

Edgar Filing: BLACKROCK CORPORATE HIGH YIELD FUND III INC - Form N-Q

BLACKROCK CORPORATE HIGH YIELD FUND III INC  
 Form N-Q  
 October 26, 2007

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
 MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-08497

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

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

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

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

Date of fiscal year end: 05/31/2008

Date of reporting period: 06/01/2007 - 08/31/2007

Item 1 - Schedule of Investments

BlackRock Corporate High Yield Fund III, Inc.  
 Schedule of Investments as of August 31, 2007 (Unaudited)

| Industry                   | Face<br>Amount | Corporate Bonds                                                   |
|----------------------------|----------------|-------------------------------------------------------------------|
| Aerospace & Defense - 4.4% | \$ 1,947,000   | Alliant Techsystems, Inc., 2.75% due 9/15/2011 (b) (i)            |
|                            | 560,000        | Bombardier, Inc., 8% due 11/15/2014 (i)                           |
|                            | 1,425,000      | DRS Technologies, Inc., 6.875% due 11/01/2013                     |
|                            | 975,000        | Esterline Technologies Corp., 7.75% due 6/15/2013                 |
|                            | 1,425,000      | L-3 Communications Corp., 7.625% due 6/15/2012                    |
|                            | 1,625,000      | L-3 Communications Corp., 5.875% due 1/15/2015                    |
|                            | 1,380,000      | L-3 Communications Corp., 3% due 8/01/2035 (b) (i)                |
|                            | 1,375,000      | L-3 Communications Corp. Series B, 6.375% due 10/15/2014          |
|                            | 470,000        | TransDigm, Inc., 7.75% due 7/15/2014                              |
|                            | 1,950,000      | Vought Aircraft Industries, Inc., 8% due 7/15/2011                |
| Airlines - 0.5%            | 987,345        | Continental Airlines, Inc. Series 1997-4-B, 6.90% due 10/15/2014  |
|                            | 41,100         | Continental Airlines, Inc. Series 1998-1-C, 6.541% due 10/15/2014 |
|                            | 419,800        | Continental Airlines, Inc. Series 2001-1-C, 7.033% due 10/15/2014 |

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|                                       |                                                     |                                                               |
|---------------------------------------|-----------------------------------------------------|---------------------------------------------------------------|
| Auto Components - 0.7%                | 215,000                                             | Compagnie Generale de Geophysique SA, 7.50% due 5/15/2015     |
|                                       | 70,000                                              | The Goodyear Tire & Rubber Co., 7.857% due 8/15/2011          |
|                                       | 602,000                                             | The Goodyear Tire & Rubber Co., 8.625% due 12/01/2016         |
|                                       | 1,285,000                                           | Lear Corp., 8.75% due 12/01/2016                              |
| Automobiles - 0.4%                    | 785,000                                             | Ford Capital BV, 9.50% due 6/01/2010                          |
|                                       | 700,000                                             | Ford Motor Co., 8.90% due 1/15/2032                           |
| Beverages - 0.5%                      | 1,500,000                                           | Constellation Brands, Inc., 8.125% due 1/15/2012              |
| Biotechnology - 0.4%                  | 1,140,000                                           | Angiotech Pharmaceuticals, Inc., 9.371% due 12/01/2016        |
| Building Products - 1.5%              | 699,000                                             | Goodman Global Holding Co., Inc., 8.36% due 6/15/2016         |
|                                       | 1,350,000                                           | Goodman Global Holding Co., Inc., 7.875% due 12/15/2016       |
|                                       | 500,000                                             | Masonite International Corp., 11% due 4/06/2015               |
|                                       | 2,330,000                                           | Momentive Performance Materials, Inc., 10.125% due 12/01/2016 |
| Chemicals - 2.8%                      | 880,000                                             | American Pacific Corp., 9% due 2/01/2015                      |
|                                       | 525,000                                             | Hexion U.S. Finance Corp., 9.75% due 11/15/2014               |
|                                       | 625,000                                             | Hexion U.S. Finance Corp., 10.058% due 11/15/2014 (d)         |
|                                       | 820,000                                             | Ineos Group Holdings Plc, 8.50% due 2/15/2016 (i)             |
|                                       | 825,000                                             | Innophos, Inc., 8.875% due 8/15/2014                          |
|                                       | 455,000                                             | Key Plastics LLC, 11.75% due 3/15/2013 (i)                    |
|                                       | 1,700,000                                           | MacDermid, Inc., 9.50% due 4/15/2017 (i)                      |
|                                       | 2,065,000                                           | NOVA Chemicals Corp., 8.484% due 11/15/2013 (d)               |
| 724,000                               | Nalco Finance Holdings, Inc., 10.065% due 2/01/2014 |                                                               |
| 550,000                               | Terra Capital, Inc. Series B, 7% due 2/01/2017      |                                                               |
| Commercial Services & Supplies - 6.2% | 1,600,000                                           | Ashtead Capital, Inc., 9% due 8/15/2016 (i)                   |
|                                       | 3,000,000                                           | Corrections Corp. of America, 7.50% due 5/01/2011             |
|                                       | 570,000                                             | DI Finance Series B, 9.50% due 2/15/2013                      |
|                                       | 1,385,000                                           | PNA Intermediate Holding Corp., 12.558% due 2/15/2013 (d) (i) |
|                                       | 2,845,000                                           | Quebecor World, Inc., 9.75% due 1/15/2015 (i)                 |
|                                       | 210,000                                             | Sally Holdings LLC, 9.25% due 11/15/2014                      |
|                                       | 1,780,000                                           | Sally Holdings LLC, 10.50% due 11/15/2016                     |
| 3,000,000                             | Waste Services, Inc., 9.50% due 4/15/2014           |                                                               |

