

BLACKROCK SENIOR HIGH INCOME FUND, INC.
Form N-CSRS
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SECURITIES AND EXCHANGE COMMISSION

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FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-07456

Name of Fund: BlackRock Senior High Income Fund, Inc. (ARK)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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Date of fiscal year end: 02/28/2012

Date of reporting period: 08/31/2011

Item 1 – Report to Stockholders

August 31, 2011

Semi-Annual Report

BlackRock Corporate High Yield Fund, Inc. (COY)

BlackRock Corporate High Yield Fund III, Inc. (CYE)

BlackRock Debt Strategies Fund, Inc. (DSU)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)

BlackRock Senior High Income Fund, Inc. (ARK)

Not FDIC Insured § No Bank Guarantee § May Lose Value

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Dear Shareholder

Market volatility has been extraordinary in recent months. Government debt and deficit issues in both the US and Europe have taken a toll on investor sentiment while weaker-than-expected US economic data raised concerns of another recession. Political instability and concerns that central banks have nearly exhausted their stimulus measures have further compounded investor uncertainty. Although markets remain volatile and conditions are highly uncertain, BlackRock remains focused on finding opportunities in this environment.

The pages that follow reflect your fund's reporting period ended August 31, 2011. Accordingly, the following discussion is intended to provide you with additional perspective on the performance of your investments during that period.

One year ago, the global economy appeared to solidly be in recovery mode and investors were optimistic given the anticipated second round of quantitative easing from the US Federal Reserve (the Fed). Stock markets rallied despite the ongoing sovereign debt crisis in Europe and inflationary pressures looming over emerging markets. Fixed income markets, however, saw yields move sharply upward (pushing prices down) especially on the long end of the historically steep yield curve. While high yield bonds benefited from the risk rally, most fixed income sectors declined in the fourth quarter. The tax-exempt municipal market faced additional headwinds as it became evident that the Build America Bond program would not be extended and municipal finance troubles abounded.

The new year brought spikes of volatility as political turmoil swept across the Middle East/North Africa region and as prices of oil and other commodities soared. Natural disasters in Japan disrupted industrial supply chains and concerns mounted over US debt and deficit issues. Equities generally performed well early in the year, however, as investors chose to focus on the continuing stream of strong corporate earnings and positive economic data. Credit markets were surprisingly resilient in this environment and yields regained relative stability in 2011. The tax-exempt market saw relief from its headwinds and steadily recovered from its fourth-quarter lows. Equities, commodities and high yield bonds outpaced higher-quality assets as investors increased their risk tolerance.

However, longer-term headwinds had been brewing. Inflationary pressures intensified in emerging economies, many of which were overheating, and the European debt crisis continued to escalate. Markets were met with a sharp reversal in May when political unrest in Greece pushed the nation closer to defaulting on its debt. This development rekindled fears about the broader debt crisis and its further contagion among peripheral European countries. Concurrently, it became evident that the pace of global economic growth had slowed as higher oil prices and supply chain disruptions finally showed up in economic data. By mid-summer, confidence in policymakers was tarnished as the prolonged US debt ceiling debate revealed the degree of polarization in Washington, DC. The downgrade of the US government's credit rating on August 5 was the catalyst for the recent turmoil in financial markets. Extreme volatility persisted as Europe's debt and banking crisis deepened and US economic data continued to weaken. Investors fled from riskier assets, pushing stock and high yield bond indices into negative territory for the six-month period ended August 31, while lower-risk investments including US Treasuries, municipal securities and investment grade corporate bonds posted gains. Twelve-month returns on all asset classes remained positive. Continued low short-term interest rates kept yields on money market securities near their all-time lows.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

BlackRock remains focused on managing risk and finding opportunities in all market environments.

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of August 31, 2011

| | 6-month | 12-month |
|---|----------------|-----------------|
| US large cap equities (S&P 500 Index) | (7.23)% | 18.50% |
| US small cap equities (Russell 2000 Index) | (11.17) | 22.19 |

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| | | |
|--|---------|-------|
| International equities (MSCI Europe, Australasia, Far East Index) | (11.12) | 10.01 |
| Emerging market equities (MSCI Emerging Markets Index) | (5.11) | 9.07 |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index) | 0.08 | 0.15 |
| US Treasury securities (BofA Merrill Lynch 10- Year US Treasury Index) | 13.04 | 6.21 |
| US investment grade bonds (Barclays Capital US Aggregate Bond Index) | 5.49 | 4.62 |
| Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index) | 6.39 | 2.66 |
| US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index) | (1.57) | 8.32 |

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of August 31, 2011

BlackRock Corporate High Yield Fund, Inc.

Investment Objective

BlackRock Corporate High Yield Fund, Inc. s (COY) (the Fund) investment objective is to provide shareholders with current income by investing primarily in a diversified portfolio of fixed income securities, which are rated in the lower rating categories of the established rating services (BB or lower by Standard & Poor s Corporation (S&P s) or Ba or lower by Moody s Investors Service, Inc. (Moody s)) or are unrated securities considered by BlackRock to be of comparable quality. The Fund s secondary objective is to provide stockholders with capital appreciation. The Fund invests, under normal market conditions, at least 80% of its assets in high yield debt instruments, including high yield bonds (commonly referred to as junk bonds) and corporate loans which are below investment grade quality. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended August 31, 2011, the Fund returned 4.03% based on market price and (2.99)% based on net asset value (NAV). For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 1.40% based on market price and (2.67)% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Detracting from performance was the Fund s limited exposure to higher-quality securities, which exhibit greater sensitivity to interest rates than their lower-quality counterparts, and therefore benefited to a greater degree from the rally in US Treasury rates as market volatility increased during the period. Holdings of non-rated credits and securities classified as having equity-correlated risks had a negative impact on Fund returns. Security selection within the automotive, non-captive diversified (industrials) and consumer service sectors also hindered returns. In addition, the Fund s allocation to senior secured bank loans, which underperformed high yield bonds for the period, had a negative impact.

Security selection and trades based on relative valuation contributed positively to overall performance for the period, particularly within the independent energy, media non-cable, electric and metals & mining sectors. The Fund s holdings of lower-quality high yield bonds benefited performance earlier in the period due to favorable liquidity conditions and an improving corporate credit backdrop.

The Fund uses credit default swaps to express a particular view in an individual credit name and as a means of managing risk. It will also utilize credit default swaps on a basket of securities in order to put cash to work or quickly increase or decrease the portfolio s exposure to market movements. The Fund may also use stock futures and options to hedge the equity risk inherent within an individual position or group of positions. Stock futures are an efficient mechanism for reducing risk under certain market conditions. During the period, the use of derivatives had an overall positive impact on Fund returns.

Describe recent portfolio activity.

Over the period, the Fund reduced the overall risk profile by focusing its purchases in higher quality areas of the market and selling some of its riskier holdings. In order to hedge against risks relating to equity market volatility (i.e., reduce equity beta), the Fund established short positions in equity futures contracts. The Fund continued to participate in the new issue market, although cautiously, seeking opportunities in more stable industries from issuers that offer good cash flows, earnings and revenue visibility, as well as attractive downside protection. Additionally, the Fund increased exposure to names in the independent energy sector, while reducing exposure to the wireless sector.

Describe portfolio positioning at period end.

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At period end, the Fund held 83% of its total portfolio in corporate bonds, 10% in floating rate loan interests (bank loans) and 3% in common stocks, with the remainder in other interests and preferred securities. The Fund had a negligible cash position. From a sector perspective, the Fund held large exposures to automotive and media non-cable names and continued to limit its exposure to consumer-related sectors including retailers, gaming and technology. The Fund ended the period with leverage at 22% of its total managed assets.

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

BlackRock Corporate High Yield Fund, Inc.**Fund Information**

| | |
|---|---------------|
| Symbol on New York Stock Exchange (NYSE) | COY |
| Initial Offering Date | June 25, 1993 |
| Yield on Closing Market Price as of August 31, 2011 (\$7.01) ¹ | 8.73% |
| Current Monthly Distribution per Common Share ² | \$0.051 |
| Current Annualized Distribution per Common Share ² | \$0.612 |
| Leverage as of August 31, 2011 ³ | 22% |

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

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

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/11 | 2/28/11 | Change | High | Low |
|-----------------|---------|---------|---------|---------|---------|
| Market Price | \$ 7.01 | \$ 7.03 | (0.28)% | \$ 7.60 | \$ 6.02 |
| Net Asset Value | \$ 6.90 | \$ 7.42 | (7.01)% | \$ 7.56 | \$ 6.79 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

Portfolio Composition

| | 8/31/11 | 2/28/11 |
|------------------------------|---------|---------|
| Corporate Bonds | 83% | 85% |
| Floating Rate Loan Interests | 10 | 7 |
| Common Stocks | 3 | 5 |
| Other Interests | 2 | 2 |
| Preferred Securities | 2 | 1 |

Credit Quality Allocations⁴

| | 8/31/11 | 2/28/11 |
|-----------|---------|---------|
| A | | 1% |
| BBB/Baa | 7% | 4 |
| BB/Ba | 35 | 31 |
| B | 44 | 46 |
| CCC/Caa | 12 | 13 |
| D | 1 | |
| Not Rated | 1 | 5 |

⁴ Using the higher of S&P's or Moody's ratings.

Fund Summary as of August 31, 2011

BlackRock Corporate High Yield Fund III, Inc.

Investment Objective

BlackRock Corporate High Yield Fund III, Inc. s (CYE) (the Fund) primary investment objective is to provide current income by investing primarily in fixed-income securities, which are rated in the lower rating categories of the established rating services (BBB or lower by S&P s or Baa or lower by Moody s) or are unrated securities of comparable quality. The Fund s secondary investment objective is to provide capital appreciation. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended August 31, 2011, the Fund returned 0.43% based on market price and (3.35)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 1.40% based on market price and (2.67)% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Detracting from performance was the Fund s limited exposure to higher-quality securities, which exhibit greater sensitivity to interest rates than their lower-quality counterparts, and therefore benefited to a greater degree from the rally in US Treasury rates as market volatility increased during the period. Holdings of non-rated credits and securities classified as having equity-correlated risks had a negative impact on Fund returns. Security selection within the automotive, non-captive diversified (industrials) and consumer service sectors also hindered returns. In addition, the Fund s allocation to senior secured bank loans, which underperformed high yield bonds for the period, had a negative impact.

Security selection and trades based on relative valuation contributed positively to overall performance for the period, particularly within the independent energy, media non-cable, electric and metals & mining sectors. The Fund s holdings of lower-quality high yield bonds benefited performance earlier in the period due to favorable liquidity conditions and an improving corporate credit backdrop.

The Fund uses credit default swaps to express a particular view in an individual credit name and as a means of managing risk. It will also utilize credit default swaps on a basket of securities in order to put cash to work or quickly increase or decrease the portfolio s exposure to market movements. The Fund may also use stock futures and options to hedge the equity risk inherent within an individual position or group of positions. Stock futures are an efficient mechanism for reducing risk under certain market conditions. During the period, the use of derivatives had an overall positive impact on Fund returns.

Describe recent portfolio activity.

Over the period, the Fund reduced the overall risk profile by focusing its purchases in higher quality areas of the market and selling some of its riskier holdings. In order to hedge against risks relating to equity market volatility (i.e., reduce equity beta), the Fund established short positions in equity futures contracts. The Fund continued to participate in the new issue market, although cautiously, seeking opportunities in more stable industries from issuers that offer good cash flows, earnings and revenue visibility, as well as attractive downside protection. Additionally, the Fund increased exposure to names in the independent energy sector, while reducing exposure to the wireless sector.

Describe portfolio positioning at period end.

At period end, the Fund held 80% of its total portfolio in corporate bonds, 13% in floating rate loan interests (bank loans) and 3% in common stocks, with the remainder in other interests and preferred securities. The Fund had a negligible cash position. From a sector perspective, the Fund held large exposures to automotive and media non-cable names and continued to limit its exposure to consumer-related sectors including retailers, gaming and technology. The Fund ended the period with leverage at 24% of its total managed assets.

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BlackRock Corporate High Yield Fund III, Inc.

Fund Information

| | |
|---|------------------|
| Symbol on NYSE | CYE |
| Initial Offering Date | January 30, 1998 |
| Yield on Closing Market Price as of August 31, 2011 (\$6.88) ¹ | 8.72% |
| Current Monthly Distribution per Common Share ² | \$0.05 |
| Current Annualized Distribution per Common Share ² | \$0.60 |
| Leverage as of August 31, 2011 ³ | 24% |

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

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

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/11 | 2/28/11 | Change | High | Low |
|-----------------|---------|---------|---------|---------|---------|
| Market Price | \$ 6.88 | \$ 7.14 | (3.64)% | \$ 7.52 | \$ 6.08 |
| Net Asset Value | \$ 7.01 | \$ 7.56 | (7.28)% | \$ 7.70 | \$ 6.89 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

Portfolio Composition

| | 8/31/11 | 2/28/11 |
|------------------------------|---------|---------|
| Corporate Bonds | 80% | 80% |
| Floating Rate Loan Interests | 13 | 11 |
| Common Stocks | 3 | 5 |
| Other Interests | 2 | 2 |
| Preferred Securities | 2 | 2 |

Credit Quality Allocations⁴

| | 8/31/11 | 2/28/11 |
|-----------|---------|---------|
| BBB/Baa | 7% | 4% |
| BB/Ba | 34 | 31 |
| B | 44 | 46 |
| CCC/Caa | 12 | 14 |
| Not Rated | 3 | 5 |

⁴ Using the higher of S&P's or Moody's ratings.

Fund Summary as of August 31, 2011

BlackRock Debt Strategies Fund, Inc.

Investment Objective

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

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended August 31, 2011, the Fund returned 2.16% based on market price and (3.81)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 1.40% based on market price and (2.67)% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

The Fund invests in both high yield bonds and floating rate loan interests (i.e., bank loans). Both of these sectors generated negative returns for the period as investors fled riskier assets due to concerns about the debt crisis in Europe and slowing economic growth in the US. Bank loans underperformed high yield bonds as interest rates fell and the Fed signaled that it is likely to maintain low short-term interest rates for an extended period. The Fund's large allocation to bank loans detracted from performance relative to its Lipper category competitors, which invest primarily in high yield bonds. The Fund's positions in common stocks, convertible bonds and preferred securities (approximately 2% of the portfolio) had a negative impact, as did its underexposure to higher-quality, non-investment grade issues.

Conversely, the Fund's heavy exposure to names in energy and metals and mining contributed positively to performance as these sectors are more stable and therefore outperformed the more cyclical sectors when the market declined. Limited exposure to the lower-quality tiers of speculative-grade credits also proved beneficial.

Describe recent portfolio activity.

Over the period, the Fund shifted positioning to a more conservative stance by reducing its holdings in the more cyclical sectors and increasing exposure to sectors exhibiting stable cash flows, earnings visibility, and attractive downside protection.

Describe portfolio positioning at period end.

At period end, the Fund held 53% of its total portfolio in floating rate loan interests (bank loans), 43% in corporate bonds, 2% in common stocks and the remainder in asset-backed securities and other interests. The Fund held a negligible cash position. From a sector perspective, the Fund held large exposures to the paper, chemicals and independent energy sectors, while its exposures to technology, automotive and gaming names were limited. The Fund ended the period with leverage at 26% of its total managed assets.

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

BlackRock Debt Strategies Fund, Inc.**Fund Information**

| | |
|---|----------------|
| Symbol on NYSE | DSU |
| Initial Offering Date | March 27, 1998 |
| Yield on Closing Market Price as of August 31, 2011 (\$3.98) ¹ | 8.14% |
| Current Monthly Distribution per Common Share ² | \$0.027 |
| Current Annualized Distribution per Common Share ² | \$0.324 |
| Leverage as of August 31, 2011 ³ | 26% |

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

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

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/11 | 2/28/11 | Change | High | Low |
|-----------------|---------|---------|---------|---------|---------|
| Market Price | \$ 3.98 | \$ 4.05 | (1.73)% | \$ 4.43 | \$ 3.45 |
| Net Asset Value | \$ 3.96 | \$ 4.28 | (7.48)% | \$ 4.31 | \$ 3.91 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

Portfolio Composition

| | 8/31/11 | 2/28/11 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 53% | 53% |
| Corporate Bonds | 43 | 43 |
| Common Stocks | 2 | 1 |
| Asset-Backed Securities | 1 | 2 |
| Other Interests | 1 | 1 |

Credit Quality Allocations⁴

| | 8/31/11 | 2/28/11 |
|-----------|---------|---------|
| BBB/Baa | 6% | 7% |
| BB/Ba | 30 | 29 |
| B | 46 | 45 |
| CCC/Caa | 9 | 11 |
| D | 1 | |
| Not Rated | 8 | 8 |

⁴ Using the higher of S&P's or Moody's ratings.

Fund Summary as of August 31, 2011

BlackRock Floating Rate Income Strategies Fund II, Inc.

Investment Objective

BlackRock Floating Rate Income Strategies Fund II, Inc. s (FRB) (the Fund) investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended August 31, 2011, the Fund returned (11.01)% based on market price and (4.85)% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (11.93)% based on market price and (5.66)% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

Floating rate loan interests (i.e., bank loans) suffered along with other risk assets as macroeconomic headwinds intensified and investor confidence waned during the period. Although the bank loan market generally advanced over the first five months of the period, a surge of volatility in August more than reversed those gains. Within the Fund, security selection in consumer services had a negative impact on performance. The Fund s use of leverage hurt returns (on an absolute basis) as the bank loan sector underperformed relative to other fixed income sectors. In addition, the Fund s bias to higher-quality pockets of the loan market proved a disadvantage when the markets corrected in August. Selling in the bank loan market was concentrated in higher-quality loan instruments as they tend to be more liquid and have better pricing transparency.

The Fund maintains a relatively conservative portfolio, weighted toward higher-quality non-investment grade investments. This investment style along with the Fund s bottom-up process for security selection was the largest contributor to performance for the period. Security selection within chemicals along with low exposure and positive selection in media non-cable had a positive impact. From an asset allocation perspective, the Fund s exposure to high yield bonds was beneficial as the sector outperformed bank loans.

Describe recent portfolio activity.

During the period, the Fund maintained its higher-quality bias in terms of structure, overall credit quality and liquidity. Prior to the market correction in August, the Fund reduced exposure to some of the lower-quality holdings and increased the level of cash. While transitioning the overall portfolio to a more conservative stance, Fund management continued to seek investment opportunities across the new-issue market, albeit cautiously, targeting issuers with superior credit fundamentals (i.e., stable income streams and attractive downside protection).

Describe portfolio positioning at period end.

At period end, the Fund held 81% of its total portfolio in floating rate loan interests (bank loans) and 16% in corporate bonds, with the remainder in asset-backed securities, other interests and cash. From a sector perspective, the Fund held large exposures to the non-captive diversified (industrials), chemicals and wireless sectors, while its exposures to consumer products, media non-cable and technology were limited. The Fund ended the period with leverage at 27% of its total managed assets.

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BlackRock Floating Rate Income Strategies Fund II, Inc.**Fund Information**

| | |
|--|---------------|
| Symbol on NYSE | FRB |
| Initial Offering Date | July 30, 2004 |
| Yield on Closing Market Price as of August 31, 2011 (\$12.25) ¹ | 7.15% |
| Current Monthly Distribution per Common Share ² | \$0.073 |
| Current Annualized Distribution per Common Share ² | \$0.876 |
| Leverage as of August 31, 2011 ³ | 27% |

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

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

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/11 | 2/28/11 | Change | High | Low |
|-----------------|----------|----------|----------|----------|----------|
| Market Price | \$ 12.25 | \$ 14.22 | (13.85)% | \$ 14.79 | \$ 11.79 |
| Net Asset Value | \$ 12.96 | \$ 14.07 | (7.89)% | \$ 14.12 | \$ 12.73 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

Portfolio Composition

| | 8/31/11 | 2/28/11 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 81% | 81% |
| Corporate Bonds | 16 | 15 |
| Asset-Backed Securities | 2 | 3 |
| Other Interests | 1 | 1 |

Credit Quality Allocations⁴

| | 8/31/11 | 2/28/11 |
|-----------|---------|---------|
| BBB/Baa | 8% | 7% |
| BB/Ba | 33 | 34 |
| B | 46 | 42 |
| CCC/Caa | 7 | 8 |
| Not Rated | 6 | 9 |

⁴ Using the higher of S&P's or Moody's ratings.

