

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

BLACKROCK CORPORATE HIGH YIELD FUND III INC
Form N-Q
October 30, 2008

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. (CYE)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, 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, Option 4

Date of fiscal year end: 05/31/2009

Date of reporting period: 06/01/2008 - 08/31/2008

Item 1 - Schedule of Investments

BlackRock Corporate High Yield Fund III, Inc.
Schedule of Investments August 31, 2008 (Unaudited)
(Percentages shown are based on Net Assets)

| Industry | Corporate Bonds |
|----------------------------|---|
| Aerospace & Defense - 2.8% | Alliant Techsystems, Inc., 2.75%, 9/15/11 (a) (b) DRS Technologies, Inc., 6.875%, 11/01/13 Esterline Technologies Corp., 7.75%, 6/15/13 Hawker Beechcraft Acquisitions Co. LLC, 8.875%, 4/01/15 (c) L-3 Communications Holdings, Inc., 3%, 8/01/35 (a) TransDigm, Inc., 7.75%, 7/15/14 |
| Airlines - 0.4% | Continental Airlines, Inc. Series 1997-4-B, 6.90%, 7/02/18 Continental Airlines, Inc. Series 1998-1-C, 6.541%, 9/15/09 Continental Airlines, Inc. Series 2001-1-C, 7.033%, 12/15/12 |
| Auto Components - 1.8% | Allison Transmission, Inc., 11%, 11/01/15 (b) Allison Transmission, Inc., 11.25%, 11/01/15 (b) (c) |

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The Goodyear Tire & Rubber Co., 7.857%, 8/15/11
The Goodyear Tire & Rubber Co., 8.625%, 12/01/11
Lear Corp., 8.75%, 12/01/16

Automobiles - 0.4%

Ford Capital BV, 9.50%, 6/01/10
Ford Motor Co., 8.90%, 1/15/32

Building Products - 1.1%

Momentive Performance Materials, Inc., 11.50%, 12/01/16
Ply Gem Industries, Inc., 11.75%, 6/15/13 (b)

Capital Markets - 1.2%

E*Trade Financial Corp., 12.50%, 11/30/17 (b)
Marsico Parent Co., LLC, 10.625%, 1/15/16 (b)
Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b) (c)
Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b) (c)

Chemicals - 2.0%

American Pacific Corp., 9%, 2/01/15
Hexion U.S. Finance Corp., 7.304%, 11/15/14 (d)
Hexion U.S. Finance Corp., 9.75%, 11/15/14
Innophos, Inc., 8.875%, 8/15/14
Key Plastics LLC, 11.75%, 3/15/13 (b)
MacDermid, Inc., 9.50%, 4/15/17 (b)
Nalco Finance Holdings, Inc., 10.078%, 2/01/14 (e)
Terra Capital, Inc. Series B, 7%, 2/01/17

Commercial Services &
Supplies - 4.2%

Aramark Corp., 8.50%, 2/01/15
Corrections Corp. of America, 7.50%, 5/01/11
DI Finance Series B, 9.50%, 2/15/13
Sally Holdings LLC, 9.25%, 11/15/14
Sally Holdings LLC, 10.50%, 11/15/16
US Investigations Services, Inc., 10.50%, 11/01/15 (b)
Waste Services, Inc., 9.50%, 4/15/14
West Corp., 9.50%, 10/15/14

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(Percentages shown are based on Net Assets)

Industry

Corporate Bonds

West Corp., 11%, 10/15/16

Communications Equipment - 0.5%

Nortel Networks Ltd., 7.041%, 7/15/11 (d)