BlackRock Corporate High Yield Fund III, Inc.  
Schedule of Investments as of August 31, 2007 (Unaudited)

| Industry | Face Amount | Corporate Bonds                  |
|----------|-------------|----------------------------------|
|          | \$ 750,000  | West Corp., 9.50% due 10/15/2014 |
|          | 2,850,000   | West Corp., 11% due 10/15/2016   |

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|                                               |           |                                                               |
|-----------------------------------------------|-----------|---------------------------------------------------------------|
|                                               | 1,420,000 | Yankee Acquisition Corp., 9.75% due 2/15/2017                 |
| -----                                         |           |                                                               |
| Communications Equipment - 1.4%               | 1,750,000 | Dycom Industries, Inc., 8.125% due 10/15/2015                 |
|                                               | 571,000   | Loral Spacecom Corp., 14% due 11/15/2015 (g)                  |
|                                               | 1,915,000 | Nortel Networks Ltd., 9.61% due 7/15/2011 (d) (i)             |
| -----                                         |           |                                                               |
| Computers & Peripherals - 0.4%                | 1,250,000 | Viasystems, Inc., 10.50% due 1/15/2011                        |
| -----                                         |           |                                                               |
| Construction Materials - 0.5%                 | 545,000   | Nortek, Inc., 8.50% due 9/01/2014                             |
|                                               | 1,000,000 | Texas Industries, Inc., 7.25% due 7/15/2013                   |
| -----                                         |           |                                                               |
| Containers & Packaging - 5.8%                 | 1,370,000 | Berry Plastics Holding Corp., 8.875% due 9/15/2014            |
|                                               | 1,915,000 | Berry Plastics Holding Corp., 9.569% due 9/15/2014 (          |
|                                               | 2,200,000 | Graham Packing Co., Inc., 9.875% due 10/15/2014               |
|                                               | 1,050,000 | Graphic Packaging International Corp., 8.50% due 8/1          |
|                                               | 640,000   | Graphic Packaging International Corp., 9.50% due 8/1          |
|                                               | 2,637,000 | Owens-Brockway Glass Container, Inc., 8.875% due 2/1          |
|                                               | 1,000,000 | Owens-Brockway Glass Container, Inc., 8.25% due 5/15          |
|                                               | 1,355,000 | Packaging Dynamics Finance Corp., 10% due 5/01/2016           |
|                                               | 1,200,000 | Pregis Corp., 12.375% due 10/15/2013                          |
|                                               | 2,000,000 | Rock-Tenn Co., 8.20% due 8/15/2011                            |
|                                               | 2,375,000 | Smurfit-Stone Container Enterprises, Inc., 8% due 3/          |
| -----                                         |           |                                                               |
| Distributors - 0.1%                           | 220,000   | Keystone Automotive Operations, Inc., 9.75% due 11/0          |
| -----                                         |           |                                                               |
| Diversified Financial Services - 0.5%         | 710,000   | Ford Motor Credit Co. LLC, 8.11% due 1/13/2012 (d)            |
|                                               | 200,000   | Ford Motor Credit Co. LLC, 7.80% due 6/01/2012                |
|                                               | 600,000   | General Motors Acceptance Corp., 7.25% due 3/02/2011          |
|                                               | 250,000   | General Motors Acceptance Corp., 8% due 11/01/2031            |
| -----                                         |           |                                                               |
| Diversified Telecommunication Services - 1.8% | 350,000   | Qwest Communications International, Inc., 7.50% due 2/15/2014 |
|                                               | 1,550,000 | Qwest Corp., 8.944% due 6/15/2013 (d)                         |
|                                               | 525,000   | Qwest Corp., 7.625% due 6/15/2015                             |
|                                               | 3,000,000 | Windstream Corp., 8.125% due 8/01/2013                        |
| -----                                         |           |                                                               |
| Electric Utilities - 2.6%                     | 1,875,000 | Edison Mission Energy, 7.50% due 6/15/2013                    |
|                                               | 2,600,000 | Mirant North America LLC, 7.375% due 12/31/2013               |
|                                               | 420,000   | NSG Holdings LLC, 7.75% due 12/15/2025 (i) (m)                |
|                                               | 1,200,000 | Sierra Pacific Resources, 8.625% due 3/15/2014                |
|                                               | 2,026,828 | Tenaska Alabama Partners LP, 7% due 6/30/2021 (i) (m)         |
| -----                                         |           |                                                               |
| Electrical Equipment - 0.7%                   | 380,000   | Belden CDT, Inc., 7% due 3/15/2017 (i)                        |
|                                               | 1,200,000 | Coleman Cable, Inc., 9.875% due 10/01/2012 (i)                |
|                                               | 551,000   | UCAR Finance, Inc., 10.25% due 2/15/2012                      |
| -----                                         |           |                                                               |

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|                                           |           |                                         |
|-------------------------------------------|-----------|-----------------------------------------|
| Electronic Equipment & Instruments - 1.4% | 1,315,000 | NXP BV, 8.11% due 10/15/2013 (d)        |
|                                           | 2,310,000 | NXP BV, 9.50% due 10/15/2015            |
|                                           | 55,000    | Sanmina-SCI Corp., 6.75% due 3/01/2013  |
|                                           | 1,135,000 | Sanmina-SCI Corp., 8.125% due 3/01/2016 |