Fund Summary as of August 31, 2011

BlackRock Senior High Income Fund, Inc.

Investment Objective

BlackRock Senior High Income Fund, Inc. s (ARK) (the Fund) investment objective is to provide high current income by investing principally in senior debt obligations of companies, including corporate loans made by banks and other financial institutions and both privately placed and publicly offered corporate bonds and notes. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

Portfolio Management Commentary

How did the Fund perform?

For the six months ended August 31, 2011, the Fund returned (6.20)% based on market price and (2.18)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 1.40% based on market price and (2.67)% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

The Fund invests in both high yield bonds and floating rate loan interests (i.e., bank loans). Both of these sectors generated negative returns for the period as investors fled riskier assets due to concerns about the debt crisis in Europe and slowing economic growth in the US. Bank loans underperformed high yield bonds as interest rates fell and the Fed signaled that it is likely to maintain low short-term interest rates for an extended period. The Fund s large allocation to bank loans detracted from performance relative to its Lipper category competitors, which invest primarily in high yield bonds. The Fund s positions in common stocks, convertible bonds and preferred securities (approximately 3% of the portfolio) had a negative impact, as did its underexposure to higher-quality, non-investment grade issues.

Conversely, the Fund s heavy exposure to names in energy and metals & mining contributed positively to performance as these sectors are more stable and therefore outperformed the more cyclical sectors when the market declined. Limited exposure to the lower-quality tiers of speculative-grade credits also proved beneficial.

Describe recent portfolio activity.

Over the period, the Fund shifted positioning to a more conservative stance by reducing its holdings in the more cyclical sectors and increasing exposure to sectors exhibiting stable cash flows, earnings visibility, and attractive downside protection.

Describe portfolio positioning at period end.

At period end, the Fund held 54% of its total portfolio in floating rate loan interests (bank loans) and 43% in corporate bonds, with the remainder in asset-backed securities, common stocks and other interests. The Fund held a negligible cash position. From a sector perspective, the Fund held large exposures to the non-captive diversified (industrials), chemicals and independent energy sectors, while its exposures to technology, automotive and electric names were limited. The Fund ended the period with leverage at 23% of its total managed assets.

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

BlackRock Senior High Income Fund, Inc.**Fund Information**

| | |
|---|----------------|
| Symbol on NYSE | ARK |
| Initial Offering Date | April 30, 1993 |
| Yield on Closing Market Price as of August 31, 2011 (\$3.78) ¹ | 7.94% |
| Current Monthly Distribution per Common Share ² | \$0.025 |
| Current Annualized Distribution per Common Share ² | \$0.300 |
| Leverage as of August 31, 2011 ³ | 23% |

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

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

³ Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 14.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 8/31/11 | 2/28/11 | Change | High | Low |
|-----------------|---------|---------|---------|---------|---------|
| Market Price | \$ 3.78 | \$ 4.18 | (9.57)% | \$ 4.31 | \$ 3.42 |
| Net Asset Value | \$ 3.98 | \$ 4.22 | (5.69)% | \$ 4.27 | \$ 3.90 |

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

Portfolio Composition

| | 8/31/11 | 2/28/11 |
|------------------------------|---------|---------|
| Floating Rate Loan Interests | 54% | 53% |
| Corporate Bonds | 43 | 43 |
| Asset-Backed Securities | 1 | 2 |
| Other Interests | 1 | 1 |
| Common Stocks | 1 | 1 |

Credit Quality Allocations⁴

| | 8/31/11 | 2/28/11 |
|-----------|---------|---------|
| BBB/Baa | 8% | 9% |
| BB/Ba | 34 | 31 |
| B | 48 | 49 |
| CCC/Caa | 3 | 3 |
| Not Rated | 7 | 8 |

⁴ Using the higher of S&P's or Moody's ratings.

The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the yield and NAV. However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage by borrowing through a credit facility. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund's capitalization is \$100 million and it issues debt securities for an additional \$30 million, creating a total value of \$130 million available for investment in long-term securities. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays interest expense on the \$30 million of debt securities based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with assets received from the borrowings earn income based on long-term interest rates. In this case, the interest expense of the borrowings is significantly lower than the income earned on the Fund's long-term investments, and therefore the Fund's shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Funds' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Funds' borrowings does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds' NAV positively or negatively in addition to the impact on Fund performance from leverage from borrowings discussed above.

The use of leverage may enhance opportunities for increased income to the Funds, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, each Fund's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through their credit facility up to 33 % of their total managed assets. As of August 31, 2011, the Funds had outstanding leverage from borrowings as a percentage of their total managed assets as follows:

| | Percent of Leverage |
|-----|--------------------------------|
| COY | 22% |
| CYE | 24% |
| DSU | 26% |
| FRB | 27% |
| ARK | 23% |

Derivative Financial Instruments

The Funds may invest in various derivative financial instruments, including financial futures contracts, foreign currency exchange contracts, options and swaps as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, equity, credit, interest rate and/or foreign currency exchange rate risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Funds' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause a Fund to hold an investment that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

Schedule of Investments August 31, 2011 (Unaudited)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

| Common Stocks | Shares | Value |
|--|-------------|------------|
| Auto Components 0.2% | | |
| Dana Holding Corp. (a) | 38,340 | \$ 488,835 |
| Capital Markets 0.1% | | |
| E*Trade Financial Corp. (a) | 26,900 | 332,484 |
| Chemicals 0.0% | | |
| Wellman Holdings, Inc. | 240 | 780 |
| Wellman Inc. (acquired 1/30/09, cost \$277) (a)(b) | 1,185 | 3,851 |
| | | 4,631 |
| Communications Equipment 0.4% | | |
| Loral Space & Communications Ltd. (a) | 18,513 | 1,047,651 |
| Containers & Packaging 0.0% | | |
| Smurfit Kappa Plc (a) | 3,634 | 28,800 |
| Diversified Financial Services 0.8% | | |
| Kcad Holdings I Ltd. | 175,652,403 | 1,982,589 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (a) | 67,974 | 748 |
| Media 1.4% | | |
| Belo Corp., Class A | 43,324 | 236,116 |
| Charter Communications, Inc. (a) | 59,916 | 2,988,610 |
| Clear Channel Outdoor Holdings, Inc., Class A (a) | 8,934 | 102,294 |
| | | 3,327,020 |
| Metals & Mining 0.2% | | |
| African Minerals Ltd. (a) | 40,400 | 336,104 |
| Oil, Gas & Consumable Fuels 0.2% | | |
| Marathon Petroleum Corp. | 9,750 | 361,335 |
| Paper & Forest Products 0.1% | | |
| Ainsworth Lumber Co. Ltd. (c) | 41,686 | 85,134 |
| Ainsworth Lumber Co. Ltd. | 36,744 | 75,042 |
| Western Forest Products, Inc. (a) | 147,968 | 99,723 |
| Western Forest Products, Inc. (a)(c) | 41,528 | 27,988 |
| | | 287,887 |
| Semiconductors & Semiconductor Equipment 0.4% | | |
| Spanion, Inc., Class A (a) | 60,342 | 905,733 |
| SunPower Corp., Class B (a) | 123 | 1,458 |
| | | 907,191 |
| Software 0.1% | | |
| Bankruptcy Management Solutions, Inc. (a) | 468 | 2 |
| HMH Holdings/EduMedia (a) | 82,415 | 164,830 |
| | | 164,832 |
| Total Common Stocks 3.9% | | 9,270,107 |

| Corporate Bonds | Par (000) | |
|--|--------------|---------|
| Aerospace & Defense 0.6% | | |
| Huntington Ingalls Industries, Inc. (c): | | |
| 6.88%, 3/15/18 | USD 320 | 300,800 |
| 7.13%, 3/15/21 | 355 | 333,700 |
| Kratos Defense & Security Solutions, Inc., | | |
| 10.00%, 6/01/17 | 716 | 735,690 |

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1,370,190

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Air Freight & Logistics 0.5% | | |
| National Air Cargo Group, Inc.: | | |
| Series 1, 12.38%, 9/02/15 | USD 631 | \$ 656,486 |
| Series 2, 12.38%, 8/16/15 | 631 | 656,482 |
| | | 1,312,968 |
| Airlines 3.1% | | |
| Air Canada, 9.25%, 8/01/15 (c) | 820 | 787,200 |
| American Airlines, Inc.: | | |
| 10.50%, 10/15/12 | 870 | 897,188 |
| 7.50%, 3/15/16 (c) | 140 | 126,700 |
| Series 2001-2, 7.86%, 4/01/13 | 390 | 390,000 |
| Series 2011-1-B, 7.00%, 1/31/18 (c) | 368 | 316,099 |
| Continental Airlines, Inc.: | | |
| 6.75%, 9/15/15 (c) | 540 | 526,500 |
| Series 1997-4-B, 6.90%, 7/02/18 | 382 | 376,195 |
| Series 2010-1-B, 6.00%, 1/12/19 | 400 | 370,000 |
| Delta Air Lines, Inc.: | | |
| Series 2010-1-B, 6.38%, 7/02/17 | 447 | 402,300 |
| Series B, 9.75%, 12/17/16 | 678 | 695,312 |
| US Airways Pass-Through Trust, 10.88%, 10/22/14 | 630 | 614,250 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 1,964 | 2,052,547 |
| | | 7,554,291 |
| Auto Components 2.1% | | |
| Allison Transmission, Inc., 11.00%, 11/01/15 (c) | 220 | 231,550 |
| B-Corp Merger Sub, Inc., 8.25%, 6/01/19 (c) | 190 | 176,700 |
| Delphi Corp., 6.13%, 5/15/21 (c) | 150 | 144,750 |
| Ford Motor Co., 7.45%, 7/16/31 | 700 | 767,461 |
| Icahn Enterprises LP, 8.00%, 1/15/18 | 2,995 | 3,024,950 |
| International Automotive Components Group, SL, 9.13%, 6/01/18 (c) | 240 | 235,800 |
| Titan International, Inc., 7.88%, 10/01/17 | 430 | 451,500 |
| | | 5,032,711 |
| Beverages 0.2% | | |
| Cott Beverages, Inc., 8.13%, 9/01/18 | 245 | 253,575 |
| Crown European Holdings SA, 7.13%, 8/15/18 (c) | EUR 225 | 311,900 |
| | | 565,475 |
| Biotechnology 0.1% | | |
| QHP Pharma, 10.25%, 3/15/15 (c) | USD 331 | 336,330 |
| Building Products 1.3% | | |
| Building Materials Corp. of America (c): | | |
| 7.00%, 2/15/20 | 410 | 410,000 |
| 6.75%, 5/01/21 | 1,150 | 1,101,125 |
| Griffon Corp., 7.13%, 4/01/18 (c) | 390 | 368,550 |
| Momentive Performance Materials, Inc.: | | |
| 11.50%, 12/01/16 | 435 | 430,650 |
| 9.00%, 1/15/21 (c) | 905 | 773,775 |
| | | 3,084,100 |
| Capital Markets 1.0% | | |
| American Capital Ltd., 7.96%, 12/31/13 (d) | 470 | 466,701 |
| E*Trade Financial Corp.: | | |
| 12.50%, 11/30/17 (e) | 805 | 925,750 |
| 3.43%, 8/31/19 (c)(f)(g) | 226 | 270,070 |
| KKR Group Finance Co., 6.38%, 9/29/20 (c) | 600 | 638,372 |
| | | 2,300,893 |

Portfolio Abbreviations

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To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

| | |
|--------------|---|
| CAD | Canadian Dollar |
| ETF | Exchange-Traded Fund |
| EUR | Euro |
| FKA | Formerly Known As |
| GBP | British Pound |
| LIBOR | London Interbank Offered Rate |
| PIK | Payment-In-Kind |
| SPDR | Standard and Poor's Depository Receipts |
| USD | US Dollar |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Corporate Bonds | | | |
| Chemicals 3.7% | | | |
| American Pacific Corp., 9.00%, 2/01/15 | USD | 800 | \$ 786,000 |
| American Rock Salt Co. LLC, 8.25%, 5/01/18 (c) | | 126 | 116,865 |
| Celanese US Holdings LLC, 5.88%, 6/15/21 | | 900 | 902,250 |
| Chemtura Corp., 7.88%, 9/01/18 (c) | | 345 | 354,487 |
| Hexion U.S. Finance Corp.: | | | |
| 8.88%, 2/01/18 | | 430 | 402,050 |
| 9.00%, 11/15/20 (c) | | 285 | 248,663 |
| Huntsman International LLC (c): | | | |
| 6.88%, 11/15/13 | EUR | 260 | 369,755 |
| 8.63%, 3/15/21 | USD | 155 | 161,781 |
| Ineos Finance Plc, 9.00%, 5/15/15 (c) | | 385 | 389,812 |
| KRATON Polymers LLC, 6.75%, 3/01/19 (c) | | 115 | 110,400 |
| Kinove German Bondco GmbH, 10.00%, 6/15/18 | EUR | 533 | 723,544 |
| Lyondell Chemical Co., 11.00%, 5/01/18 | USD | 1,135 | 1,266,944 |
| Nexeo Solutions LLC, 8.38%, 3/01/18 (c) | | 170 | 175,525 |
| OXEA Finance/Cy SCA (c): | | | |
| 9.50%, 7/15/17 | | 108 | 106,920 |
| 9.63%, 7/15/17 | EUR | 385 | 541,992 |
| Omnova Solutions, Inc., 7.88%, 11/01/18 (c) | USD | 500 | 438,750 |
| PolyOne Corp., 7.38%, 9/15/20 | | 200 | 206,000 |
| TPC Group LLC, 8.25%, 10/01/17 (c) | | 310 | 317,750 |
| Wellman Holdings, Inc., Subordinate Note (f): | | | |
| (Second Lien), 10.00% 1/29/19 (c) | | 790 | 1,098,100 |
| (Third Lien), 5.00%, 1/29/19 (e) | | 272 | 193,182 |
| | | | 8,910,770 |
| Commercial Banks 2.4% | | | |
| CIT Group, Inc.: | | | |
| 7.00%, 5/01/15 | | 510 | 507,450 |
| 7.00%, 5/01/16 | | 1,825 | 1,815,875 |
| 7.00%, 5/01/17 | | 3,030 | 2,992,125 |
| 7.00%, 5/02/17 (c) | | 470 | 464,125 |
| | | | 5,779,575 |
| Commercial Services & Supplies 2.0% | | | |
| ACCO Brands Corp., 10.63%, 3/15/15 | | 695 | 760,156 |
| Aviation Capital Group Corp., 6.75%, 4/06/21 (c) | | 500 | 493,390 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (c) | | 480 | 452,400 |
| Casella Waste Systems, Inc., 7.75%, 2/15/19 (c) | | 610 | 587,125 |
| Clean Harbors, Inc., 7.63%, 8/15/16 (c) | | 320 | 338,400 |
| Mobile Mini, Inc., 7.88%, 12/01/20 (c) | | 335 | 325,788 |
| RSC Equipment Rental, Inc.: | | | |
| 10.00%, 7/15/17 (c) | | 555 | 596,625 |
| 8.25%, 2/01/21 | | 800 | 746,000 |
| WCA Waste Corp., 7.50%, 6/15/19 (c) | | 310 | 310,000 |
| West Corp., 8.63%, 10/01/18 (c) | | 125 | 121,875 |
| | | | 4,731,759 |
| Communications Equipment 0.8% | | | |
| Avaya, Inc.: | | | |
| 9.75%, 11/01/15 | | 410 | 348,500 |
| 10.13%, 11/01/15 (e) | | 600 | 518,250 |

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| | | | | |
|--|-----|------------------|----|--------------|
| 7.00%, 4/01/19 (c) | | 470 | | 423,000 |
| EH Holding Corp. (c): | | | | |
| 6.50%, 6/15/19 | | 340 | | 340,000 |
| 7.63%, 6/15/21 | | 240 | | 238,800 |
| | | | | 1,868,550 |
| Construction & Engineering 0.1% | | | | |
| Abengoa SA, 8.50%, 3/31/16 | EUR | 100 | | 134,313 |
| Boart Longyear Management Ltd., 7.00%, 4/01/21 (c) | USD | 175 | | 173,687 |
| | | | | 308,000 |
| Corporate Bonds | | | | |
| | | Par (000) | | Value |
| Construction Materials 0.2% | | | | |
| Calcipar SA, 6.88%, 5/01/18 (c) | USD | 315 | \$ | 298,463 |
| Xefin Lux SCA, 8.00%, 6/01/18 (c) | EUR | 233 | | 307,928 |
| | | | | 606,391 |
| Consumer Finance 1.2% | | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | USD | 640 | | 648,000 |
| Ford Motor Credit Co. LLC: | | | | |
| 3.00%, 1/13/12 (h) | | 195 | | 195,004 |
| 7.80%, 6/01/12 | | 200 | | 206,005 |
| 7.00%, 4/15/15 | | 1,710 | | 1,825,425 |
| 6.63%, 8/15/17 | | 131 | | 137,143 |
| | | | | 3,011,577 |
| Containers & Packaging 1.3% | | | | |
| Ardagh Packaging Finance Plc, 7.38%, 10/15/17 (c) | EUR | 435 | | 585,823 |
| Berry Plastics Corp., 8.25%, 11/15/15 | USD | 125 | | 128,750 |
| GCL Holdings SCA, 9.38%, 4/15/18 (c) | EUR | 244 | | 306,693 |
| Graphic Packaging International, Inc., 7.88%, 10/01/18 | USD | 340 | | 357,000 |
| OI European Group BV, 6.88%, 3/31/17 | EUR | 152 | | 207,431 |
| Pregis Corp., 12.38%, 10/15/13 | USD | 390 | | 358,800 |
| Rock-Tenn Co., 9.25%, 3/15/16 | | 50 | | 52,500 |
| Smurfit Kappa Acquisitions (c): | | | | |
| 7.25%, 11/15/17 | EUR | 465 | | 641,254 |
| 7.75%, 11/15/19 | | 296 | | 406,070 |
| | | | | 3,044,321 |
| Diversified Consumer Services 1.2% | | | | |
| Service Corp. International, 7.00%, 6/15/17 | USD | 2,800 | | 2,926,000 |
| Diversified Financial Services 5.3% | | | | |
| Ally Financial, Inc.: | | | | |
| 7.50%, 12/31/13 | | 350 | | 360,500 |
| 8.30%, 2/12/15 | | 530 | | 556,500 |
| 6.25%, 12/01/17 (c) | | 480 | | 461,720 |
| 8.00%, 3/15/20 | | 320 | | 323,200 |
| 7.50%, 9/15/20 | | 620 | | 609,150 |
| 8.00%, 11/01/31 | | 1,295 | | 1,265,862 |
| 8.00%, 11/01/31 | | 810 | | 779,164 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 410 | | 427,425 |
| Boparan Holdings Ltd. (c): | | | | |
| 9.75%, 4/30/18 | EUR | 100 | | 110,624 |
| 9.88%, 4/30/18 | GBP | 130 | | 170,934 |
| FCE Bank Plc: | | | | |
| 7.13%, 1/15/13 | EUR | 550 | | 792,051 |
| 4.75%, 1/19/15 | | 310 | | 405,237 |
| General Motors Financial Co., Inc.: | | | | |
| 6.75%, 6/01/18 (c) | USD | 450 | | 447,750 |
| KION Finance SA, 7.88%, 4/15/18 (c) | EUR | 146 | | 174,075 |
| Leucadia National Corp., 8.13%, 9/15/15 | USD | 1,120 | | 1,202,600 |
| | | 425 | | 434,562 |

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Reynolds Group DL Escrow, Inc.,

8.50%, 10/15/16 (c)