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| | |
|---|---|
| Construction & Engineering - 0.6% | Dycom Industries, Inc., 8.125%, 10/15/15 |
| Construction Materials - 1.5% | Nortek Holdings, Inc., 10%, 12/01/13 (b) Texas Industries, Inc., 7.25%, 7/15/13 |
| Containers & Packaging - 4.0% | Berry Plastics Holding Corp., 6.694%, 9/15/14 (d) Graphic Packaging International Corp., 8.50%, 8/15/11 Graphic Packaging International Corp., 9.50%, 8/15/13 Impress Holdings BV, 5.916%, 9/15/13 (b) (d) Owens-Brockway Glass Container, Inc., 8.25%, 5/15/13 Packaging Dynamics Finance Corp., 10%, 5/01/16 (b) Pregis Corp., 12.375%, 10/15/13 Rock-Tenn Co., 8.20%, 8/15/11 Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17 |
| Diversified Consumer Services - 1.1% | Service Corp. International, 7%, 6/15/17 |
| Diversified Financial Services - 3.0% | Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 (b) FCE Bank Plc, 7.125%, 1/16/12 Ford Motor Credit Co. LLC, 5.538%, 1/13/12 (d) Ford Motor Credit Co. LLC, 7.80%, 6/01/12 GMAC LLC, 7.25%, 3/02/11 GMAC LLC, 5.011%, 12/01/14 (d) GMAC LLC, 6.75%, 12/01/14 GMAC LLC, 8%, 11/01/31 Leucadia National Corp., 8.125%, 9/15/15 |
| Diversified Telecommunication Services - 3.3% | Broadview Networks Holdings, Inc., 11.375%, 9/01/12 Cincinnati Bell, Inc., 7.25%, 7/15/13 Qwest Communications International, Inc., 7.50%, 2/15/14 Qwest Corp., 6.069%, 6/15/13 (d) Qwest Corp., 7.625%, 6/15/15 Windstream Corp., 8.125%, 8/01/13 |
| Electric Utilities - 1.8% | Edison Mission Energy, 7.50%, 6/15/13 NSG Holdings LLC, 7.75%, 12/15/25 (b) Tenaska Alabama Partners LP, 7%, 6/30/21 (b) |
| Electrical Equipment - 0.4% | Coleman Cable, Inc., 9.875%, 10/01/12 UCAR Finance, Inc., 10.25%, 2/15/12 |

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| Industry | Corporate Bonds |
|---|--|
| Electronic Equipment & Instruments - 0.9% | NXP BV, 5.541%, 10/15/13 (d) Sanmina-SCI Corp., 8.125%, 3/01/16 |
| Energy Equipment & Services - 0.5% | Compagnie Generale de Geophysique-Veritas, 7.50%, 5/15/15 Compagnie Generale de Geophysique-Veritas, 7.75%, 5/15/17 North American Energy Partners, Inc., 8.75%, 12/01/11 |
| Food & Staples Retailing - 0.5% | AmeriQual Group LLC, 9%, 4/01/12 (b) Rite Aid Corp., 7.50%, 3/01/17 |
| Food Products - 0.6% | Del Monte Corp., 8.625%, 12/15/12 |
| Gas Utilities - 0.5% | El Paso Performance-Linked Trust, 7.75%, 7/15/11 (b) |
| Health Care Equipment & Supplies - 2.8% | Biomet, Inc., 10.375%, 10/15/17 (c) Biomet, Inc., 11.625%, 10/15/17 Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 (c) DJO Finance LLC, 10.875%, 11/15/14 Hologic, Inc., 2%, 12/15/37 (a)(e) |
| Health Care Providers & Services - 3.1% | Community Health Systems, Inc. Series WI, 8.875%, 7/15/15 Omnicare, Inc., 6.75%, 12/15/13 Tenet Healthcare Corp., 6.375%, 12/01/11 Tenet Healthcare Corp., 6.50%, 6/01/12 United Surgical Partners International, Inc., 8.875%, 5/01/17 Vanguard Health Holding Co. II, LLC, 9%, 10/01/14 |
| Hotels, Restaurants & Leisure - 6.7% | American Real Estate Partners LP, 7.125%, 2/15/13 Caesars Entertainment, Inc., 7.875%, 3/15/10 Galaxy Entertainment Finance Co. Ltd., 8.133%, 12/15/10 (b)(d) Galaxy Entertainment Finance Co. Ltd., 9.875%, 12/15/12 (b) Gaylord Entertainment Co., 8%, 11/15/13 Great Canadian Gaming Corp., 7.25%, 2/15/15 (b) Greektown Holdings, LLC, 10.75%, 12/01/13 (b)(f) Harrah's Operating Co., Inc., 10.75%, 2/01/18 (b)(c) Inn of the Mountain Gods Resort & Casino, 12%, 11/15/10 Landry's Restaurants, Inc., 9.50%, 12/15/14 Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (b) Penn National Gaming, Inc., 6.875%, 12/01/11 San Pasqual Casino, 8%, 9/15/13 (b) Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (b) Station Casinos, Inc., 7.75%, 8/15/16 Travelport LLC, 7.436%, 9/01/14 (d) |