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|                                    |         |                                                                 |
|------------------------------------|---------|-----------------------------------------------------------------|
| Energy Equipment & Services - 1.8% | 320,000 | Compagnie Generale de Geophysique-Veritas, 7.75% due 12/01/2015 |
|                                    | 720,000 | North American Energy Partners, Inc., 8.75% due 12/01/2015      |

BlackRock Corporate High Yield Fund III, Inc.  
Schedule of Investments as of August 31, 2007 (Unaudited)

| Industry                                | Face Amount  | Corporate Bonds                                               |
|-----------------------------------------|--------------|---------------------------------------------------------------|
|                                         | \$ 2,000,000 | Ocean RIG ASA, 9.36% due 4/04/2011 (d)                        |
|                                         | 2,690,000    | SemGroup LP, 8.75% due 11/15/2015 (i)                         |
| <hr/>                                   |              |                                                               |
| Food & Staples Retailing - 2.1%         | 800,000      | AmeriQual Group LLC, 9.50% due 4/01/2012 (i)                  |
|                                         | 2,000,000    | National Beef Packing Co. LLC, 10.50% due 8/01/2011           |
|                                         | 1,440,000    | Rite Aid Corp., 9.375% due 12/15/2015 (i)                     |
|                                         | 2,555,000    | Rite Aid Corp., 7.50% due 3/01/2017                           |
| <hr/>                                   |              |                                                               |
| Food Products - 1.0%                    | 3,024,000    | Del Monte Corp., 8.625% due 12/15/2012                        |
| <hr/>                                   |              |                                                               |
| Gas Utilities - 0.4%                    | 1,320,000    | El Paso Performance-Linked Trust, 7.75% due 7/15/2015         |
| <hr/>                                   |              |                                                               |
| Health Care Equipment & Supplies - 0.2% | 600,000      | The Cooper Cos., Inc., 7.125% due 2/15/2015                   |
| <hr/>                                   |              |                                                               |
| Health Care Providers & Services - 5.9% | 300,000      | Accellent, Inc., 10.50% due 12/01/2013                        |
|                                         | 1,195,000    | Community Health Systems, Inc., 8.875% due 7/15/2015          |
|                                         | 725,000      | Omnicare, Inc., 6.75% due 12/15/2013                          |
|                                         | 800,000      | Omnicare, Inc. Series OCR, 3.25% due 12/15/2035 (b)           |
|                                         | 3,000,000    | Service Corp. International, 7% due 6/15/2017                 |
|                                         | 4,215,000    | Tenet Healthcare Corp., 6.50% due 6/01/2012                   |
|                                         | 2,260,000    | Tenet Healthcare Corp., 9.875% due 7/01/2014                  |
|                                         | 3,000,000    | US Oncology, Inc., 9% due 8/15/2012                           |
|                                         | 1,550,000    | United Surgical Partners International, Inc., 8.875%          |
|                                         | 330,000      | Universal Hospital Services, Inc., 8.50% due 6/01/2015        |
|                                         | 310,000      | Universal Hospital Services, Inc., 8.759% due 6/01/2015       |
|                                         | 2,000,000    | Vanguard Health Holding Co. II, LLC, 9% due 10/01/2015        |
| <hr/>                                   |              |                                                               |
| Hotels, Restaurants & Leisure - 8.1%    | 185,000      | American Real Estate Partners LP, 7.125% due 2/15/2015        |
|                                         | 1,265,000    | American Real Estate Partners LP, 7.125% due 2/15/2015        |
|                                         | 1,350,000    | Caesars Entertainment, Inc., 7.875% due 3/15/2010             |
|                                         | 100,000      | Caesars Entertainment, Inc., 8.125% due 5/15/2011             |
|                                         | 785,000      | French Lick Resorts & Casino LLC, 10.75% due 4/15/2015        |
|                                         | 300,000      | Galaxy Entertainment Finance Co. Ltd., 10.409% due 10/01/2015 |

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|           |                                                                      |
|-----------|----------------------------------------------------------------------|
|           | 12/15/2010 (d) (i)                                                   |
| 550,000   | Galaxy Entertainment Finance Co. Ltd., 9.875% due 12/15/2012 (i)     |
| 2,000,000 | Great Canadian Gaming Corp., 7.25% due 2/15/2015 (i)                 |
| 595,000   | Greektown Holdings, LLC, 10.75% due 12/01/2013 (i)                   |
| 2,395,000 | Harrah's Operating Co., Inc., 5.75% due 10/01/2017                   |
| 1,550,000 | Inn of the Mountain Gods Resort & Casino, 12% due 11/15/2014 (i)     |
| 325,000   | Landry's Restaurants, Inc. Series B, 7.50% due 12/15/2014 (i)        |
| 1,290,000 | Little Traverse Bay Bands of Odawa Indians, 10.25% due 2/15/2014 (i) |
| 2,025,000 | Penn National Gaming, Inc., 6.875% due 12/01/2011                    |
| 1,340,000 | Pinnacle Entertainment, Inc., 7.50% due 6/15/2015 (i)                |
| 975,000   | San Pasqual Casino, 8% due 9/15/2013 (i)                             |
| 910,000   | Shingle Springs Tribal Gaming Authority, 9.375% due 6/15/2015 (i)    |
| 1,225,000 | Station Casinos, Inc., 6.50% due 2/01/2014                           |
| 1,625,000 | Station Casinos, Inc., 7.75% due 8/15/2016                           |
| 650,000   | Station Casinos, Inc., 6.625% due 3/15/2018                          |
| 90,000    | Travelport LLC, 9.875% due 9/01/2014                                 |
| 370,000   | Travelport LLC, 10.246% due 9/01/2014 (d)                            |
| 2,060,000 | Tropicana Entertainment, LLC, 9.625% due 12/15/2014                  |
| 1,800,000 | Universal City Florida Holding Co. I, 10.106% due 5/15/2014 (i)      |