Reynolds Group Issuer, Inc.:

| | | | |
|----------------------------|-----|-------|------------|
| 8.75%, 10/15/16 (c) | EUR | 350 | 487,692 |
| 8.75%, 10/15/16 | | 502 | 699,490 |
| 7.13%, 4/15/19 (c) | USD | 230 | 217,925 |
| 9.00%, 4/15/19 (c) | | 245 | 220,500 |
| 7.88%, 8/15/19 (c) | | 1,010 | 999,900 |
| 9.88%, 8/15/19 (c) | | 415 | 390,100 |
| 8.25%, 2/15/21 (c) | | 680 | 572,900 |
| WMG Acquisition Corp. (c): | | | |
| 9.50%, 6/15/16 | | 110 | 112,200 |
| 11.50%, 10/01/18 | | 535 | 486,850 |
| | | | 12,708,911 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Diversified Telecommunication Services 4.5% | | |
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12 | USD 1,000 | \$ 860,000 |
| GCI, Inc., 6.75%, 6/01/21 (c) | 264 | 260,040 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | 260 | 266,500 |
| Level 3 Escrow, Inc., 8.13%, 7/01/19 (c) | 2,474 | 2,350,300 |
| Level 3 Financing, Inc.: | | |
| 9.25%, 11/01/14 | 77 | 77,963 |
| 8.75%, 2/15/17 | 525 | 514,500 |
| Qwest Communications International, Inc.: | | |
| 7.50%, 2/15/14 | 2,490 | 2,521,125 |
| 8.00%, 10/01/15 | 610 | 651,175 |
| Series B, 7.50%, 2/15/14 | 1,575 | 1,594,687 |
| Qwest Corp., 7.63%, 6/15/15 | 500 | 556,250 |
| Windstream Corp.: | | |
| 8.13%, 8/01/13 | 400 | 425,000 |
| 7.88%, 11/01/17 | 690 | 725,362 |
| | | 10,802,902 |
| Electric Utilities 0.6% | | |
| Tokyo Electric Power Co., Inc., 4.50%, 3/24/14 | EUR 1,100 | 1,351,029 |
| Electronic Equipment, Instruments & Components 0.6% | | |
| CDW LLC: | | |
| 11.00%, 10/12/15 | USD 10 | 10,200 |
| 11.50%, 10/12/15 (e) | 610 | 622,200 |
| 8.00%, 12/15/18 (c) | 380 | 376,200 |
| Elster Finance BV, 6.25%, 4/15/18 (c) | EUR 105 | 138,764 |
| Jabil Circuit, Inc., 8.25%, 3/15/18 | USD 215 | 242,412 |
| | | 1,389,776 |
| Energy Equipment & Services 1.6% | | |
| Antero Resources Finance Corp., 7.25%, 8/01/19 (c) | 150 | 145,875 |
| Calfrac Holdings LP, 7.50%, 12/01/20 (c) | 225 | 218,250 |
| Compagnie Générale de Géophysique-Veritas, 7.75%, 5/15/17 | 235 | 236,175 |
| Exterran Holdings, Inc., 7.25%, 12/01/18 (c) | 405 | 392,850 |
| Frac Tech Services LLC, 7.13%, 11/15/18 (c) | 1,045 | 1,081,575 |
| Key Energy Services, Inc., 6.75%, 3/01/21 | 415 | 406,700 |
| MEG Energy Corp., 6.50%, 3/15/21 (c) | 530 | 530,000 |
| Oil States International, Inc., 6.50%, 6/01/19 (c) | 290 | 290,000 |
| SunCoke Energy, Inc., 7.63%, 8/01/19 (c) | 205 | 201,413 |
| Thermon Industries, Inc., 9.50%, 5/01/17 | 342 | 359,100 |
| | | 3,861,938 |
| Food Products 0.4% | | |
| Darling International, Inc., 8.50%, 12/15/18 (c) | 220 | 238,150 |
| Del Monte Foods Co., 7.63%, 2/15/19 (c) | 275 | 272,937 |
| JBS USA LLC, 7.25%, 6/01/21 (c) | 85 | 77,244 |
| Reddy Ice Corp., 11.25%, 3/15/15 | 410 | 372,075 |
| | | 960,406 |
| Health Care Equipment & Supplies 1.4% | | |
| DJO Finance LLC: | | |
| 10.88%, 11/15/14 | 2,130 | 2,201,888 |

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| | | | | |
|---|-----|-------|--------------|--------------|
| 7.75%, 4/15/18 (c) | | 95 | | 88,350 |
| ExamWorks Group, Inc., 9.00%, 7/15/19 (c) | | 260 | | 245,050 |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (c) | | 500 | | 557,500 |
| Teleflex, Inc., 6.88%, 6/01/19 | | 270 | | 267,975 |
| | | | | 3,360,763 |
| Health Care Providers & Services 5.9% | | | | |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (c) | | 380 | | 378,100 |
| ConvaTec Healthcare E SA (c): | | | | |
| 7.38%, 12/15/17 | EUR | 400 | | 517,140 |
| 10.50%, 12/15/18 | USD | 240 | | 218,400 |
| | | | | |
| | | | Par | Value |
| | | | (000) | |
| Corporate Bonds | | | | |
| Health Care Providers & Services (concluded) | | | | |
| Crown Newco 3 Plc, 7.00%, 2/15/18 (c) | GBP | 331 | \$ | 483,584 |
| HCA, Inc.: | | | | |
| 8.50%, 4/15/19 | USD | 280 | | 305,200 |
| 6.50%, 2/15/20 | | 1,125 | | 1,137,656 |
| 7.25%, 9/15/20 | | 2,695 | | 2,769,112 |
| 7.50%, 2/15/22 | | 1,180 | | 1,168,200 |
| IASIS Healthcare LLC, 8.38%, 5/15/19 (c) | | 695 | | 608,125 |
| INC Research LLC, 11.50%, 7/15/19 (c) | | 375 | | 346,875 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (c) | | 395 | | 356,488 |
| Omnicare, Inc.: | | | | |
| 6.13%, 6/01/13 | | 14 | | 14,140 |
| 6.88%, 12/15/15 | | 268 | | 273,360 |
| 7.75%, 6/01/20 | | 580 | | 591,600 |
| Symbion, Inc., 8.00%, 6/15/16 (c) | | 315 | | 292,950 |
| Tenet Healthcare Corp.: | | | | |
| 9.00%, 5/01/15 | | 1,587 | | 1,682,220 |
| 10.00%, 5/01/18 | | 752 | | 827,200 |
| 8.88%, 7/01/19 | | 2,010 | | 2,130,600 |
| | | | | 14,100,950 |
| Health Care Technology 1.3% | | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (c) | | 2,235 | | 2,570,250 |
| MedAssets, Inc., 8.00%, 11/15/18 (c) | | 485 | | 468,025 |
| | | | | 3,038,275 |
| Hotels, Restaurants & Leisure 1.5% | | | | |
| Caesars Entertainment Operating Co., Inc., | | | | |
| 11.25%, 6/01/17 | | 150 | | 161,625 |
| Cirsa Funding Luxembourg SA, 8.75%, 5/15/18 | EUR | 50 | | 62,488 |
| Diamond Resorts Corp., 12.00%, 8/15/18 | USD | 1,100 | | 1,067,000 |
| El Dorado Resorts LLC, 8.63%, 6/15/19 (c) | | 165 | | 140,662 |
| Enterprise Inns Plc, 6.50%, 12/06/18 | GBP | 296 | | 365,178 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, | | | | |
| 8/31/20 (c) | USD | 270 | | 224,100 |
| MGM Mirage, 13.00%, 11/15/13 | | 90 | | 103,162 |
| MGM Resorts International: | | | | |
| 10.38%, 5/15/14 | | 235 | | 257,912 |
| 11.13%, 11/15/17 | | 780 | | 869,700 |
| Travelport LLC: | | | | |
| 4.95%, 9/01/14 (h) | | 165 | | 125,812 |
| 9.88%, 9/01/14 | | 35 | | 29,838 |
| 9.00%, 3/01/16 | | 110 | | 88,275 |
| Tropicana Entertainment LLC, Series WI, 9.63%, | | | | |
| 12/15/14 (a)(i) | | 315 | | 32 |
| | | | | 3,495,784 |
| Household Durables 2.6% | | | | |
| American Standard Americas, 10.75%, 1/15/16 (c) | | 380 | | 307,800 |
| Ashton Woods USA LLC, 21.44%, 6/30/15 (c)(j) | | 805 | | 577,587 |
| Beazer Homes USA, Inc.: | | | | |
| 8.13%, 6/15/16 | | 295 | | 207,975 |

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| | | | |
|--|-----|-------|-----------|
| 12.00%, 10/15/17 | | 1,425 | 1,446,375 |
| 9.13%, 6/15/18 | | 420 | 291,375 |
| Ideal Standard International, 11.75%, 5/01/18 (c) | EUR | 139 | 153,749 |
| Jarden Corp., 7.50%, 1/15/20 | | 285 | 386,886 |
| Ryland Group, Inc., 6.63%, 5/01/20 | USD | 555 | 477,300 |
| Standard Pacific Corp.: | | | |
| 10.75%, 9/15/16 | | 1,285 | 1,272,150 |
| 8.38%, 5/15/18 | | 250 | 219,375 |
| 8.38%, 1/15/21 | | 535 | 460,100 |
| United Rentals North America, Inc., 8.38%, 9/15/20 | | 395 | 360,437 |
| | | | 6,161,109 |
| Household Products 0.1% | | | |
| Ontex IV SA, 7.50%, 4/15/18 (c) | EUR | 130 | 167,137 |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Corporate Bonds | | |
| IT Services 2.0% | | |
| Eagle Parent Canada, Inc., 8.63%, 5/01/19 (c) | USD 670 | \$ 616,400 |
| First Data Corp. (c): | | |
| 7.38%, 6/15/19 | 800 | 752,000 |
| 8.88%, 8/15/20 | 495 | 490,050 |
| 12.63%, 1/15/21 | 1,938 | 1,831,410 |
| SunGard Data Systems, Inc.: | | |
| 7.38%, 11/15/18 | 540 | 514,350 |
| 7.63%, 11/15/20 | 550 | 525,250 |
| | | 4,729,460 |
| Independent Power Producers & Energy Traders 2.8% | | |
| AES Corp., 7.38%, 7/01/21 (c) | 785 | 792,850 |
| Calpine Corp. (c): | | |
| 7.50%, 2/15/21 | 180 | 181,800 |
| 7.88%, 1/15/23 | 585 | 596,700 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 | 3,115 | 3,127,058 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 161 | 162,428 |
| NRG Energy, Inc., 7.63%, 1/15/18 (c) | 1,995 | 1,975,050 |
| | | 6,835,886 |
| Industrial Conglomerates 2.7% | | |
| Alba Group Plc & Co., KG, 8.00%, 5/15/18 (c) | EUR 107 | 149,863 |
| Sequa Corp. (c): | | |
| 11.75%, 12/01/15 | USD 2,190 | 2,277,600 |
| 13.50%, 12/01/15 | 3,759 | 3,984,277 |
| | | 6,411,740 |
| Insurance 1.3% | | |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (c) | 1,600 | 1,640,000 |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (c) | 339 | 352,560 |
| Genworth Financial, Inc., 7.63%, 9/24/21 | 390 | 346,136 |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (c) | 235 | 225,600 |
| USI Holdings Corp., 4.16%, 11/15/14 (c)(h) | 630 | 563,850 |
| | | 3,128,146 |
| Machinery 1.3% | | |
| AGY Holding Corp., 11.00%, 11/15/14 | 900 | 788,625 |
| Navistar International Corp.: | | |
| 3.00%, 10/15/14 (f) | 1,810 | 1,997,788 |
| 8.25%, 11/01/21 | 140 | 144,900 |
| Oshkosh Corp., 8.25%, 3/01/17 | 30 | 30,825 |
| SPX Corp., 6.88%, 9/01/17 | 160 | 166,800 |
| | | 3,128,938 |
| Media 14.6% | | |
| AMC Entertainment, Inc., 9.75%, 12/01/20 | 160 | 154,400 |
| AMC Networks, Inc., 7.75%, 7/15/21 (c) | 205 | 212,175 |
| Affinion Group, Inc., 7.88%, 12/15/18 (c) | 745 | 659,325 |
| CCH II LLC, 13.50%, 11/30/16 | 2,982 | 3,444,630 |
| CCO Holdings LLC: | | |
| 7.25%, 10/30/17 | 40 | 41,250 |
| 7.88%, 4/30/18 | 100 | 104,000 |
| 6.50%, 4/30/21 | 721 | 704,777 |
| CMP Susquehanna Corp., 3.42%, 5/15/14 (c)(h) | 150 | 142,500 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 370 | 400,525 |

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| | | |
|--|-------|-----------|
| Catalina Marketing Corp., 10.50%, 10/01/15 (c)(e) | 555 | 555,000 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (c) | 590 | 454,300 |
| Checkout Holding Corp., 10.69%, 11/15/15 (c)(g) | 615 | 362,850 |
| Citadel Broadcasting Corp., 7.75%, 12/15/18 (c) | 355 | 382,513 |
| Clear Channel Communications, Inc., 9.00%, 3/01/21 | 500 | 402,500 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 1,404 | 1,488,240 |
| Series B, 9.25%, 12/15/17 | 5,160 | 5,521,200 |
| Cox Enterprises, Inc.: | | |
| Loan Close 2, 4.00%, 8/15/18 | 630 | 650,077 |
| Loan Close 3, 12.00%, 8/15/18 | 720 | 743,225 |
| Shares Loan, 4.00%, 8/15/18 | 743 | 766,526 |

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Media (concluded) | | |
| Cumulus Media, Inc., 7.75%, 5/01/19 (c) | USD 120 | \$ 105,300 |
| DISH DBS Corp., 7.00%, 10/01/13 | 90 | 94,388 |
| Gray Television, Inc., 10.50%, 6/29/15 | 900 | 868,500 |
| Harland Clarke Holdings Corp.: | | |
| 6.00%, 5/15/15 (h) | 330 | 245,850 |
| 9.50%, 5/15/15 | 290 | 236,350 |
| Intelsat Luxemburg SA: | | |
| 11.25%, 6/15/16 | 1,010 | 1,055,450 |
| 11.25%, 2/04/17 | 320 | 310,400 |
| 11.50%, 2/04/17 (e) | 360 | 349,650 |
| 11.50%, 2/04/17 (c)(e) | 820 | 796,425 |
| Interactive Data Corp., 10.25%, 8/01/18 (c) | 945 | 1,001,700 |
| The Interpublic Group of Cos., Inc., | | |
| 10.00%, 7/15/17 | 315 | 362,250 |
| Kabel BW Erste Beteiligungs GmbH, 7.50%, | | |
| 3/15/19 (c) | EUR 613 | 862,964 |
| Kabel Deutschland Vertrieb und Service GmbH | | |
| & Co. KG, 6.50%, 6/29/18 (c) | 315 | 443,041 |
| Live Nation Entertainment, Inc., 8.13%, | | |
| 5/15/18 (c) | USD 675 | 649,688 |
| Musketeer GmbH, 9.50%, 3/15/21 | EUR 385 | 553,053 |
| NAI Entertainment Holdings LLC, 8.25%, | | |
| 12/15/17 (c) | USD 570 | 575,700 |
| Nielsen Finance LLC: | | |
| 11.63%, 2/01/14 | 45 | 50,963 |
| 7.75%, 10/15/18 | 2,085 | 2,152,762 |
| Odeon & UCI Finco Plc, 9.00%, 8/01/18 (c) | GBP 189 | 280,725 |
| ProQuest LLC, 9.00%, 10/15/18 (c) | USD 460 | 450,800 |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(c)(i) | 812 | 406 |
| Regal Entertainment Group, 9.13%, 8/15/18 | 305 | 308,050 |
| UPC Holding BV, 9.88%, 4/15/18 (c) | 500 | 522,500 |
| UPCB Finance II Ltd., 6.38%, 7/01/20 (c) | EUR 753 | 962,700 |
| Unitymedia GmbH: | | |
| 9.63%, 12/01/19 | 158 | 228,669 |
| 9.63%, 12/01/19 (c) | 530 | 767,056 |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC | | |
| Germany GmbH) (c): | | |
| 8.13%, 12/01/17 | 407 | 587,579 |
| 8.13%, 12/01/17 | USD 540 | 550,800 |
| Virgin Media Secured Finance Plc, 7.00%, 1/15/18 | GBP 537 | 902,222 |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (c) | EUR 343 | 482,865 |
| Ziggo Finance BV, 6.13%, 11/15/17 (c) | 735 | 1,029,432 |
| | | 34,978,251 |

Metals & Mining 4.2%

Drummond Co., Inc.:

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| | | | |
|---|-----|-------|------------|
| 9.00%, 10/15/14 (c) | USD | 245 | 250,513 |
| 7.38%, 2/15/16 | | 190 | 192,850 |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (c) | | 1,140 | 1,137,150 |
| Goldcorp, Inc., 2.00%, 8/01/14 (f) | | 970 | 1,276,763 |
| JMC Steel Group, 8.25%, 3/15/18 (c) | | 185 | 180,838 |
| James River Escrow, Inc., 7.88%, 4/01/19 (c) | | 200 | 181,000 |
| New World Resources NV, 7.88%, 5/01/18 | EUR | 627 | 860,155 |
| Newmont Mining Corp., Series A, 1.25%, 7/15/14 (f) | USD | 1,345 | 1,953,612 |
| Novelis, Inc., 8.75%, 12/15/20 (c) | | 3,235 | 3,404,837 |
| Taseko Mines Ltd., 7.75%, 4/15/19 | | 300 | 284,250 |
| Vedanta Resources PLC, 8.25%, 6/07/21 (c) | | 245 | 233,975 |
| Vulcan Materials Co., 7.50%, 6/15/21 | | 151 | 148,722 |
| | | | 10,104,665 |
| Multiline Retail 1.8% | | | |
| Dollar General Corp., 11.88%, 7/15/17 (e) | | 4,007 | 4,437,753 |
| Oil, Gas & Consumable Fuels 9.7% | | | |
| Alpha Natural Resources, Inc.: | | | |
| 6.00%, 6/01/19 | | 285 | 278,588 |
| 6.25%, 6/01/21 | | 920 | 900,450 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Oil, Gas & Consumable Fuels (concluded) | | |
| Arch Coal, Inc.: | | |
| 7.25%, 10/01/20 | USD 310 | \$ 305,350 |
| 7.25%, 6/15/21 (c) | 785 | 773,225 |
| Berry Petroleum Co., 8.25%, 11/01/16 | 470 | 485,275 |
| Bill Barrett Corp., 9.88%, 7/15/16 | 40 | 43,900 |
| Carrizo Oil & Gas, Inc., 8.63%, 10/15/18 (c) | 120 | 122,400 |
| Chesapeake Energy Corp.: | | |
| 6.63%, 8/15/20 | 876 | 915,420 |
| 6.13%, 2/15/21 | 505 | 512,575 |
| 2.25%, 12/15/38 (f) | 775 | 689,750 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (c) | 243 | 257,580 |
| Concho Resources, Inc., 7.00%, 1/15/21 | 375 | 384,375 |
| Connacher Oil and Gas Ltd., 8.50%, 8/01/19 (c) | 310 | 251,100 |
| Consol Energy, Inc., 8.25%, 4/01/20 | 1,800 | 1,935,000 |
| Continental Resources, Inc., 7.13%, 4/01/21 | 340 | 350,200 |
| Copano Energy LLC, 7.13%, 4/01/21 | 305 | 303,475 |
| Crosstex Energy LP, 8.88%, 2/15/18 | 165 | 170,775 |
| Denbury Resources, Inc.: | | |
| 8.25%, 2/15/20 | 652 | 687,045 |
| 6.38%, 8/15/21 | 320 | 313,600 |
| EV Energy Partners LP, 8.00%, 4/15/19 (c) | 140 | 137,200 |
| Energy XXI Gulf Coast, Inc. (c): | | |
| 9.25%, 12/15/17 | 390 | 399,750 |
| 7.75%, 6/15/19 | 815 | 766,100 |
| Forbes Energy Services Ltd., 9.00%, 6/15/19 (c) | 335 | 319,088 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (c) | 710 | 717,100 |
| Linn Energy LLC (c): | | |
| 6.50%, 5/15/19 | 230 | 219,650 |
| 8.63%, 4/15/20 | 1,005 | 1,075,350 |
| 7.75%, 2/01/21 | 395 | 402,900 |
| MarkWest Energy Partners LP, 6.75%, 11/01/20 | 120 | 123,000 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (c) | 1,705 | 1,722,050 |
| OGX Petroleo e Gas Participações SA, 8.50%, 6/01/18 (c) | 3,625 | 3,634,062 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (c) | 300 | 294,000 |
| Petrohawk Energy Corp.: | | |
| 10.50%, 8/01/14 | 350 | 395,500 |
| 7.88%, 6/01/15 | 450 | 486,000 |
| 7.25%, 8/15/18 | 290 | 338,212 |
| Pioneer Natural Resources Co., 6.88%, 5/01/18 | 95 | 102,901 |
| Precision Drilling Corp., 6.50%, 12/15/21 (c) | 275 | 275,000 |
| Range Resources Corp.: | | |
| 8.00%, 5/15/19 | 400 | 435,000 |
| 5.75%, 6/01/21 | 310 | 311,550 |
| SM Energy Co., 6.63%, 2/15/19 (c) | 260 | 260,000 |
| SandRidge Energy, Inc., 7.50%, 3/15/21 (c) | 835 | 814,125 |
| Teekay Corp., 8.50%, 1/15/20 | 510 | 495,975 |
| | | 23,404,596 |
| Paper & Forest Products 2.5% | | |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (c)(e) | 354 | 247,611 |
| Boise Paper Holdings LLC: | | |
| 9.00%, 11/01/17 | 115 | 122,188 |