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Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (f)
Virgin River Casino Corp., 9%, 1/15/12
Wynn Las Vegas LLC, 6.625%, 12/01/14

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|---|--|
| Household Durables - 0.7% | American Greetings Corp., 7.375%, 6/01/16 Jarden Corp., 7.50%, 5/01/17 The Yankee Candle Co., Inc., 9.75%, 2/15/17 |
| IT Services - 1.3% | First Data Corp., 9.875%, 9/24/15 (b) SunGard Data Systems, Inc., 9.125%, 8/15/13 |
| Independent Power Producers & Energy Traders - 3.5% | The AES Corp., 8.75%, 5/15/13 (b) Energy Future Holding Corp., 11.25%, 11/01/17 (b) (c) NRG Energy, Inc., 7.25%, 2/01/14 NRG Energy, Inc., 7.375%, 2/01/16 Texas Competitive Electric Holdings Co. LLC, 10.50%, 11/01/16 (b) (c) Texas Competitive Electric Holdings Co. LLC Series B, 10.25%, 11/01/15 (b) |
| Industrial Conglomerates - 1.9% | Sequa Corp., 11.75%, 12/01/15 (b) Sequa Corp., 13.50%, 12/01/15 (b) (c) |
| Insurance - 0.8% | Alliant Holdings I, Inc., 11%, 5/01/15 (b) USI Holdings Corp., 6.679%, 11/15/14 (b) (d) |
| Life Sciences Tools & Services - 0.4% | Invitrogen Corp., 2%, 8/01/23 (a) |
| Machinery - 1.1% | AGY Holding Corp., 11%, 11/15/14 Accuride Corp., 8.50%, 2/01/15 RBS Global, Inc., 8.875%, 9/01/16 Terex Corp., 8%, 11/15/17 |

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|---------------|--|
| Marine - 1.2% | Horizon Lines, Inc., 4.25%, 8/15/12 (a) Navios Maritime Holdings, Inc., 9.50%, 12/15/14 Teekay Shipping Corp., 8.875%, 7/15/11 |
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|---------------|--|
| Media - 13.5% | Affinion Group, Inc., 10.125%, 10/15/13 Allbritton Communications Co., 7.75%, 12/15/12 Barrington Broadcasting Group LLC, 10.50%, 8/15/14 CMP Susquehanna Corp., 9.875%, 5/15/14 CSC Holdings, Inc. Series B, 7.625%, 4/01/11 Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (d) Cablevision Systems Corp. Series B, 8%, 4/15/12 Cadmus Communications Corp., 8.375%, 6/15/14 Charter Communications Holdings I, LLC, 11%, 10/01/15 Charter Communications Holdings II, LLC, 10.25%, 9/15/10 Dex Media West LLC, 9.875%, 8/15/13 DirecTV Holdings LLC, 7.625%, 5/15/16 (b) |
|---------------|--|

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Schedule of Investments August 31, 2008 (Unaudited)
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| | |
|----------|-----------------|
| Industry | Corporate Bonds |
|----------|-----------------|