BlackRock Corporate High Yield Fund III, Inc.  
 Schedule of Investments as of August 31, 2007 (Unaudited)

| Industry                                            | Face Amount  | Corporate Bonds                                     |
|-----------------------------------------------------|--------------|-----------------------------------------------------|
|                                                     | \$ 1,200,000 | Wynn Las Vegas LLC, 6.625% due 12/01/2014           |
| Household Durables - 1.3%                           | 1,575,000    | American Greetings Corp., 7.375% due 6/01/2016      |
|                                                     | 1,365,000    | Jarden Corp., 7.50% due 5/01/2017                   |
|                                                     | 1,600,000    | Standard-Pacific Corp., 9.25% due 4/15/2012         |
| Household Products - 0.2%                           | 700,000      | Church & Dwight Co., Inc., 6% due 12/15/2012        |
| IT Services - 1.4%                                  | 2,180,000    | SunGard Data Systems, Inc., 9.125% due 8/15/2013    |
|                                                     | 2,105,000    | SunGard Data Systems, Inc., 10.25% due 8/15/2015    |
| Independent Power Producers & Energy Traders - 1.7% | 2,100,000    | The AES Corp., 8.75% due 5/15/2013 (i)              |
|                                                     | 1,625,000    | NRG Energy, Inc., 7.25% due 2/01/2014               |
|                                                     | 1,475,000    | NRG Energy, Inc., 7.375% due 2/01/2016              |
| Insurance - 0.2%                                    | 680,000      | USI Holdings Corp., 9.433% due 11/15/2014 (d) (i)   |
| Internet Software & Services - 0.1%                 | 420,000      | Impress Holdings B.V., 8.485% due 9/15/2013 (d) (i) |

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|                                     |           |                                                                |
|-------------------------------------|-----------|----------------------------------------------------------------|
| Leisure Equipment & Products - 0.6% | 2,000,000 | Quiksilver, Inc., 6.875% due 4/15/2015                         |
| Machinery - 1.3%                    | 1,280,000 | AGY Holding Corp., 11% due 11/15/2014 (i)                      |
|                                     | 555,000   | Accuride Corp., 8.50% due 2/01/2015                            |
|                                     | 470,000   | RBS Global, Inc., 9.50% due 8/01/2014                          |
|                                     | 1,000,000 | RBS Global, Inc., 11.75% due 8/01/2016                         |
|                                     | 560,000   | RBS Global, Inc., 8.875% due 9/01/2016                         |
| Marine - 1.3%                       | 1,525,000 | Navios Maritime Holdings, Inc., 9.50% due 12/15/2014           |
|                                     | 2,325,000 | Teekay Shipping Corp., 8.875% due 7/15/2011                    |
| Media - 20.1%                       | 1,340,000 | Affinion Group, Inc., 11.50% due 10/15/2015                    |
|                                     | 1,850,000 | Allbritton Communications Co., 7.75% due 12/15/2012            |
|                                     | 225,000   | American Media Operations, Inc. Series B, 10.25% due 5/01/2009 |
|                                     | 1,125,000 | Barrington Broadcasting Group LLC, 10.50% due 8/15/2014 (i)    |
|                                     | 510,000   | Bonten Media Acquisition Co., 9% due 6/01/2015 (g) (i)         |
|                                     | 350,000   | CBD Media Holdings LLC, 9.25% due 7/15/2012                    |
|                                     | 2,600,000 | CBD Media, Inc., 8.625% due 6/01/2011                          |
|                                     | 2,000,000 | CMP Susquehanna Corp., 9.875% due 5/15/2014                    |
|                                     | 2,275,000 | CSC Holdings, Inc. Series B, 7.625% due 4/01/2011              |
|                                     | 75,000    | Cablevision Systems Corp. Series B, 9.82% due 4/01/2012        |
|                                     | 475,000   | Cablevision Systems Corp. Series B, 8% due 4/15/2012           |
|                                     | 1,600,000 | Cadmus Communications Corp., 8.375% due 6/15/2014              |
|                                     | 380,000   | CanWest Media, Inc., 8% due 9/15/2012                          |
|                                     | 4,165,000 | Charter Communications Holdings I, LLC, 11% due 10/01/2015     |
|                                     | 3,715,000 | Charter Communications Holdings II, LLC, 10.25% due 9/15/2010  |
|                                     | 1,367,000 | Dex Media West LLC, 9.875% due 8/15/2013                       |
|                                     | 1,975,000 | Echostar DBS Corp., 7.125% due 2/01/2016                       |
|                                     | 420,000   | Harland Clarke Holdings Corp., 9.50% due 5/15/2015             |
|                                     | 350,000   | Harland Clarke Holdings Corp., 10.308% due 5/15/2015           |
|                                     | 2,010,000 | Idearc, Inc., 8% due 11/15/2016                                |
|                                     | 240,000   | Intelsat Bermuda Ltd., 11.409% due 6/15/2013 (d)               |
|                                     | 680,000   | Intelsat Bermuda Ltd., 8.886% due 1/15/2015 (d)                |
|                                     | 700,000   | Intelsat Bermuda Ltd., 11.25% due 6/15/2016                    |
|                                     | 1,125,000 | Intelsat Corp., 9% due 6/15/2016                               |
|                                     | 2,150,000 | Intelsat Subsidiary Holding Co. Ltd., 8.625% due 1/15/2016     |