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| | | |
|---|-------|-----------|
| 8.00%, 4/01/20 | 140 | 143,150 |
| Clearwater Paper Corp.: | | |
| 10.63%, 6/15/16 | 370 | 405,150 |
| 7.13%, 11/01/18 (c) | 535 | 537,675 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (c) | 1,525 | 1,741,562 |
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (c) | 315 | 311,850 |
| NewPage Corp., 11.38%, 12/31/14 (i) | 1,935 | 1,702,800 |
| Sappi Papier Holding GmbH, 6.63%, 4/15/21 (c) | 120 | 106,800 |
| Verso Paper Holdings LLC, 11.50%, 7/01/14 | 707 | 749,420 |
| | | 6,068,206 |

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Pharmaceuticals 0.5% | | |
| Capsugel Finance Co. SCA, 9.88%, 8/01/19 (c) | EUR 200 | \$ 275,808 |
| Endo Pharmaceuticals Holdings, Inc., 7.00%, 7/15/19 (c) | USD 170 | 172,125 |
| Valeant Pharmaceuticals International, 6.50%, 7/15/16 (c) | 780 | 741,000 |
| | | 1,188,933 |
| Professional Services 0.3% | | |
| FTI Consulting, Inc., 6.75%, 10/01/20 (c) | 850 | 838,313 |
| Real Estate Investment Trusts (REITs) 1.3% | | |
| FelCor Lodging LP, 6.75%, 6/01/19 (c) | 1,285 | 1,207,900 |
| iStar Financial, Inc., 5.65%, 9/15/11 | 1,500 | 1,488,750 |
| The Rouse Co. LP, 6.75%, 11/09/15 | 480 | 486,000 |
| | | 3,182,650 |
| Real Estate Management & Development 2.2% | | |
| CB Richard Ellis Services, Inc., 6.63%, 10/15/20 | 310 | 303,025 |
| Forest City Enterprises, Inc., 7.63%, 6/01/15 | 1,325 | 1,275,313 |
| Realogy Corp. (c): | | |
| 11.50%, 4/15/17 (h) | 910 | 723,450 |
| 12.00%, 4/15/17 | 90 | 72,000 |
| 7.88%, 2/15/19 | 2,400 | 1,992,000 |
| Shea Homes LP, 8.63%, 5/15/19 (c) | 1,025 | 866,125 |
| | | 5,231,913 |
| Road & Rail 2.0% | | |
| Avis Budget Car Rental LLC: | | |
| 9.63%, 3/15/18 | 475 | 485,688 |
| 8.25%, 1/15/19 | 710 | 686,925 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (c) | 410 | 407,950 |
| The Hertz Corp. (c): | | |
| 7.50%, 10/15/18 | 595 | 583,100 |
| 6.75%, 4/15/19 | 410 | 382,325 |
| 7.38%, 1/15/21 | 455 | 434,525 |
| Hertz Holdings Netherlands BV: | | |
| 8.50%, 7/31/15 | EUR 100 | 140,777 |
| 8.50%, 7/31/15 (c) | 1,225 | 1,724,519 |
| | | 4,845,809 |
| Semiconductors & Semiconductor Equipment 0.2% | | |
| Spansion LLC, 7.88%, 11/15/17 (c) | USD 540 | 540,000 |
| Specialty Retail 2.2% | | |
| Asbury Automotive Group, Inc., 8.38%, 11/15/20 | 335 | 329,138 |
| Hillman Group, Inc., 10.88%, 6/01/18 | 490 | 494,900 |
| House of Fraser Plc., 8.88%, 8/15/18 (c) | GBP 259 | 357,378 |
| Limited Brands, Inc., 8.50%, 6/15/19 | USD 745 | 839,056 |
| Phones4u Finance Plc, 9.50%, 4/01/18 (c) | GBP 370 | 462,478 |
| QVC, Inc. (c): | | |
| 7.13%, 4/15/17 | USD 210 | 219,450 |

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| | | |
|---|-------|-----------|
| 7.50%, 10/01/19 | 565 | 608,787 |
| 7.38%, 10/15/20 | 195 | 209,625 |
| Sonic Automotive, Inc., 9.00%, 3/15/18 | 345 | 350,175 |
| Toys R US-Delaware, Inc., 7.38%, 9/01/16 (c) | 390 | 378,300 |
| United Auto Group, Inc., 7.75%, 12/15/16 | 950 | 961,875 |
| | | 5,211,162 |
| Transportation Infrastructure 0.2% | | |
| Aguila 3 SA, 7.88%, 1/31/18 (c) | 398 | 374,120 |
| Wireless Telecommunication Services 3.6% | | |
| Cricket Communications, Inc.: | | |
| 10.00%, 7/15/15 | 715 | 739,131 |
| 7.75%, 5/15/16 | 306 | 309,825 |
| Digicel Group Ltd. (c): | | |
| 8.88%, 1/15/15 | 635 | 635,000 |
| 9.13%, 1/15/15 | 1,711 | 1,710,632 |
| 8.25%, 9/01/17 | 1,135 | 1,135,000 |
| 10.50%, 4/15/18 | 500 | 530,000 |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|--------------------|
| Corporate Bonds | | |
| Wireless Telecommunication Services (concluded) | | |
| FiberTower Corp., 9.00%, 1/01/16 (e) | USD 311 | \$ 193,552 |
| Intelsat Jackson Holdings SA, 7.50%, 4/01/21 (c) | 140 | 135,450 |
| iPCS, Inc., 2.38%, 5/01/13 (h) | 760 | 704,900 |
| MetroPCS Wireless, Inc.: | | |
| 7.88%, 9/01/18 | 340 | 344,675 |
| 6.63%, 11/15/20 | 850 | 794,750 |
| NII Capital Corp., 7.63%, 4/01/21 | 344 | 350,880 |
| Sprint Capital Corp., 6.88%, 11/15/28 | 1,210 | 1,082,950 |
| | | 8,666,745 |
| Total Corporate Bonds 103.0% | | 247,450,167 |
| Floating Rate Loan Interests (h) | | |
| Airlines 0.3% | | |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%, 4/20/17 | 675 | 622,127 |
| Building Products 0.2% | | |
| Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/30/17 | 500 | 502,500 |
| Capital Markets 0.1% | | |
| Marsico Parent Co., LLC, Term Loan, 5.25%, 12/15/14 | 369 | 206,424 |
| Chemicals 0.1% | | |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term Loan Facility (First Lien), 3.48% 3.51%, 7/30/14 | 313 | 285,907 |
| Construction & Engineering 0.7% | | |
| Safway Services, LLC, Last Out Term Loan, 7.25%, 12/18/17 | 1,750 | 1,750,000 |
| Consumer Finance 1.5% | | |
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17 | 4,000 | 3,705,000 |
| Diversified Consumer Services 0.0% | | |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.69% 2.76%, 7/24/14 | 77 | 71,408 |
| Delayed Draw Term Loan, 2.72%, 7/24/14 | 8 | 7,111 |
| | | 78,519 |
| Diversified Telecommunication Services 0.2% | | |
| Level 3 Financing, Inc., Incremental Tranche A Term Loan, 2.50%, 3/13/14 | 475 | 438,900 |
| Electronic Equipment, Instruments & Components 0.0% | | |
| CDW LLC (FKA CDW Corp.), Non-Extended Term Loan, 3.71%, 10/10/14 | 110 | 103,400 |
| Energy Equipment & Services 0.6% | | |
| Dynegy Holdings, Inc.: | | |
| Coal Company Term Loan, 9.25%, 8/04/16 | 530 | 519,661 |
| Gas Company Term Loan, 9.25%, 8/04/16 | 970 | 951,079 |
| | | 1,470,740 |

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| | | | |
|---|-------------|-----|-----------|
| Health Care Providers & Services | 0.7% | | |
| Harden Healthcare, Inc.: | | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | | 435 | 425,844 |
| Tranche A Term Loan, 8.50%, 3/02/15 | | 381 | 373,039 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 8/04/16 | | 801 | 755,846 |
| | | | 1,554,729 |

| | | Par (000) | | Value |
|--|-------------|--------------|----|---------|
| Floating Rate Loan Interests (h) | | | | |
| Hotels, Restaurants & Leisure | 0.4% | | | |
| Caesars Entertainment Operating Co., Inc., Term Loan B-3, 3.25%, 1/28/15 | | USD 341 | \$ | 293,899 |
| Travelport LLC, (FKA Travelport, Inc.), Term Loan, 8.29%, 3/27/12 | | 1,251 | | 689,203 |
| | | | | 983,102 |

| | | | | |
|---|-------------|-------|--|-----------|
| Independent Power Producers & Energy Traders | 0.9% | | | |
| Texas Competitive Electric Holdings Co., LLC (TXU), Extended Term Loan, 4.71% 4.77%, 10/10/17 | | | | |
| | | 2,926 | | 2,148,176 |

| | | | | |
|---|-------------|-------|--|-----------|
| Media | 3.8% | | | |
| Cengage Learning Acquisitions, Inc. (FKA Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | | | |
| | | 1,455 | | 1,389,525 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.21%, 6/12/14 | | | | |
| | | 862 | | 692,815 |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | | | | |
| | | 5,985 | | 5,730,637 |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | | | |
| | | 1,375 | | 1,419,688 |
| | | | | 9,232,665 |

| | | | | |
|--|-------------|-----------|--|-----------|
| Multiline Retail | 0.6% | | | |
| Hema Holding BV, Mezzanine, 9.93%, 7/05/17 | | EUR 1,097 | | 1,407,026 |

| | | | | |
|--|-------------|-----------|--|-----------|
| Oil, Gas & Consumable Fuels | 0.8% | | | |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15 | | | | |
| | | USD 1,829 | | 1,810,296 |

| | | | | |
|---|-------------|-------|--|-----------|
| Paper & Forest Products | 0.5% | | | |
| Verso Paper Finance Holdings LLC, Term Loan, 6.51% 7.26%, 2/01/13 (e) | | | | |
| | | 1,326 | | 1,140,343 |

| | | | | |
|---|-------------|-------|--|-----------|
| Real Estate Investment Trusts (REITs) | 0.6% | | | |
| iStar Financial, Inc., Term Loan, (Second Lien), 5.00%, 6/28/13 | | | | |
| | | 1,383 | | 1,344,124 |

| | | | | |
|---|-------------|-----|--|---------|
| Real Estate Management & Development | 0.3% | | | |
| Realogy Corp.: | | | | |
| Extended Synthetic Letter of Credit Loan, 4.44%, 10/10/16 | | | | |
| | | 124 | | 101,911 |
| Extended Term Loan B, 4.52%, 10/10/16 | | | | |
| | | 689 | | 566,955 |
| | | | | 668,866 |

| | | | | |
|--|--------------|-----|--|------------|
| Specialty Retail | 0.0% | | | |
| Claire s Stores, Inc., Term Loan B, 3.00%, 5/29/14 | | | | |
| | | 109 | | 94,562 |
| Total Floating Rate Loan Interests | 12.3% | | | 29,547,406 |

| | | Beneficial Interest (000) | | |
|---|-------------|---------------------------------|-----|-----------|
| Other Interests (k) | | | | |
| Auto Components | 2.6% | | | |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests (a) | | | | |
| | | | (l) | 6,247,969 |
| Energy Equipment & Services | 0.6% | | | |

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| | | |
|---|-----|-----------|
| BLK COY (Luxembourg) Investments, S.a.r.l. (Laricina Energy Ltd.) (a)(m) | 35 | 1,549,759 |
| Media 0.0% | | |
| Adelphia Escrow (a) | 700 | 7 |
| Adelphia Recovery Trust (a) | 878 | 88 |
| | | 95 |
| Total Other Interests 3.2% | | 7,797,823 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

Preferred Securities

| Capital Trusts | Par (000) | Value |
|---|--------------|------------|
| Insurance 0.2% | | |
| Genworth Financial, Inc., 6.15%, 11/15/66 (h) | USD 790 | \$ 474,000 |
| Total Capital Trusts 0.2% | | 474,000 |

| Preferred Stocks | Shares | Value |
|--|--------|-----------|
| Auto Components 0.3% | | |
| Dana Holding Corp., 4.00% (c)(f) | 6,380 | 718,547 |
| Diversified Financial Services 0.9% | | |
| Ally Financial, Inc., 7.00% (c) | 2,883 | 2,193,693 |
| Media 0.2% | | |
| CMP Susquehanna Radio Holdings Corp., 0.00% (a)(c)(h) | 34,982 | 297,347 |
| Total Preferred Stocks 1.4% | | 3,209,587 |

| Trust Preferreds | Value |
|--|------------------|
| Diversified Financial Services 0.7% | |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (h) | 80,890 1,727,002 |
| Total Trust Preferreds 0.7% | 1,727,002 |
| Total Preferred Securities 2.3% | 5,410,589 |

| Warrants (n) | Value |
|--|----------------|
| Health Care Providers & Services 0.0% | |
| HealthSouth Corp. (Expires 1/16/14) | 29,930 |
| Media 0.1% | |
| Cumulus Media, Inc. (Expires 3/26/19) | 88,351 225,781 |
| New Vision Holdings LLC (Expires 9/30/14) | 14,965 150 |
| | 225,931 |
| Software 0.0% | |
| Bankruptcy Management Solutions, Inc. (Expires 9/29/17) | 312 3 |
| HMH Holdings/EduMedia (Expires 3/09/17) | 9,997 3 |
| | 3 |
| Total Warrants 0.1% | 225,934 |
| Total Long-Term Investments (Cost \$309,796,735) 124.8% | 299,702,026 |

| Short-Term Securities | Value |
|---|---------------------|
| BlackRock Liquidity Funds, TempCash, Institutional Class, 0.11% (o)(p) | 1,965,816 1,965,816 |
| Total Short-Term Securities (Cost \$1,965,816) 0.8% | 1,965,816 |

| Options Purchased | Contracts | Value |
|--|-----------|----------|
| Exchange-Traded Call Options 0.0% | 412 | \$ 5,356 |
| E*Trade Financial Corp., Strike Price USD 20.00, Expires 10/22/11 | 412 | \$ 5,356 |
| Exchange-Traded Put Options 0.0% | | |

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| | | |
|---|--------------------------------------|------------------------|
| SPDR S&P 500 ETF Trust, Strike Price USD 120.00, Expires 9/17/11 | 131 | 29,478 |
| Over-the-Counter Call Options 0.0% | | |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/21/19, Broker Goldman Sachs Bank USA | 17 | |
| | Notional Amount (000) | |
| Over-the-Counter Call Swaptions 0.1% | | |
| Receive a return based on return of Dow Jones CDX North America High Yield Index Series 16 and pay a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Deutsche Bank Securities Inc. | \$ 10,000 | 100,351 |
| Total Options Purchased (Cost \$244,707) 0.1% | | 135,185 |
| Total Investments Before Options Written (Cost \$312,007,258*) 125.7% | | 301,803,027 |
| Options Written | | |
| Contracts | | |
| Exchange-Traded Put Options (0.0%) E*Trade Financial Corp., Strike Price USD 13.00, Expires 10/22/11 | 412 | (84,460) |
| | Notional Amount (000) | |
| Over-the-Counter Call Swaptions (0.1%) | | |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 9/21/11, Broker Credit Suisse International | USD 10,650 | (2,084) |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Goldman Sachs International | 4,000 | (181,742) (183,826) |
| Over-the-Counter Put Swaptions (0.3%) | | |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 9/21/11, Broker Credit Suisse International | 2,775 | (90,853) |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Goldman Sachs International | 4,000 | (130,653) |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)
(Percentages shown are based on Net Assets)

| | Notional Amount (000) | Value |
|---|-----------------------------|----------------|
| Options Written | | |
| Over-the-Counter Put Swaptions (concluded) | | |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Morgan Stanley Capital Services | USD 10,000 | \$ (388,255) |
| | | (609,761) |
| Total Options Written | | (878,047) |
| (Premiums Received \$601,636) (0.4)% | | (878,047) |
| Total Investments, Net of Options Written 125.3% | | 300,924,980 |
| Liabilities in Excess of Other Assets (25.3)% | | (60,682,896) |
| Net Assets 100.0% | | \$ 240,242,084 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 313,099,853 |
| Gross unrealized appreciation | \$ 11,308,144 |
| Gross unrealized depreciation | (22,600,970) |
| Net unrealized depreciation | \$ (11,292,826) |

- (a) Non-income producing security.
- (b) Restricted security as to resale. As of report date the Fund held less than 0.1% of its net assets, with a current market value of \$3,851 and an original cost of \$277, in this security.
- (c) 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.
- (d) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (f) Convertible security.
- (g) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (h) Variable rate security. Rate shown is as of report date.
- (i) Issuer filed for bankruptcy and/or is in default of interest payments.
- (j) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization or private entities.

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- (l) Amount is less than \$500.
- (m) The investment is held by a wholly owned subsidiary of the Fund.
- (n) 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, if any.
- (o) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2010 | Net Activity | Shares Held at August 31, 2011 | Income |
|--|--|-----------------|--------------------------------------|----------|
| BlackRock Liquidity Funds, TempCash, Institutional Class | 1,721,866 | 243,950 | 1,965,816 | \$ 1,031 |

- (p) Represents the current yield as of report date.

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 rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Financial futures contracts sold as of August 31, 2011 were as follows:

| Contracts | Issue | Exchange | Expiration | Notional Value | Unrealized Depreciation |
|-----------|------------------------|-----------------------|-------------------|-------------------|----------------------------|
| 347 | S&P 500 Index Emini | Chicago Mercantile | September 2011 | \$ 19,749,027 | \$ (1,378,068) |

Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|---|--------------------|--|
| EUR 293,000 | USD 421,255 | Royal Bank of Scotland | 9/02/11 | \$ (360) |
| USD 192,154 | CAD 190,000 | Citibank NA | 10/07/11 | (1,700) |
| USD 3,596,799 | GBP 2,251,000 | Royal Bank of Scotland | 10/07/11 | (55,827) |
| USD 20,237,444 | EUR 14,117,000 | Citibank NA | 10/26/11 | (28,322) |
| USD 760,967 | EUR 530,000 | Deutsche Bank AG | 10/26/11 | 121 |
| USD 45,787 | EUR 32,000 | Morgan Stanley Capital Services, Inc. | 10/26/11 | (151) |
| USD 420,982 | EUR 293,000 | Royal Bank of Scotland | 10/26/11 | 363 |
| USD 199,829 | EUR 140,000 | UBS AG | 10/26/11 | (1,149) |
| Total | | | | \$ (87,025) |

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Credit default swaps on single-name issues buy protection outstanding as of August 31, 2011 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|-----------------------|----------------|---------------------------------------|-----------------|-----------------------|--|
| iStar Financial, Inc. | 5.00% | Morgan Stanley Capital Services, Inc. | 9/20/11 | \$ 750 | \$ (2,347) |
| iStar Financial, Inc. | 5.00% | Morgan Stanley Capital Services, Inc. | 9/20/11 | \$ 750 | (2,436) |
| Republic of Hungary | 1.00% | Deutsche Bank AG | 12/20/15 | \$ 280 | 5,918 |
| Israel (State of) | 1.00% | Deutsche Bank AG | 3/20/16 | \$ 625 | (6,428) |
| Beazer Homes USA Inc. | 5.00% | Credit Suisse Securities (USA) LLC | 9/20/16 | \$ 125 | (5,472) |
| Beazer Homes USA Inc. | 5.00% | Goldman Sachs & Co. | 9/20/16 | \$ 175 | 11,459 |
| Realogy Corp | 5.00% | Goldman Sachs & Co. | 9/20/16 | \$ 125 | (9,218) |
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 12/20/16 | \$ 250 | (20,392) |
| Total | | | | | \$ (28,916) |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund, Inc. (COY)

Credit default swaps on traded indexes buy protection outstanding as of August 31, 2011 were as follows:

| Index | Pay Fixed Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--|----------------|------------------------------------|-----------------|-----------------------|--|
| Dow Jones CDX North America High Yield Index Series 16 | 5.00% | Credit Suisse Securities (USA) LLC | 6/20/16 | \$ 2,100 | |

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2011 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration Date | Issuer Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|-----------------------|--------------------|-----------------------------|-----------------|-----------------------------------|------------------------------------|--|
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 9/20/11 | B+ | \$ 250 | \$ 1,583 |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 3/20/16 | B | \$ 500 | (14,585) |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 6/20/16 | B | \$ 300 | (9,383) |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 6/20/16 | B | \$ 300 | (11,486) |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 9/20/16 | B | \$ 350 | (15,369) |
| Total | | | | | | \$ (49,240) |

¹ Using S&P's rating.² The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement.