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| | EchoStar DBS Corp., 7%, 10/01/13 EchoStar DBS Corp., 7.125%, 2/01/16 Harland Clarke Holdings Corp., 7.554%, 5/15/15 (d) Harland Clarke Holdings Corp., 9.50%, 5/15/15 Liberty Media Corp., 0.75%, 3/30/23 (a) Mediacom LLC, 9.50%, 1/15/13 Network Communications, Inc., 10.75%, 12/01/13 Nielsen Finance LLC, 10%, 8/01/14 ProtoStar I Ltd., 12.50%, 10/15/12 (a) (b) (d) R.H. Donnelley Corp., 11.75%, 5/15/15 (b) Rainbow National Services LLC, 10.375%, 9/01/14 (b) Salem Communications Corp., 7.75%, 12/15/10 TL Acquisitions, Inc., 10.50%, 1/15/15 (b) Virgin Media, Inc., 6.50%, 11/15/16 (a) (b) Windstream Regatta Holdings, Inc., 11%, 12/01/17 (b) |
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| Metals & Mining - 5.2% | Aleris International, Inc., 9%, 12/15/14 (c) Aleris International, Inc., 10%, 12/15/16 FMG Finance Property Ltd., 10%, 9/01/13 (b) FMG Finance Property Ltd., 10.625%, 9/01/16 (b) Foundation PA Coal Co., 7.25%, 8/01/14 Freeport-McMoRan Copper & Gold, Inc., 5.883%, 4/01/15 (d) Freeport-McMoRan Copper & Gold, Inc., 8.375%, 4/01/17 Novelis, Inc., 7.25%, 2/15/15 Ryerson, Inc., 10.176%, 11/01/14 (b) (d) Ryerson, Inc., 12%, 11/01/15 (b) |
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Steel Dynamics, Inc., 7.375%, 11/01/12
 Vedanta Resources Plc, 9.50%, 7/18/18 (b)

| | |
|------------------------------------|---|
| Multiline Retail - 0.5% | Neiman Marcus Group, Inc., 9%, 10/15/15 (c) |
| Oil, Gas & Consumable Fuels - 8.4% | Atlas Energy Resources LLC, 10.75%, 2/01/18 (b) Berry Petroleum Co., 8.25%, 11/01/16 Chaparral Energy, Inc., 8.50%, 12/01/15 Chesapeake Energy Corp., 7.25%, 12/15/18 Chesapeake Energy Corp., 2.25%, 12/15/38 (a) Compton Petroleum Finance Corp., 7.625%, 12/01/13 Connacher Oil and Gas Ltd., 10.25%, 12/15/15 (b) Copano Energy LLC, 8.125%, 3/01/16 Corral Finans AB, 7.713%, 4/15/10 (b)(c) EXCO Resources, Inc., 7.25%, 1/15/11 Encore Acquisition Co., 6.25%, 4/15/14 Forest Oil Corp., 7.25%, 6/15/19 Forest Oil Corp., 7.25%, 6/15/19 (b) OPTI Canada, Inc., 8.25%, 12/15/14 PetroHawk Energy Corp., 7.875%, 6/01/15 (b) Sabine Pass LNG LP, 7.50%, 11/30/16 |

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|--|--|
| | SandRidge Energy, Inc., 8.625%, 4/01/15 (b)(c) SandRidge Energy, Inc., 8%, 6/01/18 (b) |
| Paper & Forest Products - 4.9% | Abitibi-Consolidated, Inc., 6.319%, 6/15/11 (d) Abitibi-Consolidated, Inc., 8.85%, 8/01/30 Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (b) Bowater, Inc., 5.819%, 3/15/10 (d) Domtar Corp., 7.125%, 8/15/15 NewPage Corp., 10%, 5/01/12 NewPage Corp., 12%, 5/01/13 Norske Skog Canada Ltd. Series D, 8.625%, 6/15/11 Verso Paper Holdings LLC Series B, 6.551%, 8/01/14 (d) Verso Paper Holdings LLC Series B, 9.125%, 8/01/14 |
| Personal Products - 0.5% | Chattem, Inc., 7%, 3/01/14 |
| Pharmaceuticals - 0.5% | Angiotech Pharmaceuticals, Inc., 6.56%, 12/01/13 (d) |
| Real Estate Investment Trusts (REITs) - 0.4% | FelCor Lodging LP, 8.50%, 6/01/11 |