BlackRock Corporate High Yield Fund III, Inc.  
Schedule of Investments as of August 31, 2007 (Unaudited)

| Industry | Face Amount  | Corporate Bonds                                     |
|----------|--------------|-----------------------------------------------------|
|          | \$ 1,113,000 | Liberty Media Corp., 0.75% due 3/30/2023 (b)        |
|          | 2,425,000    | Mediacom LLC, 9.50% due 1/15/2013                   |
|          | 280,000      | Network Communications, Inc., 10.75% due 12/01/2013 |

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|                                    |           |                                                            |
|------------------------------------|-----------|------------------------------------------------------------|
|                                    | 400,000   | Nexstar Finance, Inc., 7% due 1/15/2014                    |
|                                    | 3,000,000 | Nielsen Finance LLC, 10% due 8/01/2014                     |
|                                    | 1,060,000 | Nielsen Finance LLC, 9.919% due 8/01/2016 (a)              |
|                                    | 2,193,000 | PanAmSat Corp., 9% due 8/15/2014                           |
|                                    | 2,975,000 | Paxson Communications Corp., 8.61% due 1/15/2012 (d)       |
|                                    | 794,939   | ProtoStar I Ltd., 12.50% due 10/15/2012 (b) (d) (i)        |
|                                    | 2,000,000 | Quebecor Media, Inc., 7.75% due 3/15/2016                  |
|                                    | 1,400,000 | R.H. Donnelley Corp. Series A-2, 6.875% due 1/15/2016      |
|                                    | 735,000   | R.H. Donnelley Corp. Series A-3, 8.875% due 1/15/2016      |
|                                    | 1,232,000 | Rainbow National Services LLC, 10.375% due 9/01/2014       |
|                                    | 2,475,000 | Salem Communications Corp., 7.75% due 12/15/2010           |
|                                    | 696,000   | Sinclair Broadcast Group, Inc., 8% due 3/15/2012           |
|                                    | 500,000   | Sirius Satellite Radio, Inc., 9.625% due 8/01/2013         |
|                                    | 3,970,000 | TL Acquisitions, Inc., 10.50% due 1/15/2015 (i)            |
|                                    | 1,110,000 | Umbrella Acquisition, 9.75% due 3/15/2015 (g) (i)          |
|                                    | 1,225,000 | Young Broadcasting, Inc., 10% due 3/01/2011                |
| <hr/>                              |           |                                                            |
| Metals & Mining - 5.1%             | 2,300,000 | Aleris International, Inc., 9% due 12/15/2014 (g)          |
|                                    | 200,000   | Blaze Recycling & Metals LLC, 10.875% due 7/15/2012        |
|                                    | 1,950,000 | Chaparral Steel Co., 10% due 7/15/2013                     |
|                                    | 535,000   | FMG Finance Pty Ltd., 10% due 9/01/2013 (i)                |
|                                    | 770,000   | FMG Finance Pty Ltd., 10.625% due 9/01/2016 (i)            |
|                                    | 1,975,000 | Foundation PA Coal Co., 7.25% due 8/01/2014                |
|                                    | 1,150,000 | Freeport-McMoRan Copper & Gold, Inc., 8.564% due 4/01/2015 |
|                                    | 3,465,000 | Freeport-McMoRan Copper & Gold, Inc., 8.375% due 4/01/2015 |
|                                    | 1,018,000 | Indalex Holding Corp. Series B, 11.50% due 2/01/2014       |
|                                    | 1,975,000 | Novelis, Inc., 7.25% due 2/15/2015                         |
| <hr/>                              |           |                                                            |
| Multi-Utilities - 0.6%             | 1,327,000 | CenterPoint Energy, Inc. Series B, 3.75% due 5/15/2015     |
| <hr/>                              |           |                                                            |
| Multiline Retail - 0.3%            | 125,000   | Dollar General Corp., 10.625% due 7/15/2015 (i)            |
|                                    | 875,000   | Neiman Marcus Group, Inc., 9% due 10/15/2015 (g)           |
| <hr/>                              |           |                                                            |
| Oil, Gas & Consumable Fuels - 5.1% | 510,000   | Berry Petroleum Co., 8.25% due 11/01/2016                  |
|                                    | 1,550,000 | Chaparral Energy, Inc., 8.50% due 12/01/2015               |
|                                    | 1,710,000 | Compton Petroleum Finance Corp., 7.625% due 12/01/2015     |
|                                    | 1,100,000 | Copano Energy LLC, 8.125% due 3/01/2016                    |
|                                    | 2,472,390 | Corral Finans AB, 6.86% due 4/15/2010 (g) (i)              |
|                                    | 2,800,000 | EXCO Resources, Inc., 7.25% due 1/15/2011                  |
|                                    | 2,000,000 | Encore Acquisition Co., 6.25% due 4/15/2014                |
|                                    | 1,220,000 | Forest Oil Corp., 7.25% due 6/15/2019 (i)                  |
|                                    | 380,000   | KCS Energy, Inc., 7.125% due 4/01/2012                     |
|                                    | 1,725,000 | OPTI Canada, Inc., 8.25% due 12/15/2014 (i)                |
|                                    | 780,000   | Sabine Pass LNG LP, 7.50% due 11/30/2016                   |
| <hr/>                              |           |                                                            |
| Paper & Forest Products - 5.4%     | 2,000,000 | Abitibi-Consolidated, Inc., 9.194% due 6/15/2011 (d)       |
|                                    | 670,000   | Abitibi-Consolidated, Inc., 6% due 6/20/2013               |
|                                    | 195,000   | Abitibi-Consolidated, Inc., 8.85% due 8/01/2030            |
|                                    | 1,000,000 | Ainsworth Lumber Co. Ltd., 8.948% due 10/01/2010 (d)       |
|                                    | 1,975,000 | Boise Cascade LLC, 8.235% due 10/15/2012 (d)               |
|                                    | 840,000   | Bowater Canada Finance Corp., 7.95% due 11/15/2011         |