Interest rate swaps outstanding as of August 31, 2011 were as follows:

| Fixed Rate | Floating Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Appreciation |
|----------------------|---------------|------------------|-----------------|-----------------------|-------------------------|
| 3.12% ^(a) | 3-month LIBOR | Deutsche Bank AG | 8/02/21 | \$ 1,320 | \$ 11,812 |
| 3.09% ^(a) | 3-month LIBOR | Deutsche Bank AG | 8/03/21 | \$ 1,330 | 10,135 |

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| | | | | | | |
|----------------------|---------------|------------------------------------|---------|----|-------|--------|
| 3.15% ^(a) | 3-month LIBOR | Credit Suisse Securities (USA) LLC | 8/11/21 | \$ | 1,340 | 13,759 |
| 3.11% ^(a) | 3-month LIBOR | Deutsche Bank AG | 8/11/21 | \$ | 1,340 | 11,386 |
| Total | | | | | \$ | 47,092 |

(a) Pays a fixed interest rate and receives floating rate.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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

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

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------|---------------|----------------|---------------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 7,032,920 | \$ 85,137 | \$ 2,152,050 | \$ 9,270,107 |
| Corporate Bonds | | 242,319,052 | 5,131,115 | 247,450,167 |
| Floating Rate | | | | |
| Loan Interests | | 23,768,539 | 5,778,867 | 29,547,406 |
| Other Interests | 88 | 6,247,969 | 1,549,766 | 7,797,823 |
| Preferred Securities | 1,727,002 | 3,386,240 | 297,347 | 5,410,589 |
| Warrants | | | 225,934 | 225,934 |
| Short-Term Securities | 1,965,816 | | | 1,965,816 |
| Total | \$ 10,725,826 | \$ 275,806,937 | \$ 15,135,079 | \$ 301,667,842 |

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|-----------|---------|-----------|
| Derivative Financial Instruments¹ | | | | |
| Assets: | | | | |
| Credit contracts | | \$ 18,960 | | \$ 18,960 |
| Equity contracts | \$ 34,834 | 100,351 | | 135,185 |
| Foreign currency exchange contracts | | 484 | | 484 |
| Interest rate contracts | | 47,092 | | 47,092 |

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| Liabilities: | | | |
|-------------------------------------|----------------|--------------|----------------|
| Credit contracts | | (97,116) | (97,116) |
| Equity contracts | (1,462,528) | (793,587) | (2,256,115) |
| Foreign currency exchange contracts | | (87,509) | (87,509) |
| Total | \$ (1,427,694) | \$ (811,325) | \$ (2,239,019) |

- ¹ Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts, and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value.

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund, Inc. (COY)

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Preferred Stocks | Warrants | Unfunded Loan Commitments | Total |
|--|---------------------|---------------------|------------------------------------|---------------------|---------------------|-------------------|---------------------------------|----------------------|
| Assets/Liabilities: | | | | | | | | |
| Balance, as of February 28, 2011 | \$ 412,146 | \$ 5,083,048 | \$ 6,878,236 | \$ 7 | | \$ 154 | \$ (11,592) | \$ 12,361,999 |
| Accrued discounts/premiums | | 12,301 | 1,296 | | | | | 13,597 |
| Net realized gain (loss) | | 6,528 | 3,965 | | | | | 10,493 |
| Net change in unrealized appreciation/depreciation ² | (2,000,339) | 624,595 | 1,156,020 | (27,393) | \$ 297,347 | 225,780 | 11,592 | 287,602 |
| Purchases | 3,740,243 | 47,658 | 5,690 | 1,577,152 | | | | 5,370,743 |
| Sales | | (748,753) | (2,574,160) | | | | | (3,322,913) |
| Transfers in ³ | | 105,738 | 1,461,797 | | | | | 1,567,535 |
| Transfers out ³ | | | (1,153,977) | | | | | (1,153,977) |
| Balance, as of August 31, 2011 | \$ 2,152,050 | \$ 5,131,115 | \$ 5,778,867 | \$ 1,549,766 | \$ 297,347 | \$ 225,934 | | \$ 15,135,079 |

² Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(992,367).

³ The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Financial Statements.

Schedule of Investments August 31, 2011 (Unaudited)

BlackRock Corporate High Yield Fund III, Inc. (CYE)

(Percentages shown are based on Net Assets)

| | Shares | Value |
|--|-------------|------------|
| Common Stocks | | |
| Capital Markets 0.1% | | |
| E*Trade Financial Corp. (a) | 29,600 | \$ 365,856 |
| Chemicals 0.0% | | |
| Wellman Holdings, Inc. | 256 | 832 |
| Wellman, Inc. (acquired 1/30/09, cost \$235) (a)(b) | 1,266 | 4,114 |
| | | 4,946 |
| Communications Equipment 0.4% | | |
| Loral Space & Communications Ltd. (a) | 20,518 | 1,161,114 |
| Diversified Financial Services 0.8% | | |
| Kcad Holdings I Ltd. | 184,016,803 | 2,076,998 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. (a) | 70,784 | 779 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. (a) | 1,099 | 2,747 |
| Media 1.4% | | |
| Belo Corp., Class A | 47,382 | 258,232 |
| Charter Communications, Inc. (a) | 63,805 | 3,182,593 |
| Clear Channel Outdoor Holdings, Inc., Class A (a) | 9,964 | 114,088 |
| | | 3,554,913 |
| Metals & Mining 0.1% | | |
| African Minerals Ltd. (a) | 47,050 | 391,428 |
| Oil, Gas & Consumable Fuels 0.2% | | |
| Marathon Petroleum Corp. | 10,600 | 392,836 |
| Paper & Forest Products 0.3% | | |
| Ainsworth Lumber Co. Ltd. (c) | 140,415 | 286,766 |
| Ainsworth Lumber Co. Ltd. | 122,117 | 249,397 |
| Western Forest Products, Inc. (a) | 158,023 | 106,500 |
| Western Forest Products, Inc. (a)(c) | 45,762 | 30,841 |
| | | 673,504 |
| Semiconductors & Semiconductor Equipment 0.4% | | |
| Spansion, Inc., Class A (a) | 64,237 | 964,198 |
| SunPower Corp., Class B (a) | 271 | 3,211 |
| | | 967,409 |
| Software 0.1% | | |
| Bankruptcy Management Solutions, Inc. (a) | 501 | 2 |
| HMH Holdings/EduMedia (a) | 89,669 | 179,338 |
| | | 179,340 |
| Total Common Stocks 3.8% | | 9,771,870 |

| | Par (000) | |
|---|--------------|-----------|
| Corporate Bonds | | |
| Aerospace & Defense 0.6% | | |
| Huntington Ingalls Industries, Inc. (c): | | |
| 6.88%, 3/15/18 | USD 360 | 338,400 |
| 7.13%, 3/15/21 | 400 | 376,000 |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | 756 | 776,790 |
| | | 1,491,190 |
| Air Freight & Logistics 0.5% | | |

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National Air Cargo Group, Inc.:

| | | |
|---------------------------|-----|-----------|
| Series 1, 12.38%, 9/02/15 | 679 | 705,964 |
| Series 2, 12.38%, 8/16/15 | 686 | 713,156 |
| | | 1,419,120 |

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Airlines 3.1% | | |
| Air Canada, 9.25%, 8/01/15 (c) | USD 900 | \$ 864,000 |
| American Airlines, Inc.: | | |
| 10.50%, 10/15/12 | 940 | 969,375 |
| 7.50%, 3/15/16 (c) | 140 | 126,700 |
| Series 2001-2, 7.86%, 4/01/13 | 400 | 400,000 |
| Series 2011-1-B, 7.00%, 1/31/18 (c) | 407 | 350,272 |
| Continental Airlines, Inc.: | | |
| 6.75%, 9/15/15 (c) | 630 | 614,250 |
| Series 1997-4-B, 6.90%, 7/02/18 (d) | 396 | 390,128 |
| Series 2010-1-B, 6.00%, 1/12/19 | 500 | 462,500 |
| Delta Air Lines, Inc.: | | |
| Series 2010-1-B, 6.38%, 7/02/17 | 500 | 450,000 |
| Series B, 9.75%, 12/17/16 | 765 | 784,455 |
| US Airways Pass-Through Trust, 10.88%, 10/22/14 | 690 | 672,750 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 2,062 | 2,155,175 |
| | | 8,239,605 |
| Auto Components 2.1% | | |
| Allison Transmission, Inc., 11.00%, 11/01/15 (c) | 230 | 242,075 |
| B-Corp Merger Sub, Inc., 8.25%, 6/01/19 (c) | 210 | 195,300 |
| Delphi Corp., 6.13%, 5/15/21 (c) | 170 | 164,050 |
| Ford Motor Co., 7.45%, 7/16/31 | 730 | 800,352 |
| Icahn Enterprises LP: | | |
| 4.00%, 8/15/13 (c)(e)(f) | 255 | 243,219 |
| 8.00%, 1/15/18 | 3,035 | 3,065,350 |
| International Automotive Components Group, | | |
| SL, 9.13%, 6/01/18 (c) | 260 | 255,450 |
| Titan International, Inc., 7.88%, 10/01/17 | 465 | 488,250 |
| | | 5,454,046 |
| Beverages 0.2% | | |
| Cott Beverages, Inc., 8.13%, 9/01/18 | 264 | 273,240 |
| Crown European Holdings SA, 7.13%, 8/15/18 (c) | EUR 245 | 339,625 |
| | | 612,865 |
| Biotechnology 0.1% | | |
| QHP Pharma, 10.25%, 3/15/15 (c) | USD 335 | 341,135 |
| Building Products 1.3% | | |
| Building Materials Corp. of America (c): | | |
| 7.00%, 2/15/20 | 440 | 440,000 |
| 6.75%, 5/01/21 | 1,260 | 1,206,450 |
| Griffon Corp., 7.13%, 4/01/18 (c) | 430 | 406,350 |
| Momentive Performance Materials, Inc.: | | |
| 11.50%, 12/01/16 | 475 | 470,250 |
| 9.00%, 1/15/21 (c) | 985 | 842,175 |
| | | 3,365,225 |
| Capital Markets 1.0% | | |
| American Capital Ltd., 7.96%, 12/31/13 (g) | 510 | 506,420 |
| E*Trade Financial Corp.: | | |
| 12.50%, 11/30/17 (h) | 880 | 1,012,000 |
| 3.39%, 8/31/19 (c)(e)(i) | 244 | 291,580 |
| Series A, 3.65%, 8/31/19 (e)(i) | 7 | 8,365 |
| KKR Group Finance Co., 6.38%, 9/29/20 (c) | 650 | 691,570 |
| | | 2,509,935 |
| Chemicals 3.6% | | |
| American Pacific Corp., 9.00%, 2/01/15 | 880 | 864,600 |
| American Rock Salt Co. LLC, 8.25%, 5/01/18 (c) | 138 | 127,995 |

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| | | | |
|--|-----|-----|---------|
| Celanese US Holdings LLC, 5.88%, 6/15/21 | | 980 | 982,450 |
| Chemtura Corp., 7.88%, 9/01/18 (c) | | 375 | 385,312 |
| Hexion US Finance Corp.: | | | |
| 8.88%, 2/01/18 | | 480 | 448,800 |
| 9.00%, 11/15/20 (c) | | 310 | 270,475 |
| Huntsman International LLC (c): | | | |
| 6.88%, 11/15/13 | EUR | 280 | 398,198 |
| 8.63%, 3/15/21 | USD | 170 | 177,438 |
| Ineos Finance Plc, 9.00%, 5/15/15 (c) | | 420 | 425,250 |
| KRATON Polymers LLC, 6.75%, 3/01/19 (c) | | 125 | 120,000 |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Corporate Bonds | | |
| Chemicals (concluded) | | |
| Kinove German Bondco GmbH, 10.00%, 6/15/18 | EUR 583 | \$ 791,419 |
| Lyondell Chemical Co., 11.00%, 5/01/18 | USD 1,235 | 1,378,569 |
| Nexeo Solutions LLC, 8.38%, 3/01/18 (c) | 185 | 191,012 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (c) | 546 | 540,540 |
| Omnova Solutions, Inc., 7.88%, 11/01/18 (c) | 550 | 482,625 |
| PolyOne Corp., 7.38%, 9/15/20 | 215 | 221,450 |
| TPC Group LLC, 8.25%, 10/01/17 (c) | 335 | 343,375 |
| Wellman Holdings, Inc., Subordinate Note (e): | | |
| (Second Lien), 10.00%, 1/29/19 (c) | 844 | 1,173,160 |
| (Third Lien), 5.00%, 1/29/19 (h) | 290 | 206,060 |
| | | 9,528,728 |
| Commercial Banks 2.5% | | |
| CIT Group, Inc.: | | |
| 7.00%, 5/01/15 | 450 | 447,750 |
| 7.00%, 5/01/16 | 2,876 | 2,862,104 |
| 7.00%, 5/01/17 | 2,765 | 2,730,516 |
| 7.00%, 5/02/17 (c) | 440 | 434,500 |
| | | 6,474,870 |
| Commercial Services & Supplies 2.0% | | |
| ACCO Brands Corp., 10.63%, 3/15/15 | 755 | 825,781 |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (c) | 120 | 115,754 |
| Aviation Capital Group Corp., 6.75%, 4/06/21 (c) | 540 | 532,861 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (c) | 525 | 494,813 |
| Casella Waste Systems, Inc., 7.75%, 2/15/19 (c) | 650 | 625,625 |
| Clean Harbors, Inc., 7.63%, 8/15/16 (c) | 380 | 401,850 |
| Mobile Mini, Inc., 7.88%, 12/01/20 (c) | 365 | 354,963 |
| RSC Equipment Rental, Inc.: | | |
| 10.00%, 7/15/17 (c) | 585 | 628,875 |
| 8.25%, 2/01/21 | 875 | 815,937 |
| WCA Waste Corp., 7.50%, 6/15/19 (c) | 330 | 330,000 |
| West Corp., 8.63%, 10/01/18 (c) | 135 | 131,625 |
| | | 5,258,084 |
| Communications Equipment 0.8% | | |
| Avaya, Inc.: | | |
| 9.75%, 11/01/15 | 520 | 442,000 |
| 10.13%, 11/01/15 (h) | 650 | 561,438 |
| 7.00%, 4/01/19 (c) | 520 | 468,000 |
| EH Holding Corp. (c): | | |
| 6.50%, 6/15/19 | 380 | 380,000 |
| 7.63%, 6/15/21 | 260 | 258,700 |
| | | 2,110,138 |
| Construction & Engineering 0.1% | | |
| Abengoa SA, 8.50%, 3/31/16 | EUR 100 | 134,313 |
| Boart Longyear Management Ltd., 7.00%, 4/01/21 (c) | USD 200 | 198,500 |
| | | 332,813 |
| Construction Materials 0.3% | | |
| Calcipar SA, 6.88%, 5/01/18 (c) | 345 | 326,887 |

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| | | | | |
|---|-----|--------------|----|--------------|
| Xefin Lux SCA, 8.00%, 6/01/18 (c) | EUR | 254 | | 335,682 |
| | | | | 662,569 |
| Consumer Finance 1.2% | | | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | USD | 680 | | 688,500 |
| Ford Motor Credit Co. LLC: | | | | |
| 3.00%, 1/13/12 (f) | | 215 | | 215,004 |
| 7.80%, 6/01/12 | | 200 | | 206,004 |
| 7.00%, 4/15/15 | | 1,830 | | 1,953,525 |
| 6.63%, 8/15/17 | | 139 | | 145,519 |
| | | | | 3,208,552 |
| Containers & Packaging 1.2% | | | | |
| Ardagh Packaging Finance Plc, 7.38%, 10/15/17 (c) | EUR | 475 | | 639,692 |
| Berry Plastics Corp., 8.25%, 11/15/15 | USD | 135 | | 139,050 |
| GCL Holdings SCA, 9.38%, 4/15/18 (c) | EUR | 267 | | 335,603 |
| Corporate Bonds | | | | |
| Containers & Packaging (concluded) | | | | |
| | | Par | | Value |
| | | (000) | | |
| Graphic Packaging International, Inc., 7.88%, 10/01/18 | USD | 375 | \$ | 393,750 |
| OI European Group BV, 6.88%, 3/31/17 | EUR | 155 | | 211,525 |
| Pregis Corp., 12.38%, 10/15/13 | USD | 410 | | 377,200 |
| Rock-Tenn Co., 9.25%, 3/15/16 | | 55 | | 57,750 |
| Smurfit Kappa Acquisitions (c): | | | | |
| 7.25%, 11/15/17 | EUR | 495 | | 682,625 |
| 7.75%, 11/15/19 | | 315 | | 432,135 |
| | | | | 3,269,330 |
| Diversified Consumer Services 1.2% | | | | |
| Service Corp. International, 7.00%, 6/15/17 | USD | 3,000 | | 3,135,000 |
| Diversified Financial Services 6.0% | | | | |
| Ally Financial, Inc.: | | | | |
| 7.50%, 12/31/13 | | 280 | | 288,400 |
| 8.30%, 2/12/15 | | 540 | | 567,000 |
| 6.25%, 12/01/17 (c) | | 660 | | 634,865 |
| 8.00%, 3/15/20 | | 440 | | 444,400 |
| 7.50%, 9/15/20 | | 670 | | 658,275 |
| 8.00%, 11/01/31 | | 1,450 | | 1,417,375 |
| 8.00%, 11/01/31 | | 880 | | 846,499 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 450 | | 469,125 |
| Boparan Holdings Ltd. (c): | | | | |
| 9.75%, 4/30/18 | EUR | 102 | | 112,837 |
| 9.88%, 4/30/18 | GBP | 145 | | 190,657 |
| FCE Bank Plc: | | | | |
| 7.13%, 1/15/13 | EUR | 1,050 | | 1,512,097 |
| 4.75%, 1/19/15 | | 419 | | 547,723 |
| General Motors Financial Co., Inc., 6.75%, 6/01/18 (c) | USD | 490 | | 487,550 |
| KION Finance SA, 7.88%, 4/15/18 (c) | EUR | 160 | | 190,767 |
| Lehman Brothers Holdings, Inc. (j): | | | | |
| 5.38%, 10/17/12 | EUR | 150 | | 51,714 |
| 5.75%, 5/17/13 | USD | 620 | | 154,225 |
| 4.75%, 1/16/14 | EUR | 760 | | 259,288 |
| 1.00%, 2/05/14 | | 1,600 | | 540,124 |
| 8.80%, 3/01/15 | USD | 175 | | 44,188 |
| Leucadia National Corp., 8.13%, 9/15/15 | | 1,175 | | 1,261,656 |
| Reynolds Group DL Escrow, Inc., 8.50%, 10/15/16 (c) | | 518 | | 529,655 |
| Reynolds Group Issuer, Inc.: | | | | |
| 8.75%, 10/15/16 (c) | EUR | 400 | | 557,362 |
| 8.75%, 10/15/16 | | 510 | | 710,637 |

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| | | | |
|--|-----|-------|------------|
| 7.13%, 4/15/19 (c) | USD | 245 | 232,138 |
| 9.00%, 4/15/19 (c) | | 265 | 238,500 |
| 7.88%, 8/15/19 (c) | | 1,095 | 1,084,050 |
| 9.88%, 8/15/19 (c) | | 455 | 427,700 |
| 8.25%, 2/15/21 (c) | | 735 | 619,238 |
| WMG Acquisition Corp. (c): | | | |
| 9.50%, 6/15/16 | | 120 | 122,400 |
| 11.50%, 10/01/18 | | 585 | 532,350 |
| | | | 15,732,795 |
| Diversified Telecommunication Services 4.5% | | | |
| Broadview Networks Holdings, Inc., 11.38%, | | | |
| 9/01/12 | | 1,035 | 890,100 |
| GCI, Inc., 6.75%, 6/01/21 (c) | | 288 | 283,680 |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | | 280 | 287,000 |
| Level 3 Escrow, Inc., 8.13%, 7/01/19 (c) | | 2,715 | 2,579,250 |
| Level 3 Financing, Inc.: | | | |
| 9.25%, 11/01/14 | | 84 | 85,050 |
| 8.75%, 2/15/17 | | 565 | 553,700 |
| Qwest Communications International, Inc.: | | | |
| 7.50%, 2/15/14 | | 2,675 | 2,708,437 |
| 8.00%, 10/01/15 | | 720 | 768,600 |
| Series B, 7.50%, 2/15/14 | | 1,660 | 1,680,750 |
| Qwest Corp., 7.63%, 6/15/15 | | 525 | 584,063 |

See Notes to Financial Statements.