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| | |
|---|---|
| Real Estate Management & Development - 1.9% | Forest City Enterprises, Inc., 7.625%, 6/01/15 Realogy Corp., 10.50%, 4/15/14 Realogy Corp., 11%, 4/15/14 (c) Realogy Corp., 12.375%, 4/15/15 |
| Semiconductors & Semiconductor Equipment - 1.1% | Amkor Technology, Inc., 7.75%, 5/15/13 Amkor Technology, Inc., 9.25%, 6/01/16 Freescale Semiconductor, Inc., 8.875%, 12/15/14 Freescale Semiconductor, Inc., 9.125%, 12/15/14 (c) Spansion, Inc., 5.935%, 6/01/13 (b) (d) |
| Software - 0.1% | BMS Holdings, Inc., 10.595%, 2/15/12 (b) (c) (d) |
| Specialty Retail - 3.3% | Asbury Automotive Group, Inc., 7.625%, 3/15/17 AutoNation, Inc., 4.791%, 4/15/13 (d) AutoNation, Inc., 7%, 4/15/14 Buffets, Inc., 12.50%, 11/01/14 (f) General Nutrition Centers, Inc., 7.584%, 3/15/14 (c) (d) General Nutrition Centers, Inc., 10.75%, 3/15/15 Group 1 Automotive, Inc., 2.25%, 6/15/36 (a) (e) Michaels Stores, Inc., 10%, 11/01/14 Michaels Stores, Inc., 11.375%, 11/01/16 United Auto Group, Inc., 7.75%, 12/15/16 |
| Textiles, Apparel & Luxury Goods - 1.2% | Levi Strauss & Co., 8.875%, 4/01/16 Quiksilver, Inc., 6.875%, 4/15/15 |
| Wireless Telecommunication Services - 6.4% | Centennial Cellular Operating Co. LLC, 10.125%, 6/15/13 Centennial Communications Corp., 8.541%, 1/01/13 (d) |
| BlackRock Corporate High Yield Fund III, Inc. Schedule of Investments August 31, 2008 (Unaudited) (Percentages shown are based on Net Assets) | |

Industry

Corporate Bonds

| | |
|--|--|
| | Cricket Communications, Inc., 10.875%, 11/01/14 (e) |
| | Cricket Communications, Inc., 10%, 7/15/15 (b) |
| | Digicel Group Ltd., 8.875%, 1/15/15 (b) |
| | Digicel Group Ltd., 9.125%, 1/15/15 (b) (c) |
| | FiberTower Corp., 9%, 11/15/12 (a) |
| | iPCS, Inc., 4.926%, 5/01/13 (d) |
| | MetroPCS Wireless, Inc., 9.25%, 11/01/14 |
| | Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (b) |
| | Orascom Telecom Finance SCA, 7.875%, 2/08/14 (b) |

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Rural Cellular Corp., 8.25%, 3/15/12
Sprint Capital Corp., 7.625%, 1/30/11

Total Corporate Bonds - 104.5%

Floating Rate Loan Interests

| | |
|------------------------|---|
| Auto Components - 0.7% | Allison Transmission Term Loan, 5.22% - 5.56%, 8/07/14 Dana Corp. Term Advance, 6.75%, 1/31/15 |
|------------------------|---|

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|--------------------|---|
| Automobiles - 0.5% | Ford Motor Term Loan, 5.47%, 12/16/13 General Motors Corp. Secured Term Loan B, 5.163%, 11/29/13 |
|--------------------|---|

| | |
|--------------------------|---|
| Building Products - 2.2% | Building Material Corp. of America Term Loan Advance, 5.438% - 5.563%, 2/24/14 CPG International, I Inc. Term Loan B, 7.85%, 2/28/11 Masonite International Canadian Term Loan, 4.63% - 5.046%, 4/05/13 Masonite International U.S. Term Loan, 4.63% - 5.046%, 4/05/13 |
|--------------------------|---|