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BlackRock Corporate High Yield Fund III, Inc.  
 Schedule of Investments as of August 31, 2007 (Unaudited)

| Industry                                           | Face<br>Amount | Corporate Bonds                                          |
|----------------------------------------------------|----------------|----------------------------------------------------------|
|                                                    | \$ 2,825,000   | Bowater, Inc., 8.694% due 3/15/2010 (d)                  |
|                                                    | 3,200,000      | Domtar, Inc., 7.125% due 8/15/2015                       |
|                                                    | 1,450,000      | NewPage Corp., 11.606% due 5/01/2012 (d)                 |
|                                                    | 1,755,000      | NewPage Corp., 12% due 5/01/2013                         |
|                                                    | 885,000        | Norske Skog Canada Ltd. Series D, 8.625% due 6/15/2010   |
|                                                    | 950,000        | Verso Paper Holdings LLC Series B, 9.125% due 8/01/2010  |
|                                                    | 340,000        | Verso Paper Holdings LLC Series B, 11.375% due 8/01/2010 |
| -----                                              |                |                                                          |
| Personal Products - 0.4%                           | 1,400,000      | Chattem, Inc., 7% due 3/01/2014                          |
| -----                                              |                |                                                          |
| Pharmaceuticals - 0.9%                             | 2,000,000      | Elan Finance Plc, 9.558% due 11/15/2011 (d)              |
|                                                    | 930,000        | PTS Acquisition Corp., 9.50% due 4/15/2015 (g) (i)       |
| -----                                              |                |                                                          |
| Real Estate Investment Trusts<br>(REITs) - 0.4%    | 1,175,000      | FelCor Lodging LP, 8.50% due 6/01/2011                   |
| -----                                              |                |                                                          |
| Real Estate Management &<br>Development - 2.6%     | 3,025,000      | Forest City Enterprises, Inc., 7.625% due 6/01/2015      |
|                                                    | 1,510,000      | Realogy Corp., 10.50% due 4/15/2014 (i)                  |
|                                                    | 2,390,000      | Realogy Corp., 11% due 4/15/2014 (g) (i)                 |
|                                                    | 2,835,000      | Realogy Corp., 12.375% due 4/15/2015 (i)                 |
| -----                                              |                |                                                          |
| Road & Rail - 1.7%                                 | 600,000        | Avis Budget Car Rental LLC, 7.625% due 5/15/2014         |
|                                                    | 2,800,000      | Avis Budget Car Rental LLC, 8.058% due 5/15/2014 (d)     |
|                                                    | 370,000        | Britannia Bulk Plc, 11% due 12/01/2011                   |
|                                                    | 2,125,000      | St. Acquisition Corp., 12.50% due 5/15/2017 (i)          |
| -----                                              |                |                                                          |
| Semiconductors & Semiconductor<br>Equipment - 2.3% | 280,000        | Amkor Technology, Inc., 7.75% due 5/15/2013              |
|                                                    | 1,370,000      | Amkor Technology, Inc., 9.25% due 6/01/2016              |
|                                                    | 5,010,000      | Freescal Semiconductor, Inc., 9.125% due 12/15/2014      |
|                                                    | 1,215,000      | Spansion, Inc., 8.746% due 6/01/2013 (d) (i)             |
| -----                                              |                |                                                          |
| Software - 0.2%                                    | 637,406        | BMS Holdings, Inc., 12.40% due 2/15/2012 (d) (g) (i)     |
| -----                                              |                |                                                          |
| Specialty Retail - 4.9%                            | 350,000        | Asbury Automotive Group, Inc., 7.625% due 3/15/2017      |
|                                                    | 2,875,000      | Autonation, Inc., 7.36% due 4/15/2013 (d)                |
|                                                    | 775,000        | Autonation, Inc., 7% due 4/15/2014                       |
|                                                    | 310,000        | Beverages & More, Inc., 9.25% due 3/01/2012 (i)          |
|                                                    | 945,000        | Buffets, Inc., 12.50% due 11/01/2014                     |
|                                                    | 470,000        | Claire's Stores, Inc., 9.25% due 6/01/2015 (i)           |
|                                                    | 810,000        | Claire's Stores, Inc., 9.625% due 6/01/2015 (g) (i)      |
|                                                    | 650,000        | Claire's Stores, Inc., 10.50% due 6/01/2017 (i)          |
|                                                    | 1,760,000      | General Nutrition Centers, Inc., 10.009% due 3/15/2010   |