Schedule of Investments
(continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)
(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Corporate Bonds | | | |
| Diversified Telecommunication Services (concluded) | | | |
| Windstream Corp.: | | | |
| 8.13%, 8/01/13 | USD | 460 | \$ 488,750 |
| 7.88%, 11/01/17 | | 743 | 781,079 |
| | | | 11,690,459 |
| Electric Utilities 0.6% | | | |
| Tokyo Electric Power Co., Inc., 4.50%, 3/24/14 | EUR | 1,200 | 1,473,850 |
| Electronic Equipment, Instruments & Components 0.6% | | | |
| CDW LLC: | | | |
| 11.00%, 10/12/15 | USD | 11 | 11,220 |
| 11.50%, 10/12/15 (h) | | 660 | 673,200 |
| 8.00%, 12/15/18 (c) | | 430 | 425,700 |
| Elster Finance BV, 6.25%, 4/15/18 (c) | EUR | 114 | 150,658 |
| Jabil Circuit, Inc., 8.25%, 3/15/18 | USD | 235 | 264,962 |
| | | | 1,525,740 |
| Energy Equipment & Services 1.6% | | | |
| Antero Resources Finance Corp., 7.25%, 8/01/19 (c) | | 165 | 160,462 |
| Calfrac Holdings LP, 7.50%, 12/01/20 (c) | | 245 | 237,650 |
| Compagnie Générale de Géophysique-Veritas, 7.75%, 5/15/17 | | 250 | 251,250 |
| Exterran Holdings, Inc., 7.25%, 12/01/18 (c) | | 445 | 431,650 |
| Frac Tech Services LLC, 7.13%, 11/15/18 (c) | | 1,135 | 1,174,725 |
| Key Energy Services, Inc., 6.75%, 3/01/21 | | 450 | 441,000 |
| MEG Energy Corp., 6.50%, 3/15/21 (c) | | 580 | 580,000 |
| Oil States International, Inc., 6.50%, 6/01/19 (c) | | 320 | 320,000 |
| SunCoke Energy, Inc., 7.63%, 8/01/19 (c) | | 220 | 216,150 |
| Thermon Industries, Inc., 9.50%, 5/01/17 | | 379 | 397,950 |
| | | | 4,210,837 |
| Food Products 0.5% | | | |
| Darling International, Inc., 8.50%, 12/15/18 (c) | | 240 | 259,800 |
| Del Monte Foods Co., 7.63%, 2/15/19 (c) | | 565 | 560,762 |
| JBS USA LLC, 7.25%, 6/01/21 (c) | | 90 | 81,788 |
| Reddy Ice Corp., 11.25%, 3/15/15 | | 440 | 399,300 |
| | | | 1,301,650 |
| Health Care Equipment & Supplies 1.4% | | | |
| DJO Finance LLC: | | | |
| 10.88%, 11/15/14 | | 2,320 | 2,398,300 |
| 7.75%, 4/15/18 (c) | | 100 | 93,000 |
| ExamWorks Group, Inc., 9.00%, 7/15/19 (c) | | 282 | 265,785 |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (c) | | 540 | 602,100 |
| Teleflex, Inc., 6.88%, 6/01/19 | | 295 | 292,787 |
| | | | 3,651,972 |
| Health Care Providers & Services 5.9% | | | |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 (c) | | 415 | 412,925 |
| ConvaTec Healthcare E SA (c): | | | |
| 7.38%, 12/15/17 | EUR | 600 | 775,710 |
| 10.50%, 12/15/18 | USD | 270 | 245,700 |

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| | | | |
|--|-----|-------|-----------|
| Crown Newco 3 Plc, 7.00%, 2/15/18 (c) | GBP | 364 | 531,796 |
| HCA, Inc.: | | | |
| 8.50%, 4/15/19 | USD | 305 | 332,450 |
| 6.50%, 2/15/20 | | 1,230 | 1,243,838 |
| 7.25%, 9/15/20 | | 2,910 | 2,990,025 |
| 7.50%, 2/15/22 | | 1,280 | 1,267,200 |
| IASIS Healthcare LLC, 8.38%, 5/15/19 (c) | | 755 | 660,625 |
| INC Research LLC, 11.50%, 7/15/19 (c) | | 410 | 379,250 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (c) | | 435 | 392,588 |
| Omnicare, Inc.: | | | |
| 6.13%, 6/01/13 | | 15 | 15,150 |
| 6.88%, 12/15/15 | | 88 | 89,760 |
| 7.75%, 6/01/20 | | 625 | 637,500 |

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Corporate Bonds | | | |
| Health Care Providers & Services (concluded) | | | |
| Symbion, Inc., 8.00%, 6/15/16 (c) | USD | 345 | \$ 320,850 |
| Tenet Healthcare Corp.: | | | |
| 9.00%, 5/01/15 | | 1,664 | 1,763,840 |
| 10.00%, 5/01/18 | | 779 | 856,900 |
| 8.88%, 7/01/19 | | 2,279 | 2,415,740 |
| | | | 15,331,847 |
| Health Care Technology 1.3% | | | |
| IMS Health, Inc., 12.50%, 3/01/18 (c) | | 2,405 | 2,765,750 |
| MedAssets, Inc., 8.00%, 11/15/18 (c) | | 535 | 516,275 |
| | | | 3,282,025 |
| Hotels, Restaurants & Leisure 1.4% | | | |
| Caesars Entertainment Operating Co., Inc., | | | |
| 11.25%, 6/01/17 | | 130 | 140,075 |
| Cirsa Funding Luxembourg SA, 8.75%, 5/15/18 | EUR | 53 | 66,237 |
| Diamond Resorts Corp., 12.00%, 8/15/18 | USD | 1,190 | 1,154,300 |
| El Dorado Resorts LLC, 8.63%, 6/15/19 (c) | | 180 | 153,450 |
| Enterprise Inns Plc, 6.50%, 12/06/18 | GBP | 324 | 399,721 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, | | | |
| 8/31/20 (c) | USD | 300 | 249,000 |
| MGM Mirage, 13.00%, 11/15/13 | | 110 | 126,088 |
| MGM Resorts International: | | | |
| 10.38%, 5/15/14 | | 255 | 279,862 |
| 11.13%, 11/15/17 | | 820 | 914,300 |
| Travelport LLC: | | | |
| 4.95%, 9/01/14 (f) | | 180 | 137,250 |
| 9.88%, 9/01/14 | | 40 | 34,100 |
| 9.00%, 3/01/16 | | 120 | 96,300 |
| Tropicana Entertainment LLC, Series WI, 9.63%, | | | |
| 12/15/14 (a)(j) | | 305 | 31 |
| | | | 3,750,714 |
| Household Durables 2.5% | | | |
| American Standard Americas, 10.75%, | | | |
| 1/15/16 (c) | | 410 | 332,100 |
| Ashton Woods USA LLC, 5.50%, 6/30/15 (c)(k) | | 880 | 631,400 |
| Beazer Homes USA, Inc.: | | | |
| 8.13%, 6/15/16 | | 315 | 222,075 |
| 12.00%, 10/15/17 | | 1,345 | 1,365,175 |
| 9.13%, 6/15/18 | | 460 | 319,125 |
| Ideal Standard International, 11.75%, 5/01/18 (c) | EUR | 154 | 170,340 |
| Jarden Corp., 7.50%, 1/15/20 | | 305 | 414,035 |
| Ryland Group, Inc., 6.63%, 5/01/20 | USD | 600 | 516,000 |
| Standard Pacific Corp.: | | | |
| 10.75%, 9/15/16 | | 1,390 | 1,376,100 |
| 8.38%, 5/15/18 | | 270 | 236,925 |

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| | | | |
|--|-----|-------|-----------|
| 8.38%, 1/15/21 | | 585 | 503,100 |
| United Rentals North America, Inc., 8.38%, 9/15/20 | | 435 | 396,938 |
| | | | 6,483,313 |
| Household Products 0.1% | | | |
| Ontex IV SA, 7.50%, 4/15/18 (c) | EUR | 150 | 192,850 |
| IT Services 2.0% | | | |
| Eagle Parent Canada, Inc., 8.63%, 5/01/19 (c) | USD | 740 | 680,800 |
| First Data Corp. (c): | | | |
| 7.38%, 6/15/19 | | 940 | 883,600 |
| 8.88%, 8/15/20 | | 535 | 529,650 |
| 12.63%, 1/15/21 | | 2,114 | 1,997,730 |
| SunGard Data Systems, Inc.: | | | |
| 7.38%, 11/15/18 | | 590 | 561,975 |
| 7.63%, 11/15/20 | | 600 | 573,000 |
| | | | 5,226,755 |

See Notes to Financial Statements.

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Schedule of Investments
(continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)
(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Corporate Bonds | | | |
| Independent Power Producers & Energy Traders 2.8% | | | |
| AES Corp., 7.38%, 7/01/21 (c) | USD | 860 | \$ 868,600 |
| Calpine Corp. (c): | | | |
| 7.50%, 2/15/21 | | 200 | 202,000 |
| 7.88%, 1/15/23 | | 645 | 657,900 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 | | 3,395 | 3,408,142 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | | 174 | 175,544 |
| NRG Energy, Inc., 7.63%, 1/15/18 (c) | | 2,170 | 2,148,300 |
| | | | 7,460,486 |
| Industrial Conglomerates 2.6% | | | |
| Alba Group Plc & Co., KG, 8.00%, 5/15/18 (c) | EUR | 107 | 149,863 |
| Sequa Corp. (c): | | | |
| 11.75%, 12/01/15 | USD | 2,340 | 2,433,600 |
| 13.50%, 12/01/15 | | 3,954 | 4,191,252 |
| | | | 6,774,715 |
| Insurance 1.3% | | | |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (c) | | 1,700 | 1,742,500 |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (c) | | 367 | 381,680 |
| Genworth Financial, Inc., 7.63%, 9/24/21 | | 430 | 381,637 |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (c) | | 260 | 249,600 |
| USI Holdings Corp., 4.16%, 11/15/14 (c)(f) | | 680 | 608,600 |
| | | | 3,364,017 |
| Machinery 1.3% | | | |
| AGY Holding Corp., 11.00%, 11/15/14 | | 980 | 858,725 |
| Navistar International Corp.: | | | |
| 3.00%, 10/15/14 (e) | | 1,960 | 2,163,350 |
| 8.25%, 11/01/21 | | 140 | 144,900 |
| Oshkosh Corp., 8.25%, 3/01/17 | | 30 | 30,825 |
| SPX Corp., 6.88%, 9/01/17 | | 175 | 182,438 |
| | | | 3,380,238 |
| Media 14.7% | | | |
| AMC Entertainment, Inc., 9.75%, 12/01/20 | | 175 | 168,875 |
| AMC Networks, Inc., 7.75%, 7/15/21 (c) | | 225 | 232,875 |
| Affinion Group, Inc., 7.88%, 12/15/18 (c) | | 815 | 721,275 |
| CCH II LLC, 13.50%, 11/30/16 | | 3,253 | 3,756,867 |
| CCO Holdings LLC: | | | |
| 7.25%, 10/30/17 | | 50 | 51,563 |
| 7.88%, 4/30/18 | | 110 | 114,400 |
| 6.50%, 4/30/21 | | 788 | 770,270 |
| CMP Susquehanna Corp., 3.42%, 5/15/14 (c)(f) | | 160 | 152,000 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | | 390 | 422,175 |
| Catalina Marketing Corp., 10.50%, 10/01/15 (c)(h) | | 610 | 610,000 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (c) | | 645 | 496,650 |
| Checkout Holding Corp., 10.69%, 11/15/15 (c)(i) | | 670 | 395,300 |
| Citadel Broadcasting Corp., 7.75%, 12/15/18 (c) | | 385 | 414,838 |
| Clear Channel Communications, Inc., 9.00%, 3/01/21 | | 545 | 438,725 |

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| | | |
|---|-------|-----------|
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 1,525 | 1,616,500 |
| Series B, 9.25%, 12/15/17 | 5,570 | 5,959,900 |
| Cox Enterprises, Inc.: | | |
| Loan Close 2, 4.00%, 8/15/18 | 661 | 682,581 |
| Loan Close 3, 12.00%, 8/15/18 | 756 | 780,386 |
| Shares Loan, 4.00%, 8/15/18 | 780 | 804,851 |
| Cumulus Media, Inc., 7.75%, 5/01/19 (c) | 130 | 114,075 |
| DISH DBS Corp.: | | |
| 7.00%, 10/01/13 | 90 | 94,388 |
| 6.75%, 6/01/21 (c) | 550 | 554,125 |
| Gray Television, Inc., 10.50%, 6/29/15 | 935 | 902,275 |
| Harland Clarke Holdings Corp.: | | |
| 6.00%, 5/15/15 (f) | 350 | 260,750 |
| 9.50%, 5/15/15 | 315 | 256,725 |

| | Par (000) | Value |
|---|--------------|--------------|
| Corporate Bonds | | |
| Media (concluded) | | |
| Intelsat Luxemburg SA: | | |
| 11.25%, 6/15/16 | USD 1,090 | \$ 1,139,050 |
| 11.25%, 2/04/17 | 340 | 329,800 |
| 11.50%, 2/04/17 (h) | 380 | 369,075 |
| 11.50%, 2/04/17 (c)(h) | 910 | 883,837 |
| Interactive Data Corp., 10.25%, 8/01/18 (c) | 1,030 | 1,091,800 |
| The Interpublic Group of Cos., Inc., 10.00%, 7/15/17 | 340 | 391,000 |
| Kabel BW Erste Beteiligungs GmbH, 7.50%, 3/15/19 (c) | EUR 673 | 947,430 |
| Kabel Deutschland Vertrieb und Service GmbH & Co. KG, 6.50%, 6/29/18 (c) | 345 | 485,236 |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (c) | USD 735 | 707,437 |
| Musketeer GmbH, 9.50%, 3/15/21 | EUR 425 | 610,513 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (c) | USD 620 | 626,200 |
| Nielsen Finance LLC: | | |
| 11.63%, 2/01/14 | 117 | 132,503 |
| 7.75%, 10/15/18 | 2,145 | 2,214,712 |
| Odeon & UCI Finco Plc, 9.00%, 8/01/18 (c) | GBP 207 | 307,461 |
| ProQuest LLC, 9.00%, 10/15/18 (c) | USD 500 | 490,000 |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(c)(j) | 850 | 425 |
| Regal Entertainment Group, 9.13%, 8/15/18 | 335 | 338,350 |
| UPC Holding BV, 9.88%, 4/15/18 (c) | 500 | 522,500 |
| UPCB Finance II Ltd., 6.38%, 7/01/20 (c) | EUR 822 | 1,050,915 |
| Unitymedia GmbH: | | |
| 9.63%, 12/01/19 | 168 | 243,142 |
| 9.63%, 12/01/19 (c) | 570 | 824,947 |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC Germany GmbH): | | |
| 8.13%, 12/01/17 (c) | 441 | 636,664 |
| 8.13%, 12/01/17 (c) | USD 655 | 668,100 |
| Virgin Media Secured Finance Plc, 7.00%, 1/15/18 | GBP 618 | 1,038,312 |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (c) | EUR 388 | 546,215 |
| Ziggo Finance BV, 6.13%, 11/15/17 (c) | 800 | 1,120,471 |
| | | 38,488,464 |
| Metals & Mining 4.2% | | |
| Drummond Co., Inc.: | | |
| 9.00%, 10/15/14 (c) | USD 270 | 276,075 |
| 7.38%, 2/15/16 | 200 | 203,000 |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (c) | 1,230 | 1,226,925 |

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| | | |
|--|-----------|------------|
| Goldcorp, Inc., 2.00%, 8/01/14 (e) | 1,060 | 1,395,225 |
| JMC Steel Group, 8.25%, 3/15/18 (c) | 200 | 195,500 |
| James River Escrow, Inc., 7.88%, 4/01/19 (c) | 220 | 199,100 |
| New World Resources NV, 7.88%, 5/01/18 | EUR 655 | 898,567 |
| Newmont Mining Corp., Series A, 1.25%, 7/15/14 | USD 1,475 | 2,142,438 |
| Novelis, Inc., 8.75%, 12/15/20 (c) | 3,525 | 3,710,062 |
| Taseko Mines Ltd., 7.75%, 4/15/19 | 330 | 312,675 |
| Vedanta Resources Plc, 8.25%, 6/07/21 (c) | 270 | 257,850 |
| Vulcan Materials Co., 7.50%, 6/15/21 | 166 | 163,496 |
| | | 10,980,913 |
| Multiline Retail 1.8% | | |
| Dollar General Corp., 11.88%, 7/15/17 (h) | 4,351 | 4,818,732 |
| Oil, Gas & Consumable Fuels 9.7% | | |
| Alpha Natural Resources, Inc.: | | |
| 6.00%, 6/01/19 | 320 | 312,800 |
| 6.25%, 6/01/21 | 1,010 | 988,537 |
| Arch Coal, Inc.: | | |
| 7.25%, 10/01/20 | 335 | 329,975 |
| 7.25%, 6/15/21 (c) | 860 | 847,100 |
| Berry Petroleum Co., 8.25%, 11/01/16 | 510 | 526,575 |
| Bill Barrett Corp., 9.88%, 7/15/16 | 45 | 49,388 |
| Carrizo Oil & Gas, Inc., 8.63%, 10/15/18 | 130 | 132,600 |

See Notes to Financial Statements.