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|------------------------|---|
| Capital Markets - 0.2% | Marsico Parent Co., LLC Term Loan, 5.50% - 7%, 12/15/14 |
|------------------------|---|

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|------------------|---|
| Chemicals - 1.6% | PQ Corp. First Lien Term Loan, 5.92%, 7/30/14 PQ Corp. Second Lien Term Loan, 9.30%, 7/30/15 Wellman, Inc. Second Lien Term Loan, 9.989%, 2/10/10 (f) (g) (h) |
|------------------|---|

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| Containers & Packaging - 0.2% | Berry Plastics Corp. Loan, 9.791%, 6/05/14 (c) |
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|---|--|
| Diversified Telecommunication Services - 0.8% | Wind Telecomunicazione SpA Euro Facility Second Lien, 6.25% - 10.92%, 11/26/14 |
|---|--|

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|---|--|
| Health Care Providers & Services - 1.2% | Community Health Systems, Inc. Term Loan, 5.06%, 7/25/14 Rotech Healthcare, Inc. Term Loan, 9.135%, 9/26/11 (c) |
|---|--|

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|--------------------------------------|---|
| Hotels, Restaurants & Leisure - 0.7% | Travelport, Inc. Term Loan, 9.793%, 3/27/12 (c) |
|--------------------------------------|---|

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|---------------------------|---|
| Household Products - 0.2% | Spectrum Brands, Inc. Dollar Term B Loan, 6.669% - 6.804%, 3/30/13 Spectrum Brands, Inc. Letter of Credit, 2.314%, 3/30/13 |
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| Industry | Floating Rate Loan Interests |
|---|--|
| Independent Power Producers & Energy Traders - 1.7% | Calpine Corp. First Priority Term Loan, 5.685%, 3/31/14 TXU Corp. Initial Tranche Term Loan B-1, 5.963% - 6.303%, 10/10/14 TXU Corp. Initial Tranche Term Loan B-2, 5.963% - 6.303%, 10/10/14 TXU Corp. Initial Tranche Term Loan B-3, 5.963% - 6.303%, 10/10/14 |
| Machinery - 0.8% | Navistar International Transportation Corp. Revolving Credit, 5.686%, 6/30/12 Navistar International Transportation Corp. Term Loan, 6.292%, 6/30/12 Rexnord Corp. Loan, 9.676%, 3/01/13 (c) |
| Media - 4.9% | Affinion Group, Inc. Loan, 9.368%, 3/01/12 Catalina Marketing Group Senior Unsecured Interim Loan, 7.533%, 10/01/15 Education Media and Publishing Mezzanine, 11.964%, 11/14/14 Education Media and Publishing Tranche A Term Loan, 6.464%, 6/12/14 New Vision Television Second Lien, 9.19%, 10/26/14 Thomson Learning, Inc. Term Loan B-2, 7.50%, 7/05/14 |
| Oil, Gas & Consumable Fuels - 0.8% | Abbot Group Plc Dollar Facility, 14.50%, 3/15/18 (g) |
| Paper & Forest Products - 0.6% | NewPage Corp. Term Loan, 6.563%, 3/15/18 Verso Paper Holdings LLC Loan, 9.033%, 2/01/13 |
| | Total Floating Rate Loan Interests - 17.1% |
| | Common Stocks |
| Capital Markets - 0.1% | E*Trade Financial Corp. (h) |
| Communications Equipment - 0.6% | Loral Space & Communications Ltd. (h) |
| Electrical Equipment - 0.1% | Medis Technologies Ltd. (h) |
| Multi-Utilities - 0.2% | CenterPoint Energy, Inc. |

