 (.35) .34 1.40 (.68)
 ----- Total from investment operations (.22) .96 .28
 1.01 2.15 .11 ----- Less dividends from investment
 income -- net (.32) (.64) (.65) (.66) (.79) (.79)
 ----- Recovery of previously expensed offering costs
 (capital write-off) resulting from the issuance of Common Stock -- -- -- -- + --
 ----- Net asset value, end of period \$ 6.47 \$ 7.01 \$
 6.69 \$ 7.06 \$ 6.71 \$ 5.35

Market price per share, end of period \$ 6.41 \$ 7.28 \$ 6.77 \$ 6.71 \$ 6.69 \$ 5.99

Total Investment Return**

----- Based
 on net asset value per share .. (3.29%)+++ 15.35% 4.57% 15.95% 41.84% 2.04%
 ----- Based
 on market price per share (7.74%)+++ 18.37% 11.34% 10.53% 26.31% 4.85%

Ratios to Average Net Assets

Expenses, excluding interest expense99%* .99% 1.02% 1.02% 1.00% 1.07%

Expenses 3.30%* 3.16% 2.63% 1.83% 1.53% 1.91%

Investment income -- net 9.56%* 9.97% 9.55% 9.84% 12.22% 14.32%

Leverage

----- Amount
 of borrowings, end of period (in thousands) \$ 242,000 \$298,600 \$259,900 \$298,400 \$ 269,075 \$ 245,900

 Average amount of borrowings outstanding during the period (in thousands) \$ 302,039 \$283,906

\$294,371 \$304,549 \$ 239,315 \$ 238,863

=====

Average amount of borrowings outstanding per share during the period*** \$ 2.84 \$ 2.68 \$ 2.79 \$ 2.89 \$ 2.29 \$ 2.31

=====

Supplemental Data

----- Net

assets, end of period (in thousands) \$ 689,852 \$745,944 \$708,411 \$745,256 \$ 706,261 \$ 557,068

=====

Portfolio turnover 31% 65% 46% 60% 70% 65%

===== *

Annualized. ** Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges. *** Based on average shares outstanding. + Amount is less than \$.01 per share. +++ Aggregate total investment return. See Notes to Financial Statements. BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 17 Notes to Financial Statements (Unaudited) 1. Significant Accounting Policies: BlackRock Debt Strategies Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Fund's financial statements are prepared in conformity with U.S. generally accepted accounting principles, which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common Stock on a daily basis. The Fund's Common Stock shares are listed on the New York Stock Exchange ("NYSE") under the symbol DSU. (a) Corporate debt obligations -- The Fund invests principally in debt obligations of companies, including floating rate loans made by banks and other financial institutions and both privately and publicly offered corporate bonds and notes. The Fund's investments in loan participation interests involve the risk of insolvency of the financial intermediaries who are parties to the transactions. (b) Valuation of investments -- Floating rate loans are valued in accordance with guidelines established by the Fund's Board of Directors. Floating rate loan interests are valued at the mean between the last available bid prices from one or more brokers or dealers as obtained from Loan Pricing Corporation. For the limited number of floating rate loans for which no reliable price quotes are available, such floating rate loans will be valued by Loan Pricing Corporation through the use of pricing matrixes to determine valuations. If the pricing service does not provide a value for floating rate loans, BlackRock Advisors, LLC (the "Manager"), an indirect, wholly owned subsidiary of BlackRock, Inc., will value the floating rate loans at fair value, which is intended to approximate market value. Debt securities are traded primarily in the over-the-counter ("OTC") market and are valued at the last available bid price in the OTC market or on the basis of values obtained by a pricing service. Pricing services use valuation matrixes that incorporate both dealer-supplied valuations and valuation models. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general direction of the Board of Directors. Such valuations and procedures will be reviewed periodically by the Board of Directors of the Fund. Securities held by the Fund that are traded on stock exchanges or the NASDAQ Global Market are valued at the last sale price or official close price on the exchange on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price for long positions, and at the last available asked price for short positions. In cases where securities are traded on more than one exchange, the securities are valued on the exchange designated as the primary market by or under the authority of the Board of Directors of the Fund. Long positions in securities traded in the OTC market, NASDAQ Capital Market or Bulletin Board are valued at the last available bid price or yield equivalent obtained from one or more dealers or pricing services approved by the Board of Directors of the Fund. Short positions in securities traded in the OTC market are valued at the last available asked price. Portfolio securities that are traded both in the OTC market and on a stock exchange are valued according to the broadest and most representative market. When the Fund writes an option, the amount of the premium received is recorded on the books of the Fund as an asset and an equivalent liability. The amount of the liability is subsequently valued to reflect the current market value of the