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|           |                                                       |
|-----------|-------------------------------------------------------|
| 1,420,000 | General Nutrition Centers, Inc., 10.75% due 3/15/201  |
| 900,000   | Group 1 Automotive, Inc., 2.25% due 6/15/2036 (b) (k) |
| 1,700,000 | Michaels Stores, Inc., 10% due 11/01/2014 (i)         |
| 2,110,000 | Michaels Stores, Inc., 11.375% due 11/01/2016 (i)     |
| 530,000   | Sensata Technologies BV, 8% due 5/01/2014             |
| 1,110,000 | United Auto Group, Inc., 7.75% due 12/15/2016         |

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|                                         |           |                                          |
|-----------------------------------------|-----------|------------------------------------------|
| Textiles, Apparel & Luxury Goods - 0.7% | 2,000,000 | Levi Strauss & Co., 8.875% due 4/01/2016 |
|-----------------------------------------|-----------|------------------------------------------|

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|                                         |           |                                                      |
|-----------------------------------------|-----------|------------------------------------------------------|
| Trading Companies & Distributors - 0.4% | 1,200,000 | United Rentals North America, Inc., 7.75% due 11/15/ |
|-----------------------------------------|-----------|------------------------------------------------------|

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|                                            |           |                                                              |
|--------------------------------------------|-----------|--------------------------------------------------------------|
| Wireless Telecommunication Services - 6.4% | 1,650,000 | Centennial Cellular Operating Co. LLC, 10.125% due 6/15/2013 |
|                                            | 1,370,000 | Centennial Communications Corp., 11.11% due 1/01/201         |
|                                            | 1,350,000 | Cricket Communications, Inc., 9.375% due 11/01/2014          |
|                                            | 1,750,000 | Cricket Communications, Inc., 9.375% due 11/01/2014          |
|                                            | 850,000   | Digicel Group Ltd., 8.875% due 1/15/2015 (i)                 |

BlackRock Corporate High Yield Fund III, Inc.  
 Schedule of Investments as of August 31, 2007 (Unaudited)

| Industry                                | Face Amount  | Corporate Bonds                                             |
|-----------------------------------------|--------------|-------------------------------------------------------------|
|                                         | \$ 2,283,000 | Digicel Group Ltd., 9.125% due 1/15/2015 (g) (i)            |
|                                         | 1,200,000    | Dobson Communications Corp., 9.61% due 10/15/2012 (d)       |
|                                         | 620,000      | iPCS, Inc., 7.481% due 5/01/2013 (d) (i)                    |
|                                         | 3,330,000    | MetroPCS Wireless, Inc., 9.25% due 11/01/2014 (i)           |
|                                         | 2,400,000    | Nordic Telephone Co. Holdings ApS, 8.875% due 5/01/2016 (i) |
|                                         | 210,000      | Orascom Telecom Finance SCA, 7.875% due 2/08/2014           |
|                                         | 380,000      | Orascom Telecom Finance SCA, 7.875% due 2/08/2014 (i)       |
|                                         | 2,600,000    | Rural Cellular Corp., 8.25% due 3/15/2012                   |
|                                         |              | Total Corporate Bonds (Cost - \$376,294,192) - 117.7        |
|                                         |              | Floating Rate Loan Interests (1)                            |
| Chemicals - 0.8%                        | 2,830,000    | Wellman, Inc. Second Lien Term Loan, 12.106% due 2/1        |
| Containers & Packaging - 0.2%           | 860,000      | Berry Plastics Corp. Term Loan B, 11.97% due 6/15/20        |
| Health Care Providers & Services - 0.4% | 1,495,790    | Rotech Healthcare, Inc. Term Loan B, 11.36% due 9/26        |
| Hotels, Restaurants & Leisure - 1.0%    | 3,112,755    | Travelport, Inc. Term Loan, 12.36% due 3/22/2012            |
| Household Products - 0.2%               | 24,970       | Spectrum Brands, Inc. Letter of Credit, 5.515% due 4        |
|                                         | 505,139      | Spectrum Brands, Inc. Term Loan B-1, 9.754% due 4/15        |

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89,891 Spectrum Brands, Inc. Term Loan B-2, 9.565% due 4/15

|                                    |           |                                                                    |
|------------------------------------|-----------|--------------------------------------------------------------------|
| Machinery - 0.1%                   | 360,925   | Rexnord Corp. Payment In Kind Term Loan, 12.58% due 3/02/2013      |
| Media - 0.1%                       | 400,000   | Affinion Group, Inc. Term Loan, 11.678% due 3/01/2013              |
| Oil, Gas & Consumable Fuels - 0.3% | 1,000,000 | SandRidge Energy, Inc. Term Loan, 8.625% due 3/01/2013             |
| Paper & Forest Products - 0.6%     | 1,960,000 | Verso Paper Holdings LLC Term Loan B, 11.606% due 2/01/2013        |
| Specialty Retail - 0.3%            | 800,000   | Michaels Stores, Inc. Term Loan B, 8.125% due 10/31/2013           |
|                                    |           | Total Floating Rate Loan Interests<br>(Cost - \$13,175,937) - 4.0% |