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| Oil, Gas & Consumable Fuels - 0.8% | EXCO Resources, Inc. (h) |
| <hr style="border-top: 1px dashed #000;"/> | |
| Paper & Forest Products - 0.3% | Ainsworth Lumber Co. Ltd. (b) (h) Ainsworth Lumber Co. Ltd. (h) Western Forest Products, Inc. (h) Western Forest Products, Inc. Restricted Shares (h) |
| <hr style="border-top: 1px dashed #000;"/> | |
| Semiconductors & Semiconductor Equipment - 0.4% | Cypress Semiconductor Corp. (h) |
| <hr style="border-top: 1px dashed #000;"/> | |
| Industry | Common Stocks |
| <hr style="border-top: 1px dashed #000;"/> | |
| Wireless Telecommunication Services - 0.2% | American Tower Corp. Class A (h) |
| <hr style="border-top: 1px dashed #000;"/> | |
| | Total Common Stocks - 2.7% |
| <hr style="border-top: 1px dashed #000;"/> | |
| | Preferred Securities |
| <hr style="border-top: 1px dashed #000;"/> | |
| | Capital Trusts |
| <hr style="border-top: 1px dashed #000;"/> | |
| Diversified Financial Services - 1.1% | Citigroup, Inc., 8.40%, 4/29/49 (d) (i) JPMorgan Chase & Co., 7.90%, 4/29/49 (d) (i) |
| <hr style="border-top: 1px dashed #000;"/> | |
| | Total Capital Trusts - 1.1% |
| <hr style="border-top: 1px dashed #000;"/> | |
| | Preferred Stocks |
| <hr style="border-top: 1px dashed #000;"/> | |
| Capital Markets - 0.0% | Marsico Parent Superholdco, LLC, 16.75% (b) |
| <hr style="border-top: 1px dashed #000;"/> | |
| Insurance - 0.2% | American International Group, Inc., 8.50% (a) |
| <hr style="border-top: 1px dashed #000;"/> | |
| | Total Preferred Stocks - 0.2% |
| <hr style="border-top: 1px dashed #000;"/> | |
| | Total Preferred Securities - 1.3% |
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| | Warrants (j) |
| <hr style="border-top: 1px dashed #000;"/> | |
| Health Care Providers & Services - 0.0% | HealthSouth Corp. (expires 1/16/14) |
| <hr style="border-top: 1px dashed #000;"/> | |
| Paper & Forest Products - | MDP Acquisitions Plc (expires 10/01/13) |

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0.0%

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|--------------|--|
| ----- | |
| | Total Warrants - 0.0% |
| ----- | |
| | Other Interests (k) |
| ----- | |
| Media - 0.0% | Adelphia Escrow (g) |
| | Adelphia Recovery Trust (g) |
| ----- | |
| | Total Other Interests - 0.0% |
| ----- | |
| | Total Long-Term Investments |
| | (Cost - \$370,471,706) - 125.6% |
| ----- | |
| | Options Purchased |
| ----- | |
| Call Options | Marsico Parent Superholdco LLC, expiring December 2009 |
| | at \$942.86 |
| ----- | |
| | Total Options Purchased |
| | (Cost - \$18,578) - 0.0% |
| ----- | |
| | Short-Term Securities |
| ----- | |
| | BlackRock Liquidity Series, LLC |
| | Cash Sweep Series, 2.41% (l) (m) |
| ----- | |
| | Total Short-Term Securities |
| | (Cost - \$1,920,548) - 0.7% |
| ----- | |
| | Total Investments (Cost - \$372,410,832*) - 126.3% |
| | Liabilities in Excess of Other Assets - (26.3)% |
| | Net Assets - 100.0% |

BlackRock Corporate High Yield Fund III, Inc.
Schedule of Investments August 31, 2008 (Unaudited)

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2008 as computed for federal income tax purposes, were as follows:

| | |
|----------------|----------------|
| Aggregate cost | \$ 372,965,901 |
| | ===== |

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| | |
|-------------------------------|-----------------|
| Gross unrealized appreciation | \$ 4,014,532 |
| Gross unrealized depreciation | (42,575,013) |
| | ----- |
| Net unrealized depreciation | \$ (38,560,481) |
| | ===== |