option written, based on the last sale price in the case of exchange-traded options or, in the case of options traded in the OTC market, the last asked price. Options purchased by the Fund are valued at their last sale price in the case of exchange-traded options or, in the case of options traded in the OTC market, the last bid price. Swap agreements are valued based upon quoted fair valuations received daily by the Fund from a pricing service or counterparty. Other investments, including futures contracts and related options, are stated at market value. Obligations with remaining maturities of 60 days or less are valued at amortized cost unless the Manager believes that this method no longer produces fair valuations. Valuation of other short-term investment vehicles is generally based on the net asset value of the underlying investment vehicle or amortized cost. Repurchase agreements will be valued at cost plus accrued interest. Generally, trading in foreign securities, as well as U.S. government securities, money market instruments and certain fixed income securities, is substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the net asset value of the Fund's shares are determined as of such times. Foreign currency exchange rates will generally be determined as of the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange

18 BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 Notes to Financial Statements (continued) rates may occur between the times at which they are determined and the close of business on the NYSE that may not be reflected in the computation of the Fund's net asset value. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such securities, those securities will be valued at their fair value as determined in good faith by the Fund's Board of Directors or by the Manager using a pricing service and/or procedures approved by the Fund's Board of Directors. (c) Derivative financial instruments -- The Fund may engage in various portfolio investment strategies both to increase the return of the Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract. The counterparty for certain instruments may pledge cash or securities as collateral. o Financial futures contracts -- The Fund may purchase or sell financial futures contracts and options on such financial futures contracts. Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits, and maintains as collateral, such initial margin as required by the exchange on which the transaction is effected. 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 value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. o Options -- The Fund may write covered call and put options and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received). Written and purchased options are non-income producing investments. o Swaps -- The Fund may enter into swap agreements, which are OTC contracts in which the Fund and a counterparty agree to make periodic net payments on a specified notional amount. The net payments can be made for a set period of time or may be triggered by a predetermined credit event. The net periodic payments may be based on a fixed or variable interest rate; the change in market value of a specified security, basket of securities, or index; or the return generated by a security. These periodic payments received or made by the Fund are recorded in the accompanying Statement of Operations as realized gains or losses, respectively. Gains or losses are also realized upon termination of the swap agreements. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). Risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms and the possible lack of liquidity with respect to the swap agreements. o Forward foreign exchange contracts -- The Fund may enter into forward foreign exchange contracts as a hedge against either specific transactions or portfolio positions. The contract is marked-to-market daily and the change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value at the time it was opened and the value

at the time it was closed. (d) Foreign currency transactions -- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing when recognized. Assets and liabilities denominated in foreign currencies are valued at the exchange rate at the end of the period. Foreign currency transactions are the result of settling (realized) or valuing (unrealized) assets or liabilities expressed in foreign currencies into U.S. dollars. Realized and unrealized gains or losses from investments include the effects of foreign exchange rates on investments. The Fund invests in foreign securities, which may involve a number of risk factors and special considerations not present with investments in securities of U.S. corporations. BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 19 Notes to Financial Statements (continued) (e) Income taxes -- It is the Fund's policy to comply with the requirements of the Internal Revenue Code 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. Under the applicable foreign tax law, a withholding tax may be imposed on interest, dividends and capital gains at various rates. (f) Security transactions and investment income -- Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis. The Fund amortizes all premiums and discounts on debt securities. The Fund earns facility and other fees on loan participation interests. Other fees earned include amendment, consent and prepayment fees. (g) Dividends and distributions -- Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. (h) Securities lending -- The Fund may lend securities to financial institutions that provide cash or securities issued or guaranteed by the U.S. government as collateral, which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. Where the Fund receives securities as collateral for the loaned securities, it collects a fee from the borrower. The Fund typically receives the income on the loaned securities but does not receive the income on the collateral. Where the Fund receives cash collateral, it may invest such collateral and retain the amount earned on such investment, net of any amount rebated to the borrower. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within five business days. The Fund may pay reasonable finder's, lending agent, administrative and custodial fees in connection with its loans. In the event that the borrower defaults on its obligation to return borrowed securities because of insolvency or for any other reason, the Fund could experience delays and costs in gaining access to the collateral. The Fund also could suffer a loss where the value of the collateral falls below the market value of the borrowed securities, in the event of borrower default or in the event of losses on investments made with cash collateral. (i) Recent accounting pronouncements -- Effective August 31, 2007, the Fund implemented Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes -- an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. Management has evaluated the application of FIN 48 to the Fund, and has determined that the adoption of FIN 48 does not have a material impact on the Fund's financial statements. The Fund files U.S. and various state tax returns. No income tax returns are currently under examination. The statute of limitations on the Fund's tax returns remains open for the years ended February 28, 2004 through February 28, 2007. In September 2006, Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. At this time, management is evaluating the implications of FAS 157 and its impact on the Fund's financial statements, if any, has not been determined. In addition, in February 2007, FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159"), was issued and is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FAS 157. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. At this time, management is evaluating the