Shares  
Held Common Stocks

|                                                 |         |                                                 |
|-------------------------------------------------|---------|-------------------------------------------------|
| Communications Equipment - 1.1%                 | 82,907  | Loral Space & Communications Ltd. (c)           |
| Electrical Equipment - 0.3%                     | 70,784  | Medis Technologies Ltd. (c)                     |
| Paper & Forest Products - 0.1%                  | 203,785 | Western Forest Products, Inc. (c)               |
| Semiconductors & Semiconductor Equipment - 0.8% | 98,040  | Cypress Semiconductor Corp. (c)                 |
|                                                 |         | Total Common Stocks (Cost - \$8,251,141) - 2.3% |

Preferred Stocks

|                                    |           |                                                           |
|------------------------------------|-----------|-----------------------------------------------------------|
| Communications Equipment - 0.4%    | 6,762     | Loral Spacecom Corp. Series A, 12% (g)                    |
| Oil, Gas & Consumable Fuels - 0.8% | 43<br>175 | EXCO Resources, Inc., 7% (b)<br>EXCO Resources, Inc., 11% |
|                                    |           | Total Preferred Stocks (Cost - \$3,519,212) - 1.2%        |

Warrants (h)

|                                         |        |                                           |
|-----------------------------------------|--------|-------------------------------------------|
| Health Care Providers & Services - 0.0% | 32,042 | HealthSouth Corp. (expires 1/16/2014)     |
| Paper & Forest Products - 0.0%          | 700    | MDP Acquisitions Plc (expires 10/01/2013) |

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-----  
 Wireless Telecommunication 825 American Tower Corp. (expires 8/01/2008)  
 Services - 0.2%

-----  
 Total Warrants (Cost - \$53,675) - 0.2%

-----  
 Beneficial  
 Interest Other Interests (e)  
 -----  
 Media - 0.0% \$ 750,000 Adelpia Escrow  
 940,601 Adelpia Recovery Trust

-----  
 Total Other Interests (Cost - \$3,075) - 0.0%

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 BlackRock Corporate High Yield Fund III, Inc.  
 Schedule of Investments as of August 31, 2007 (Unaudited)

-----  
 Beneficial  
 Interest Short-Term Securities  
 -----  
 \$ 3,496,948 BlackRock Liquidity Series, LLC  
 Cash Sweep Series, 5.33% (f) (j)  
 -----  
 Total Short-Term Securities (Cost - \$3,496,948) - 1.  
 -----  
 Total Investments (Cost - \$404,794,180\*) - 126.5%  
 -----  
 Liabilities in Excess of Other Assets - (26.5%)  
 -----  
 Net Assets - 100.0%

\* 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                | \$ 405,197,635  |
|                               | =====           |
| Gross unrealized appreciation | \$ 5,562,201    |
| Gross unrealized depreciation | (20,223,629)    |
|                               | -----           |
| Net unrealized depreciation   | \$ (14,661,428) |
|                               | =====           |

- (a) Represents a step bond; the interest rate shown reflects the effective yield at the time of purchase.
- (b) Convertible security.
- (c) Non-income producing security.
- (d) Floating rate security.
- (e) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

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- (f) Represents the current yield as of August 31, 2007.
- (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) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (j) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate                                         | Net Activity | Interest Income |
|---------------------------------------------------|--------------|-----------------|
| BlackRock Liquidity Series, LLC Cash Sweep Series | \$ 1,927,242 | \$ 74,242       |

- (k) Represents a step bond.
- (l) 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 major European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more major U.S. banks or (iii) the certificate of deposit rate.
- (m) Subject to principal paydowns.
- 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.

BlackRock Corporate High Yield Fund III, Inc.  
 Schedule of Investments as of August 31, 2007 (Unaudited)

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

|                                                                    | Notional Amount | Unrealized Depreciation |
|--------------------------------------------------------------------|-----------------|-------------------------|
| Sold credit default protection on Ford Motor Co. and receive 3.80% |                 |                         |
| Broker, JPMorgan Chase<br>Expires March 2010                       | \$ 3,000,000    | \$ (202,467)            |
| Sold credit default protection on Ford Motor Co. and receive 3.80% |                 |                         |
| Broker, UBS Warburg                                                |                 |                         |

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|                                                                    |              |              |
|--------------------------------------------------------------------|--------------|--------------|
| Expires March 2010                                                 | \$ 1,000,000 | (67,489)     |
| Sold credit default protection on Ford Motor Co.<br>and receive 5% |              |              |
| Broker, Goldman Sachs & Co.<br>Expires June 2010                   | \$ 4,000,000 | (184,052)    |
| -----                                                              |              |              |
| Total                                                              |              | \$ (454,008) |
|                                                                    |              | =====        |

Item 2 - Controls and Procedures

- 2(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.
- 2(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 registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

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

BlackRock Corporate High Yield Fund III, Inc.

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

-----  
Robert C. Doll, Jr.,  
Chief Executive Officer (principal executive officer) of  
BlackRock Corporate High Yield Fund III, 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 Corporate High Yield Fund III, Inc.

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Date: October 22, 2007

By: /s/ Donald C. Burke

-----  
Donald C. Burke,  
Chief Financial Officer (principal financial officer) of  
BlackRock Corporate High Yield Fund III, Inc.

Date: October 22, 2007