- (a) Convertible security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (d) Variable rate security. Rate shown is as of report date.
- (e) Represents a step bond. Rate shown reflects the effective yield at the time of purchase.
- (f) Issuer filed for bankruptcy or is in default of interest payments.
- (g) Security is fair valued.
- (h) Non-income producing security.
- (i) Security is a perpetual in nature and has no stated maturity date.
- (j) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (l) Represents the current yield as of report date.
- (m) 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 (000) | Income |
|---------------------------------|-----------------------|-----------|
| ----- | | |
| BlackRock Liquidity Series, LLC | | |
| Cash Sweep Series | USD 1,921 | \$ 11,906 |

- 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.
- o Foreign currency exchange contracts as of August 31, 2008 were as follows:

| Currency Purchased | Currency Sold | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|--------------------|--|
| ----- | | | |
| USD 467,357 | CAD 500,000 | 10/23/08 | \$ (3,215) |
| USD 2,306,898 | EUR 1,474,000 | 10/23/08 | 150,876 |
| USD 3,116,516 | EUR 2,128,000 | 10/23/08 | 3,886 |
| ----- | | | |
| Total | | | \$ 151,547 |
| ===== | | | |

BlackRock Corporate High Yield Fund III, Inc.
Schedule of Investments August 31, 2008 (Unaudited)

- o Swaps outstanding as of August 31, 2008 were as follows:

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| | Notional Amount (000) |
|---|-----------------------------|
| Sold credit default protection on Ford Motor Co. and receive 3.80% | |
| Broker, JPMorgan Chase Expires March 2010 | USD 3,000 |
| Sold credit default protection on Ford Motor Co. and receive 3.80% | |
| Broker, UBS Warburg Expires March 2010 | USD 1,000 |
| Sold credit default protection on Ford Motor Co. and receive 5% | |
| Broker, Goldman Sachs & Co. Expires June 2010 | USD 4,000 |
| Sold credit default protection on Ford Motor Co. and receive 7.70% | |
| Broker, Lehman Brothers Special Financing Expires September 2013 | USD 1,200 |
| ----- | |
| Total | |

- o Currency Abbreviations:
 - CAD Canadian Dollar
 - EUR Euro
 - USD U.S. Dollar

BlackRock Corporate High Yield Fund III, Inc.
Schedule of Investments August 31, 2008 (Unaudited)

- o Effective June 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:
 - o Level 1 - price quotations in active markets/exchanges for identical securities
 - o Level 2 - other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates) or other

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its annual report.

The following table summarizes the inputs used as of August 31, 2008 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* |
|------------------|---------------------------|------------------------------|
| Level 1 | \$ 7,221,070 | \$ 183,657 |
| Level 2 | 324,419,060 | (1,709,212) |
| Level 3 | 2,733,180 | -- |
| Total | \$334,373,310 | \$ (1,525,555) |

* Other financial instruments are forward foreign currency exchange contracts, swaps and options.

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

| | Investments in Securities |
|--|---------------------------|
| Balance, as of June 1, 2008 | \$ 3,837 |
| Accrued discounts/premiums | -- |
| Realized gain (loss) | -- |
| Change in unrealized appreciation (depreciation) | (2,239,191) |
| Net purchases (sales) | 2,163,343 |
| Net transfers in | 2,805,191 |
| Balance, as of August 31, 2008 | \$ 2,733,180 |

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 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.

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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/ Donald C. Burke

Donald C. Burke
Chief Executive Officer of
BlackRock Corporate High Yield Fund III, Inc.

Date: October 20, 2008

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/ Donald C. Burke

Donald C. Burke
Chief Executive Officer (principal executive officer) of
BlackRock Corporate High Yield Fund III, Inc.

Date: October 20, 2008

By: /s/ Neal J. Andrews

Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock Corporate High Yield Fund III, Inc.

Date: October 20, 2008