implications of FAS 159 and its impact on the Fund's financial statements, if any, has not been determined. 2. Investment Advisory Agreement and Transactions with Affiliates: The Fund has entered into an Investment Advisory Agreement with the Manager. Merrill Lynch & Co., Inc. ("Merrill Lynch") and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc. 20 BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 Notes to Financial Statements (concluded) The Manager is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .60% of the Fund's average daily net assets plus the proceeds of any outstanding borrowings used for leverage. In addition, the Manager has entered into a Sub-Advisory Agreement with BlackRock Financial Management, LLC ("BFM"), an affiliate of the Manager, under which the Manager pays BFM for services it provides a monthly fee at an annual rate that is a percentage of the management fee paid by the Fund to the Manager. The Fund has received an exemptive order from the Securities and Exchange Commission permitting it to lend portfolio securities to Merrill Lynch, Pierce, Fenner & Smith Incorporated, a wholly owned subsidiary of Merrill Lynch, or its affiliates. Pursuant to that order, the Fund has retained BlackRock Investment Management, LLC ("BIM"), an affiliate of the Manager, as the securities lending agent for a fee based on a share of the returns on investment of cash collateral. BIM may, on behalf of the Fund, invest cash collateral received by the Fund for such loans, among other things, in a private investment company managed by the Manager or in registered money market funds advised by the Manager or its affiliates. For the six months ended August 31, 2007, the Fund reimbursed the Manager \$7,641 for certain accounting services. Certain officers and/or directors of the Fund are officers and/or directors of BlackRock, Inc. or its affiliates. 3. Investments: Purchases and sales (including paydowns) of investments, excluding short-term securities, for the six months ended August 31, 2007 were \$313,008,645 and \$406,966,430, respectively. 4. Capital Share Transactions: The Fund is authorized to issue 200,000,000 shares of capital stock, par value \$.10 per share, all of which were initially classified as Common Stock. The Board of Directors is authorized, however, to classify and reclassify any unissued shares of capital stock without approval of the holders of Common Stock. Shares issued and outstanding during the six months ended August 31, 2007 and the year ended February 28, 2007 increased by 227,222 and 579,550, respectively, as a result of dividend reinvestment. 5. Unfunded Loan Commitments: As of August 31, 2007, the Fund had unfunded loan commitments of approximately \$3,455,000, which would be extended at the option of the borrower, pursuant to the following loan agreements: (in Thousands) ----- Value of Unfunded

Underlying Borrower Commitment Loan -----	Value of Unfunded
Oil	\$ 963 \$ 909
Las Vegas Sands	\$ 800 \$ 760
MEG Energy Corp.	\$ 1,250 \$ 1,196
NG Wireless	\$ 140 \$ 138
Univision Communications, Inc.	\$ 302 \$ 279

6. Short-Term Borrowings: On May 16, 2007, the Fund renewed its revolving credit and security agreement funded by a commercial paper asset securitization program with Citicorp North America, Inc. ("Citicorp") as Agent, certain secondary backstop lenders, and certain asset securitization conduits as lenders (the "Lenders"). The agreement was renewed for one year and has a maximum limit of \$370,000,000. Under the Citicorp program, the conduits will fund advances to the Fund through the issuance of highly rated commercial paper. As security for its obligations to the Lenders under the revolving securitization facility, the Fund has granted a security interest in substantially all of its assets to and in favor of the Lenders. The interest rate on the Fund's borrowings is based on the interest rate carried by the commercial paper plus a program fee. The Fund pays additional borrowing costs including a backstop commitment fee. The weighted average annual interest rate was 5.62% and the average borrowing was approximately \$302,039,000 for the six months ended August 31, 2007. 7. Capital Loss Carryforward: On February 28, 2007, the Fund had a net capital loss carry-forward of \$310,688,248, of which \$51,234,056 expires in 2008, \$21,442,332 expires in 2009, \$90,564,493 expires in 2010, \$85,285,305 expires in 2011, \$17,223,475 expires in 2012, \$21,126,025 expires in 2013, \$20,233,987 expires in 2014 and \$3,578,575 expires in 2015. This amount will be available to offset like amounts of any future taxable gains. 8. Subsequent Event: The Fund paid an ordinary income dividend in the amount of \$.053000 per share on September 28, 2007 to shareholders of record on September 14, 2007.

BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 21 Officers and Directors Robert C. Doll, Jr., President and Director Ronald Forbes, Director Cynthia A. Montgomery, Director Jean Margo Reid, Director Roscoe S. Suddarth, Director Richard R. West, Director Donald C. Burke, Vice President and Treasurer Karen Clark, Fund Chief Compliance Officer Alice A. Pellegrino, Fund Secretary Howard Surloff, Fund Secretary (Effective November

1, 2007) Custodian The Bank of New York 100 Church Street New York, NY 10286 Transfer Agent The Bank of New York 101 Barclay Street -- 11 East New York, NY 10286 22 BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 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 Web sites. 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. Availability of Quarterly Schedule of Investments The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("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 Web site at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Electronic Delivery Electronic copies of most financial reports and prospectuses are available on the Fund's Web site. Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports and prospectuses by enrolling in the Fund's electronic delivery program. Shareholders Who Hold Accounts with Investment Advisers, Banks or Brokerages: Please contact your financial advisor to enroll. Please note that not all investment advisers, banks or brokerages may offer this service. BLACKROCK DEBT STRATEGIES FUND, INC. AUGUST 31, 2007 23 GO [PAPERLESS LOGO] It's Fast, Convenient, & Timely! BlackRock Debt Strategies Fund, Inc. seeks to provide current income by investing primarily in a diversified portfolio of U.S. companies' debt instruments, including corporate loans, that are rated in the lower rating categories of the established rating services (Baa or lower by Moody's Investors Service, Inc. or BBB or lower by Standard & Poor's) or unrated debt instruments of comparable quality. This report, including the financial information herein, is transmitted to shareholders of BlackRock Debt Strategies Fund, Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Fund leverages its Common Stock to provide Common Stock shareholders with a potentially higher rate of return. Leverage creates risk for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of Common Stock shares, and the risk that fluctuations in short-term interest rates may reduce the Common Stock's yield. Statements and other information herein are as dated and are subject to change. A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-441-7762; (2) at www.blackrock.com; and (3) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. 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 (1) at www.blackrock.com and (2) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. BlackRock Debt Strategies Fund, Inc. P.O. Box 9011 Princeton, NJ 08543-9011 BLACKROCK #DEBT-8/07 Item 2 - Code of Ethics - Not Applicable to this semi-annual report Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report Item 5 - Audit Committee of Listed Registrants - Not Applicable to this semi-annual report Item 6 - Schedule of Investments - The registrant's Schedule of Investments is included as part of the Report to Stockholders

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filed under Item 1 of this form. Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable to this semi-annual report Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable Item 10 - Submission of Matters to a Vote of Security Holders - The registrant's Nominating Committee will consider nominees to the Board recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations which include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures. Item 11 - Controls and Procedures 11(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 and Exchange Act of 1934, as amended. 11(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 12(a)(1) - Code of Ethics - Not Applicable to this semi-annual report 12(a)(2) - Certifications - Attached hereto 12(a)(3) - Not Applicable 12(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/ Robert C. Doll, Jr. ----- Robert C. Doll, Jr., Chief Executive Officer (principal executive officer) of BlackRock Debt Strategies Fund, Inc. Date: October 22, 2007 Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By: /s/ Robert C. Doll, Jr. ----- Robert C. Doll, Jr., Chief Executive Officer (principal executive officer) of BlackRock Debt Strategies Fund, Inc. Date: October 22, 2007 By: /s/ Donald C. Burke ----- Donald C. Burke, Chief Financial Officer (principal financial officer) of BlackRock Debt Strategies Fund, Inc. Date: October 22, 2007