Schedule of Investments
(continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Corporate Bonds | | |
| Oil, Gas & Consumable Fuels (concluded) | | |
| Chesapeake Energy Corp.: | | |
| 6.63%, 8/15/20 | USD 956 | \$ 999,020 |
| 6.13%, 2/15/21 | 550 | 558,250 |
| 2.25%, 12/15/38 (e) | 800 | 712,000 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (c) | 266 | 281,960 |
| Concho Resources, Inc., 7.00%, 1/15/21 | 410 | 420,250 |
| Connacher Oil and Gas Ltd., 8.50%, 8/01/19 (c) | 345 | 279,450 |
| Consol Energy, Inc., 8.25%, 4/01/20 | 1,965 | 2,112,375 |
| Continental Resources, Inc., 7.13%, 4/01/21 | 370 | 381,100 |
| Copano Energy LLC, 7.13%, 4/01/21 | 335 | 333,325 |
| Crosstex Energy LP, 8.88%, 2/15/18 | 180 | 186,300 |
| Denbury Resources, Inc.: | | |
| 8.25%, 2/15/20 | 737 | 776,614 |
| 6.38%, 8/15/21 | 350 | 343,000 |
| EV Energy Partners LP, 8.00%, 4/15/19 (c) | 150 | 147,000 |
| Energy XXI Gulf Coast, Inc. (c): | | |
| 9.25%, 12/15/17 | 425 | 435,625 |
| 7.75%, 6/15/19 | 900 | 846,000 |
| Forbes Energy Services Ltd., 9.00%, 6/15/19 (c) | 365 | 347,662 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (c) | 770 | 777,700 |
| Linn Energy LLC (c): | | |
| 6.50%, 5/15/19 | 250 | 238,750 |
| 8.63%, 4/15/20 | 1,100 | 1,177,000 |
| 7.75%, 2/01/21 | 430 | 438,600 |
| MarkWest Energy Partners LP, 6.75%, 11/01/20 | 135 | 138,375 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (c) | 1,845 | 1,863,450 |
| OGX Petroleo e Gas Participações SA, 8.50%, 6/01/18 (c) | 3,970 | 3,979,925 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (c) | 330 | 323,400 |
| Petrohawk Energy Corp.: | | |
| 10.50%, 8/01/14 | 370 | 418,100 |
| 7.88%, 6/01/15 | 460 | 496,800 |
| 7.25%, 8/15/18 | 320 | 373,200 |
| Pioneer Natural Resources Co., 6.88%, 5/01/18 | 100 | 108,317 |
| Precision Drilling Corp., 6.50%, 12/15/21 (c) | 295 | 295,000 |
| Range Resources Corp.: | | |
| 8.00%, 5/15/19 | 400 | 435,000 |
| 5.75%, 6/01/21 | 340 | 341,700 |
| SM Energy Co., 6.63%, 2/15/19 (c) | 285 | 285,000 |
| SandRidge Energy, Inc., 7.50%, 3/15/21 (c) | 915 | 892,125 |
| Teekay Corp., 8.50%, 1/15/20 | 550 | 534,875 |
| | | 25,464,223 |
| Paper & Forest Products 2.7% | | |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (c)(h) | 1,192 | 834,072 |
| Boise Paper Holdings LLC: | | |
| 9.00%, 11/01/17 | 125 | 132,812 |
| 8.00%, 4/01/20 | 165 | 168,712 |
| Clearwater Paper Corp.: | | |
| 10.63%, 6/15/16 | 390 | 427,050 |
| 7.13%, 11/01/18 (c) | 585 | 587,925 |

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| | | | |
|--|-----|-------|-----------|
| Georgia-Pacific LLC, 8.25%, 5/01/16 (c) | | 1,600 | 1,827,213 |
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (c) | | 345 | 341,550 |
| NewPage Corp., 11.38%, 12/31/14 (j) | | 2,070 | 1,821,600 |
| Sappi Papier Holding GmbH, 6.63%, 4/15/21 (c) | | 140 | 124,600 |
| Verso Paper Holdings LLC, 11.50%, 7/01/14 | | 756 | 801,360 |
| | | | 7,066,894 |
| Pharmaceuticals 0.5% | | | |
| Capsugel Finance Co. SCA, 9.88%, 8/01/19 (c) | EUR | 200 | 275,808 |
| Endo Pharmaceuticals Holdings, Inc., 7.00%, 7/15/19 (c) | USD | 185 | 187,313 |
| Valeant Pharmaceuticals International, 6.50%, 7/15/16 (c) | | 855 | 812,250 |
| | | | 1,275,371 |

| | | Par (000) | Value |
|--|-----|--------------|------------|
| Corporate Bonds | | | |
| Professional Services 0.3% | | | |
| FTI Consulting, Inc., 6.75%, 10/01/20 (c) | USD | 920 | \$ 907,350 |
| Real Estate Investment Trusts (REITs) 0.7% | | | |
| FelCor Lodging LP, 6.75%, 6/01/19 (c) | | 1,405 | 1,320,700 |
| The Rouse Co. LP, 6.75%, 11/09/15 | | 520 | 526,500 |
| | | | 1,847,200 |
| Real Estate Management & Development 2.2% | | | |
| CB Richard Ellis Services, Inc., 6.63%, 10/15/20 | | 335 | 327,463 |
| Forest City Enterprises, Inc., 7.63%, 6/01/15 | | 1,425 | 1,371,562 |
| IVG Immobilien AG, 8.00%, 5/29/49 (f) | EUR | 100 | 109,174 |
| Realogy Corp.: | | | |
| 11.50%, 4/15/17 (f) | USD | 995 | 791,025 |
| 12.00%, 4/15/17 | | 100 | 80,000 |
| 7.88%, 2/15/19 (c) | | 2,610 | 2,166,300 |
| Shea Homes LP, 8.63%, 5/15/19 (c) | | 1,120 | 946,400 |
| | | | 5,791,924 |
| Road & Rail 2.0% | | | |
| Avis Budget Car Rental LLC: | | | |
| 9.63%, 3/15/18 | | 510 | 521,475 |
| 8.25%, 1/15/19 | | 775 | 749,812 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (c) | | 410 | 407,950 |
| The Hertz Corp. (c): | | | |
| 7.50%, 10/15/18 | | 645 | 632,100 |
| 6.75%, 4/15/19 | | 445 | 414,963 |
| 7.38%, 1/15/21 | | 495 | 472,725 |
| Hertz Holdings Netherlands BV: | | | |
| 8.50%, 7/31/15 | EUR | 110 | 154,855 |
| 8.50%, 7/31/15 (c) | | 1,325 | 1,865,296 |
| | | | 5,219,176 |
| Semiconductors & Semiconductor Equipment 0.3% | | | |
| Micron Technology, Inc. (c): | | | |
| Series A, 1.50%, 8/01/31 | USD | 285 | 245,100 |
| Series B, 1.88%, 8/01/31 | | 95 | 79,444 |
| Spansion LLC, 7.88%, 11/15/17 (c) | | 580 | 580,000 |
| | | | 904,544 |
| Specialty Retail 2.2% | | | |
| Asbury Automotive Group, Inc., 8.38%, 11/15/20 | | 365 | 358,613 |
| Hillman Group, Inc., 10.88%, 6/01/18 | | 530 | 535,300 |
| House of Fraser Plc, 8.88%, 8/15/18 (c) | GBP | 285 | 393,254 |
| Limited Brands, Inc., 8.50%, 6/15/19 | USD | 785 | 884,106 |
| Phones4u Finance Plc, 9.50%, 4/01/18 (c) | GBP | 400 | 499,976 |
| QVC, Inc. (c): | | | |

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| | | | |
|--|-----|-------|-----------|
| 7.13%, 4/15/17 | USD | 230 | 240,350 |
| 7.50%, 10/01/19 | | 625 | 673,438 |
| 7.38%, 10/15/20 | | 210 | 225,750 |
| Sonic Automotive, Inc., 9.00%, 3/15/18 | | 370 | 375,550 |
| Toys R US-Delaware, Inc., 7.38%, 9/01/16 (c) | | 420 | 407,400 |
| United Auto Group, Inc., 7.75%, 12/15/16 | | 1,025 | 1,037,812 |
| | | | 5,631,549 |
| Transportation Infrastructure 0.2% | | | |
| Aguila 3 SA, 7.88%, 1/31/18 (c) | | 431 | 405,140 |
| Wireless Telecommunication Services 3.4% | | | |
| Cricket Communications, Inc.: | | | |
| 10.00%, 7/15/15 | | 765 | 790,819 |
| 7.75%, 5/15/16 | | 200 | 202,500 |
| Digicel Group Ltd. (c): | | | |
| 8.88%, 1/15/15 | | 700 | 700,000 |
| 9.13%, 1/15/15 | | 1,783 | 1,783,000 |
| 8.25%, 9/01/17 | | 1,180 | 1,180,000 |
| 10.50%, 4/15/18 | | 500 | 530,000 |
| FiberTower Corp., 9.00%, 1/01/16 (h) | | 311 | 193,551 |
| Intelsat Jackson Holdings SA, 7.50%, 4/01/21 (c) | | 160 | 154,800 |

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2011

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Schedule of Investments
(continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|--------------------|
| Corporate Bonds | | |
| Wireless Telecommunication Services (concluded) | | |
| iPCS, Inc., 2.38%, 5/01/13 (f) | USD 815 | \$ 755,912 |
| MetroPCS Wireless, Inc.: | | |
| 7.88%, 9/01/18 | 350 | 354,813 |
| 6.63%, 11/15/20 | 920 | 860,200 |
| NII Capital Corp., 7.63%, 4/01/21 | 381 | 388,620 |
| Sprint Capital Corp., 6.88%, 11/15/28 | 1,270 | 1,136,650 |
| | | 9,030,865 |
| Total Corporate Bonds 103.1% | | 270,079,813 |
| Floating Rate Loan Interests (f) | | |
| Airlines 0.2% | | |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%, 4/20/17 | 700 | 645,169 |
| Building Products 0.2% | | |
| Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/30/17 | 625 | 628,125 |
| Capital Markets 0.1% | | |
| Marsico Parent Co., LLC, Term Loan, 5.25%, 12/14/14 | 369 | 206,424 |
| Chemicals 0.3% | | |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term Loan Facility (First Lien), 3.48% 3.51%, 7/30/14 | 290 | 264,826 |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17 | 492 | 452,038 |
| | | 716,864 |
| Commercial Services & Supplies 0.8% | | |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16 | 508 | 489,304 |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16 | 550 | 546,331 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 9/16/16 | 993 | 949,495 |
| | | 1,985,130 |
| Construction & Engineering 0.8% | | |
| Safeway Services, LLC, Last Out Term Loan, 7.25%, 12/18/17 | 2,000 | 2,000,000 |
| Consumer Finance 1.8% | | |
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17 | 5,150 | 4,770,188 |
| Diversified Consumer Services 0.0% | | |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.69% 2.76%, 7/24/14 | 86 | 79,808 |
| Delayed Draw Term Loan, 2.72%, 7/24/14 | 9 | 7,948 |
| | | 87,756 |
| Diversified Telecommunication Services 0.2% | | |
| Level 3 Financing, Inc., Incremental Tranche A Term Loan, 2.50%, 3/13/14 | 500 | 462,000 |

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| | | | |
|---|-----|------------------|--------------|
| Electronic Equipment, Instruments & Components 0.0% | | | |
| CDW LLC (FKA CDW Corp.), Non-Extended Term Loan, 3.71%, 10/10/14 | | 120 | 112,800 |
| Energy Equipment & Services 2.1% | | | |
| Dynergy Holdings, Inc.: | | | |
| Coal Company Term Loan, 9.25%, 8/04/16 | | 1,996 | 1,928,119 |
| Gas Company Term Loan, 9.25%, 8/04/16 | | 3,654 | 3,589,727 |
| | | | 5,517,846 |
| Floating Rate Loan Interests (f) | | | |
| | | Par (000) | Value |
| Food Products 0.3% | | | |
| Advance Pierre Foods, Term Loan (Second Lien), 11.25%, 9/29/17 | USD | 900 | \$ 882,000 |
| Health Care Providers & Services 0.6% | | | |
| Harden Healthcare, Inc.: | | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | | 456 | 447,136 |
| Tranche A Term Loan, 8.50%, 3/02/15 | | 433 | 423,909 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.), Term Loan B, 6.50%, 8/04/16 | | 801 | 755,846 |
| | | | 1,626,891 |
| Hotels, Restaurants & Leisure 0.4% | | | |
| Caesars Entertainment Operating Co., Inc., Term Loan B-3, 3.25%, 1/28/15 | | | |
| | | 363 | 312,268 |
| Travelport LLC (FKA Travelport, Inc.), Term Loan, 8.29%, 3/27/12 | | 1,362 | 750,196 |
| | | | 1,062,464 |
| Independent Power Producers & Energy Traders 0.9% | | | |
| Texas Competitive Electric Holdings Co., LLC (TXU), Extended Term Loan, 4.71% 4.77%, 10/10/17 | | 3,134 | 2,300,562 |
| Media 4.1% | | | |
| Cengage Learning Acquisitions, Inc., (FKA Thomson Learning) Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | | |
| | | 1,698 | 1,621,113 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.21%, 6/12/14 | | 935 | 751,410 |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | | 7,282 | 6,972,276 |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 1,325 | 1,368,062 |
| | | | 10,712,861 |
| Oil, Gas & Consumable Fuels 0.8% | | | |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15 | | 1,982 | 1,962,293 |
| Paper & Forest Products 0.5% | | | |
| Verso Paper Finance Holdings LLC, Term Loan, 6.51% 7.26%, 2/01/13 (h) | | | |
| | | 1,433 | 1,232,420 |
| Pharmaceuticals 0.3% | | | |
| Aptalis Pharma, Inc., Term Loan, 5.50%, 2/10/17 | | 995 | 897,490 |
| Real Estate Investment Trusts (REITs) 0.6% | | | |
| iStar Financial, Inc., Term Loan (Second Lien), 5.00%, 6/28/13 | | | |
| | | 1,524 | 1,480,754 |
| Real Estate Management & Development 0.3% | | | |
| Realogy Corp.: | | | |
| Extended Synthetic Letter of Credit Loan, 4.44%, 10/10/16 | | 133 | 109,694 |
| Extended Term Loan B, 4.52%, 10/10/16 | | 737 | 606,247 |
| | | | 715,941 |
| Specialty Retail 0.0% | | | |

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| | | |
|--|-------|------------|
| Claire's Stores, Inc., Term Loan B, 3.00%, 5/29/14 | 113 | 98,036 |
| Wireless Telecommunication Services 1.2% | | |
| Vodafone Americas Finance 2, Inc.: | | |
| Initial Loan, 6.88%, 8/11/15 | 1,873 | 1,882,436 |
| Term Loan B, 6.25%, 7/11/16 | 1,300 | 1,306,500 |
| | | 3,188,936 |
| Total Floating Rate Loan Interests 16.5% | | 43,292,950 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)
(Percentages shown are based on Net Assets)

| | Beneficial Interest (000) | Value |
|--|---------------------------------|-----------|
| Other Interests (l) | | |
| Auto Components 2.6% | | |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests (a) | (m\$) | 6,860,756 |
| Lear Corp. Escrow (a) | USD 460 | 9,200 |
| | | 6,869,956 |
| Energy, Equipment & Services 0.6% | | |
| BLK CYE (Luxembourg) Investments, S.a.r.l. (Laricina Energy Ltd.) (a)(n) | 35 | 1,549,759 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets, Inc. (a) | 575 | 6 |
| Media 0.0% | | |
| Adelphia Escrow (a) | 750 | 8 |
| Adelphia Recovery Trust (a) | 941 | 94 |
| | | 102 |
| Total Other Interests 3.2% | | 8,419,823 |

Preferred Securities

| | Par (000) | |
|---|--------------|---------|
| Capital Trusts | | |
| Insurance 0.2% | | |
| Genworth Financial, Inc., 6.15%, 11/15/66 (f) | 865 | 519,000 |
| Total Capital Trusts 0.2% | | 519,000 |

| | Shares | |
|--|---------|-----------|
| Preferred Stocks | | |
| Auto Components 0.7% | | |
| Dana Holding Corp., 4.00% (c)(e) | 17,500 | 1,970,938 |
| Diversified Financial Services 0.9% | | |
| Ally Financial, Inc., 7.00% (c) | 3,234 | 2,460,771 |
| Media 0.3% | | |
| CMP Susquehanna Radio Holdings Corp., 0.00% (a)(c)(f) | 37,314 | 317,169 |
| TRA Global, Inc. (a) | 286,652 | 352,582 |
| | | 669,751 |
| Real Estate Investment Trusts (REITs) 0.1% | | |
| MPG Office Trust, Inc., Series A, 7.63% (a) | 8,994 | 143,364 |
| Thriffs & Mortgage Finance 0.1% | | |
| Fannie Mae, Series O (a) | 30,000 | 90,000 |
| Freddie Mac, Series Z (a) | 75,961 | 169,393 |
| | | 259,393 |
| Total Preferred Stocks 2.1% | | 5,504,217 |

| | | |
|--|--------|-----------|
| Trust Preferreds | | |
| Diversified Financial Services 0.7% | | |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (f) | 87,860 | 1,875,811 |
| Total Trust Preferreds 0.7% | | 1,875,811 |
| Total Preferred Securities 3.0% | | 7,899,028 |

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| | Shares | Value |
|--|------------------|--------------------------------------|
| Warrants (o) | | |
| Containers & Packaging 0.0% | | |
| MDP Acquisitions Plc (Expires 10/01/13) | 700 | \$ 28,868 |
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (Expires 1/16/14) | 32,042 | |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14) (m) | 485 | 5 |
| Media 0.1% | | |
| Cumulus Media, Inc. (Expires 3/26/19) | 94,241 | 240,834 |
| New Vision Holdings LLC (Expires 9/30/14) | 22,447 | 224 |
| | | 241,058 |
| Software 0.0% | | |
| Bankruptcy Management Solutions, Inc. (Expires 9/29/17) | 334 | 4 |
| HMH Holdings/EduMedia (Expires 3/09/17) | 11,225 | |
| | | 4 |
| Total Warrants 0.1% | | 269,935 |
| Total Long-Term Investments | | |
| (Cost \$351,137,320) 129.7% | | 339,733,419 |
| Options Purchased | Contracts | |
| Exchange-Traded Call Options 0.0% | | |
| E*Trade Financial Corp., Strike Price USD 20.00, Expires 10/22/11 | 450 | 5,850 |
| Exchange-Traded Put Options 0.0% | | |
| SPDR S&P 500 ETF Trust, Strike Price USD 120.00, Expires 9/17/11 | 144 | 32,403 |
| Over-the-Counter Call Options 0.0% | | |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/21/19, Broker Goldman Sachs Bank USA | 19 | |
| | | Notional Amount (000) |
| Over-the-Counter Call Swaptions 0.1% | | |
| Receive a return based on return of Dow Jones CDX North America High Yield Index Series 16 and pay a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Deutsche Bank Securities Inc. | \$ 10,000 | 100,351 |
| Total Options Purchased | | |
| (Cost \$258,580) 0.1% | | 138,604 |
| Total Investments Before Options Written | | |
| (Cost \$351,395,900*) 129.8% | | 339,872,023 |
| Options Written | Contracts | |
| Exchange-Traded Put Options 0.0% | | |
| E*Trade Financial Corp., Strike Price USD 13.00, Expires 10/22/11 | 450 | (92,250) |
| | | Notional Amount (000) |
| Over-the-Counter Call Swaptions (0.1)% | | |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 9/21/11, Broker Credit Suisse International | \$ 11,650 | (2,279) |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)
(Percentages shown are based on Net Assets)

| | Notional Amount (000) | Value |
|---|-----------------------------|----------------|
| Options Written | | |
| Over-the-Counter Call Swaptions (concluded) | | |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Goldman Sachs International | \$ 5,000 | \$ (227,178) |
| | | (229,457) |
| Over-the-Counter Put Swaptions (0.3)% | | |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 9/21/11, Broker Credit Suisse International | 3,050 | (99,856) |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Goldman Sachs International | 5,000 | (163,317) |
| Pay a return based on return of Dow Jones CDX North America High Yield Index Series 16 and receive a floating rate based on 3-month LIBOR, Expires 12/21/11, Broker Morgan Stanley Capital Services | 10,000 | (388,256) |
| | | (651,429) |
| Total Options Written | | |
| (Premiums Received \$685,688) (0.4)% | | (973,136) |
| Total Investments, Net of Options Written 129.4% | | 338,898,887 |
| Liabilities in Excess of Other Assets (29.4)% | | (76,941,464) |
| Net Assets 100.0% | | \$ 261,957,423 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 352,503,156 |
| Gross unrealized appreciation | \$ 11,633,282 |
| Gross unrealized depreciation | (24,264,415) |
| Net unrealized depreciation | \$ (12,631,133) |

- (a) Non-income producing security.
- (b) Restricted security as to resale. As of the report date the Fund held less than 0.1% of its net assets, with a current market value of \$4,114 and an original cost of \$295, in this security.
- (c) 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.
- (d) All or a portion of security has been pledged as collateral in connection with swaps.

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- (e) Convertible security.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (h) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (i) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (j) Issuer filed for bankruptcy and/or is in default of interest payments.
- (k) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (l) Other interests represent beneficial interest in liquidation trusts and other reorganization or private entities.
- (m) Amount is less than \$500.
- (n) The investment is held by a wholly owned subsidiary of the Fund.
- (o) 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, if any.

Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2010 | Net Activity | Shares Held at August 31, 2011 | Income |
|--|--|-----------------|--------------------------------------|--------|
| BlackRock Liquidity Funds, TempCash, Institutional Class | 1,845,167 | (1,845,167) | | \$ 809 |

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 rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Financial futures contracts sold as of August 31, 2011 were as follows:

| Contracts | Issue | Exchange | Expiration | Notional Value | Unrealized Depreciation |
|-----------|------------------------|-----------------------|-------------------|-------------------|----------------------------|
| 394 | S&P 500 Index Emini | Chicago Mercantile | September 2011 | \$ 22,407,454 | \$ (1,581,236) |

Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|---------------------------|--------------------|--|
| EUR 303,000 | USD 435,632 | Royal Bank of Scotland | 9/02/11 | \$ (372) |
| USD 454,089 | CAD 449,000 | Citibank NA | 10/07/11 | (4,018) |

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| | | | | | | |
|--------------|------------|-----|------------|---------------------------------------|----------|-------------|
| USD | 3,886,811 | GBP | 2,432,500 | Royal Bank of Scotland | 10/07/11 | (60,329) |
| USD | 21,038,797 | EUR | 14,676,000 | Citibank NA | 10/26/11 | (29,445) |
| USD | 662,017 | EUR | 461,000 | Deutsche Bank AG | 10/26/11 | 225 |
| USD | 42,925 | EUR | 30,000 | Morgan Stanley Capital Services, Inc. | 10/26/11 | (142) |
| USD | 435,350 | EUR | 303,000 | Royal Bank of Scotland | 10/26/11 | 376 |
| USD | 481,153 | EUR | 335,000 | UBS AG | 10/26/11 | 241 |
| Total | | | | | | \$ (93,464) |

Credit default swaps on single-name issues buy protection outstanding as of August 31, 2011 were as follows:

| Issuer | Pay Fixed Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|-----------------------|----------------|------------------------------------|-----------------|-----------------------|--|
| Republic of Hungary | 1.00% | Deutsche Bank AG | 12/20/15 | \$ 300 | \$ 6,341 |
| Israel (State of) | 1.00% | Deutsche Bank AG | 3/20/16 | \$ 675 | (6,943) |
| Beazer Homes USA Inc. | 5.00% | Credit Suisse Securities (USA) LLC | 9/20/16 | \$ 125 | (5,472) |
| Beazer Homes USA Inc. | 5.00% | Goldman Sachs & Co. | 9/20/16 | \$ 200 | 13,096 |
| Realogy Corp | 5.00% | Goldman Sachs & Co. | 9/20/16 | \$ 150 | (11,061) |
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 12/20/16 | \$ 225 | (18,353) |
| Total | | | | | \$ (22,392) |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Corporate High Yield Fund III, Inc. (CYE)

Credit default swaps on traded indexes buy protection outstanding as of August 31, 2011 were as follows:

| Index | Pay Fixed Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|---|----------------------|--|--------------------|-----------------------------|--|
| Dow Jones CDX North America High Yield Index Series 16 | 5.00% | Credit Suisse Securities (USA) LLC | 6/20/16 | \$ 2,470 | |

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2011 were as follows:

| Issuer | Receive Fixed Rate | Counterparty | Expiration Date | Issuer Credit Rating ¹ | Notional Amount (000) ² | Unrealized Appreciation (Depreciation) |
|--------------------------|--------------------------|--------------------------------|--------------------|---|--|--|
| iStar Financial, Inc. | 5.00% | Deutsche Bank AG | 9/20/11 | B+ | \$ 225 | \$ 1,425 |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 3/20/16 | B | \$ 500 | (14,585) |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 6/20/16 | B | \$ 300 | (9,383) |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 6/20/16 | B | \$ 300 | (11,486) |
| ARAMARK Corp. | 5.00% | Goldman Sachs International | 9/20/16 | B | \$ 350 | (15,368) |
| Total | | | | | | \$ (49,397) |

¹ Using S&P's rating.² The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of agreement.

Interest rate swaps outstanding as of August 31, 2011 were as follows:

| Fixed Rate | Floating Rate | Counterparty | Expiration Date | Notional Amount (000) | Unrealized Appreciation |
|----------------------|------------------|---------------------|--------------------|-----------------------------|----------------------------|
| 3.12% ^(a) | 3-month LIBOR | Deutsche Bank AG | 8/02/21 | \$ 1,445 | \$ 12,931 |
| 3.09% ^(a) | 3-month LIBOR | Deutsche Bank AG | 8/03/21 | \$ 1,455 | 11,087 |

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| | | | | | | |
|----------------------|---------------|------------------------------------|---------|----|-------|--------|
| 3.15% ^(a) | 3-month LIBOR | Credit Suisse Securities (USA) LLC | 8/11/21 | \$ | 1,460 | 14,991 |
| 3.11% ^(a) | 3-month LIBOR | Deutsche Bank AG | 8/11/21 | \$ | 1,460 | 12,406 |
| Total | | | | | \$ | 51,415 |

(a) Pays a fixed interest rate and receives floating rate.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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

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

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|--------------|----------------|---------------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments: | | | | |
| Common Stocks | \$ 7,223,819 | \$ 286,769 | \$ 2,261,282 | \$ 9,771,870 |
| Corporate Bonds | | 264,612,199 | 5,467,614 | 270,079,813 |
| Floating Rate Loan Interests | | 33,902,614 | 9,390,336 | 43,292,950 |
| Other Interests | 94 | 6,860,756 | 1,558,973 | 8,419,823 |
| Preferred Securities | 2,278,568 | 4,950,709 | 669,751 | 7,899,028 |
| Warrants | 28,868 | | 241,067 | 269,935 |
| Total | \$ 9,531,349 | \$ 310,613,047 | \$ 19,589,023 | \$ 339,733,419 |

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|------------|---------|------------|
| Derivative Financial Instruments ¹ | | | | |
| Assets: | | | | |
| Credit contracts | | \$ 121,213 | | \$ 121,213 |
| Equity contracts | \$ 38,253 | | | 38,253 |
| Foreign currency exchange contracts | | 842 | | 842 |
| Interest contracts | | 51,415 | | 51,415 |

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| Liabilities: | | | |
|-------------------------------------|----------------|--------------|----------------|
| Credit contracts | | (973,537) | (973,537) |
| Equity contracts | (1,673,486) | | (1,673,486) |
| Foreign currency exchange contracts | | (94,306) | (94,306) |
| Total | \$ (1,635,233) | \$ (894,373) | \$ (2,529,606) |

¹ Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/ depreciation on the instrument and options are shown at value.

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock Corporate High Yield Fund III, Inc. (CYE)

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

| | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Preferred Stocks | Warrants | Unfunded Loan Commitments | Total |
|--|---------------------|---------------------|---------------------------------|---------------------|---------------------|-------------------|---------------------------------|----------------------|
| Assets/Liabilities: | | | | | | | | |
| Balance, as of February 28, 2011 | \$ 719,326 | \$ 5,493,390 | \$ 10,323,930 | \$ 12,664 | \$ 463,230 | \$ 234 | \$ (25,965) | \$ 16,986,809 |
| Accrued discounts/premiums | | 13,213 | 2,203 | | | | | 15,416 |
| Net realized gain (loss) | | 9,167 | 4,032 | | | | | 13,199 |
| Net change in unrealized appreciation/depreciation ² | (2,115,157) | 660,057 | 1,160,510 | (30,843) | | 240,833 | 25,965 | (58,635) |
| Purchases | 3,915,113 | 50,154 | 1,367,709 | 1,577,152 | 206,521 | | | 7,116,649 |
| Sales | (258,000) | (871,154) | (2,707,034) | | | | | (3,836,188) |
| Transfers in ³ | | 112,787 | 1,408,641 | | | | | 1,521,428 |
| Transfers out ³ | | | (2,169,655) | | | | | (2,169,655) |
| Balance, as of August 31, 2011 | \$ 2,261,282 | \$ 5,467,614 | \$ 9,390,336 | \$ 1,558,973 | \$ 669,751 | \$ 241,067 | | \$ 19,589,023 |

² Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(1,183,696).

³ The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of period in relation to net assets.

See Notes to Financial Statements.

Schedule of Investments August 31, 2011 (Unaudited)

BlackRock Debt Strategies Fund, Inc. (DSU)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|--------------|
| Asset-Backed Securities | | |
| Asset-Backed Securities 1.8% | | |
| ARES CLO Funds, Series 2005-10A, Class B, 0.64%, 9/18/17 (a)(b) | USD 1,250 | \$ 1,113,837 |
| Ballyrock CDO Ltd., Series 2006-1A, Class B, 0.67%, 8/28/19 (a)(b) | 1,000 | 785,000 |
| CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16 | 625 | 594,937 |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 0.73%, 6/19/21 (a)(b) | 1,225 | 982,879 |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.61%, 10/27/20 (b) | 940 | 702,650 |
| Greyrock CDO Ltd., Series 2005-1X, Class A2L, 0.71%, 11/15/17 (b) | 1,980 | 1,706,958 |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.74%, 11/15/21 (b) | 1,245 | 1,109,793 |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 0.85%, 7/15/19 (a)(b) | 1,075 | 960,190 |
| Total Asset-Backed Securities 1.8% | | 7,956,244 |

| | Shares | |
|--|-------------|-----------|
| Common Stocks (c) | | |
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. | 339,340 | 130,273 |
| Wellman Holdings, Inc. | 906 | 2,944 |
| Wellman, Inc. (acquired 1/30/09, cost \$1,027) (d) | 4,467 | 14,518 |
| | | 147,735 |
| Containers & Packaging 0.1% | | |
| Smurfit Kappa Plc | 36,342 | 288,017 |
| Diversified Financial Services 1.3% | | |
| Kcad Holdings I Ltd. | 493,499,609 | 5,570,130 |
| Leucadia National Corp. | 1,445 | 42,816 |
| Preferred Term Securities VI, Ltd. (a) | 35,000 | 1,750 |
| | | 5,614,696 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. | 286,757 | 3,154 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. | 2,753 | 6,883 |
| HRP PIK Corp., Class B (a) | 5,000 | 50 |
| | | 6,933 |
| Metals & Mining 0.2% | | |
| Euramax International | 2,337 | 654,444 |
| Paper & Forest Products 0.7% | | |
| Ainsworth Lumber Co. Ltd. (a) | 1,330,401 | 2,717,045 |
| Ainsworth Lumber Co. Ltd. | 142,549 | 291,124 |
| Western Forest Products, Inc. (a) | 211,149 | 142,304 |
| | | 3,150,473 |
| Semiconductors & Semiconductor Equipment 0.0% | | |

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| | | |
|---------------------------------------|---------|------------|
| SunPower Corp., Class B | 1,707 | 20,228 |
| Software 0.1% | | |
| Bankruptcy Management Solutions, Inc. | 1,870 | 9 |
| HMH Holdings/EduMedia | 159,199 | 318,398 |
| | | 318,407 |
| Specialty Retail 0.0% | | |
| Movie Gallery, Inc. | 503,737 | 1,259 |
| Total Common Stocks 2.4% | | 10,205,346 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|--------------|
| Aerospace & Defense 0.8% | | |
| Bombardier, Inc., 7.75%, 3/15/20 (a) | USD 1,750 | \$ 1,911,875 |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | 1,364 | 1,401,510 |
| | | 3,313,385 |
| Airlines 0.6% | | |
| Air Canada, 9.25%, 8/01/15 (a) | 1,060 | 1,017,600 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 696 | 713,141 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 786 | 821,019 |
| | | 2,551,760 |
| Auto Components 1.7% | | |
| B-Corp Merger Sub, Inc., 8.25%, 6/01/19 (a) | 170 | 158,100 |
| Delphi Corp., 6.13%, 5/15/21 (a) | 560 | 540,400 |
| Icahn Enterprises LP: | | |
| 7.75%, 1/15/16 | 320 | 323,200 |
| 8.00%, 1/15/18 | 5,260 | 5,312,600 |
| Titan International, Inc., 7.88%, 10/01/17 | 940 | 987,000 |
| Venture Holdings Co. LLC (c)(e): | | |
| 12.00%, 6/01/09 | 4,450 | 445 |
| Series B, 9.50%, 7/01/05 | 1,800 | 180 |
| | | 7,321,925 |
| Beverages 0.1% | | |
| Crown European Holdings SA, 7.13%, 8/15/18 (a) | EUR 410 | 568,352 |
| Biotechnology 0.1% | | |
| QHP Pharma, 10.25%, 3/15/15 (a) | USD 279 | 283,478 |
| Building Products 0.7% | | |
| Building Materials Corp. of America (a): | | |
| 7.00%, 2/15/20 | 940 | 940,000 |
| 6.75%, 5/01/21 | 790 | 756,425 |
| Momentive Performance Materials, Inc., 9.00%, 1/15/21 | 1,315 | 1,124,325 |
| | | 2,820,750 |
| Capital Markets 1.0% | | |
| American Capital Ltd., 7.96%, 12/31/13 (f) | 1,175 | 1,166,752 |
| E*Trade Financial Corp.: | | |
| 12.50%, 11/30/17 (g) | 1,440 | 1,656,000 |
| 3.99%, 8/31/19 (a)(h)(i) | 593 | 708,635 |
| KKR Group Finance Co., 6.38%, 9/29/20 (a) | 540 | 574,535 |
| | | 4,105,922 |
| Chemicals 4.3% | | |
| American Pacific Corp., 9.00%, 2/01/15 | 1,490 | 1,463,925 |
| American Rock Salt Co. LLC, 8.25%, 5/01/18 (a) | 224 | 207,760 |
| Celanese US Holdings LLC, 5.88%, 6/15/21 | 570 | 571,425 |
| GEO Specialty Chemicals, Inc. (a): | | |
| 7.50%, 3/31/15 (g)(i) | 4,171 | 4,170,787 |
| 10.00%, 3/31/15 | 4,106 | 3,797,680 |
| Hexion US Finance Corp.: | | |
| 8.88%, 2/01/18 | 955 | 892,925 |
| 9.00%, 11/15/20 | 670 | 584,575 |
| Huntsman International LLC, 8.63%, 3/15/21 | 275 | 287,031 |

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| | | |
|---|-------|------------|
| Kinove German Bondco GmbH, 9.63%, 6/15/18 (a) | 800 | 768,000 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (a) | 365 | 361,350 |
| Omnova Solutions, Inc., 7.88%, 11/01/18 | 670 | 587,925 |
| Wellman Holdings, Inc., Subordinate Note (g): | | |
| (Second Lien), 10.00%, 1/29/19 | 2,978 | 4,139,420 |
| (Third Lien), 5.00%, 1/29/19 (i) | 1,027 | 729,265 |
| | | 18,562,068 |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Commercial Banks 2.1% | | |
| CIT Group, Inc.: | | |
| 7.00%, 5/01/14 | USD 229 | \$ 229,789 |
| 7.00%, 5/01/15 | 800 | 796,000 |
| 7.00%, 5/01/16 | 2,655 | 2,641,725 |
| 7.00%, 5/01/17 | 4,534 | 4,477,325 |
| 7.00%, 5/02/17 (a) | 710 | 701,125 |
| | | 8,845,964 |
| Commercial Services & Supplies 1.2% | | |
| ARAMARK Corp., 8.50%, 2/01/15 | 840 | 867,300 |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a) | 842 | 812,113 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 865 | 815,263 |
| The Geo Group, Inc., 7.75%, 10/15/17 | 850 | 892,500 |
| Mobile Mini, Inc., 7.88%, 12/01/20 | 640 | 622,400 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (a) | 970 | 1,042,750 |
| West Corp., 8.63%, 10/01/18 | 315 | 307,125 |
| | | 5,359,451 |
| Communications Equipment 0.5% | | |
| Avaya, Inc.: | | |
| 9.75%, 11/01/15 | 360 | 306,000 |
| 10.13%, 11/01/15 (g) | 1,070 | 924,213 |
| 7.00%, 4/01/19 (a) | 255 | 229,500 |
| EH Holding Corp., 6.50%, 6/15/19 (a) | 600 | 600,000 |
| | | 2,059,713 |
| Consumer Finance 0.9% | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | 570 | 577,125 |
| Ford Motor Credit Co. LLC: | | |
| 3.00%, 1/13/12 (b) | 2,680 | 2,680,054 |
| 7.00%, 4/15/15 | 280 | 298,900 |
| 6.63%, 8/15/17 | 148 | 154,940 |
| | | 3,711,019 |
| Containers & Packaging 1.6% | | |
| Ardagh Packaging Finance Plc, 7.38%, 10/15/17 (a) | EUR 485 | 653,159 |
| Ball Corp., 6.75%, 9/15/20 | USD 625 | 656,250 |
| Berry Plastics Corp., 8.25%, 11/15/15 | 2,100 | 2,163,000 |
| Beverage Packaging Holdings Luxembourg II SA, 8.00%, 12/15/16 | EUR 260 | 291,322 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | USD 360 | 391,500 |
| Smurfit Kappa Acquisitions: | | |
| 7.75%, 11/15/19 (a) | EUR 476 | 653,005 |
| 7.75%, 11/15/19 | 1,515 | 2,078,365 |
| | | 6,886,601 |
| Diversified Financial Services 3.5% | | |
| Ally Financial, Inc.: | | |
| 7.50%, 12/31/13 | USD 90 | 92,700 |
| 8.30%, 2/12/15 | 1,330 | 1,396,500 |
| 8.00%, 3/15/20 | 170 | 171,700 |
| 7.50%, 9/15/20 | 1,990 | 1,955,175 |
| 8.00%, 11/01/31 | 3,430 | 3,352,825 |

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| | | | |
|--|-----|-------|------------|
| 8.00%, 11/01/31 | | 1,530 | 1,471,754 |
| Archimedes Funding III Ltd., 5.50%, 11/29/11 (a) | | 2,636 | 553,541 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | | 665 | 693,263 |
| Reynolds Group DL Escrow, Inc., 8.50%, 10/15/16 (a) | | 648 | 662,580 |
| Reynolds Group Issuer, Inc. (a): | | | |
| 8.50%, 10/15/16 | EUR | 521 | 725,964 |
| 8.75%, 10/15/16 | | 650 | 905,714 |
| 7.13%, 4/15/19 | USD | 1,070 | 1,013,825 |
| 7.88%, 8/15/19 | | 610 | 603,900 |
| 6.88%, 2/15/21 | | 920 | 855,600 |
| 8.25%, 2/15/21 | | 615 | 518,138 |
| WMG Acquisition Corp., 9.50%, 6/15/16 (a) | | 200 | 204,000 |
| | | | 15,177,179 |

| | | Par (000) | Value |
|---|-----|--------------|--------------|
| Corporate Bonds | | | |
| Diversified Telecommunication Services 1.5% | | | |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | USD | 1,010 | \$ 1,035,250 |
| Level 3 Escrow, Inc., 8.13%, 7/01/19 (a) | | 2,022 | 1,920,900 |
| Level 3 Financing, Inc.: | | | |
| 4.20%, 2/15/15 (b) | | 1,225 | 1,065,750 |
| 8.75%, 2/15/17 | | 1,200 | 1,176,000 |
| Qwest Communications International, Inc., Series B, 7.50%, 2/15/14 | | 340 | 344,250 |
| tw telecom Holdings, Inc., 8.00%, 3/01/18 | | 690 | 710,700 |
| | | | 6,252,850 |
| Electric Utilities 0.2% | | | |
| IPALCO Enterprises, Inc., 7.25%, 4/01/16 (a) | | 775 | 830,618 |
| Electronic Equipment, Instruments & Components 0.1% | | | |
| CDW LLC, 8.00%, 12/15/18 (a) | | 610 | 603,900 |
| Muzak Holdings, LLC, 13.00%, 3/15/10 (c)(e) | | 2,675 | 268 |
| | | | 604,168 |
| Energy Equipment & Services 0.8% | | | |
| Frac Tech Services LLC, 7.13%, 11/15/18 (a) | | 1,190 | 1,231,650 |
| Key Energy Services, Inc., 6.75%, 3/01/21 | | 740 | 725,200 |
| MEG Energy Corp., 6.50%, 3/15/21 (a) | | 950 | 950,000 |
| Oil States International, Inc., 6.50%, 6/01/19 (a) | | 295 | 295,000 |
| SunCoke Energy, Inc., 7.63%, 8/01/19 (a) | | 185 | 181,762 |
| | | | 3,383,612 |
| Food Products 0.2% | | | |
| Del Monte Foods Co., 7.63%, 2/15/19 (a) | | 915 | 908,137 |
| JBS USA LLC, 7.25%, 6/01/21 (a) | | 145 | 131,769 |
| | | | 1,039,906 |
| Gas Utilities 0.1% | | | |
| Targa Resources Partners LP, 6.88%, 2/01/21 (a) | | 485 | 480,150 |
| Health Care Equipment & Supplies 0.6% | | | |
| DJO Finance LLC: | | | |
| 10.88%, 11/15/14 | | 1,270 | 1,312,862 |
| 7.75%, 4/15/18 (a) | | 770 | 716,100 |
| Teleflex, Inc., 6.88%, 6/01/19 | | 475 | 471,438 |
| | | | 2,500,400 |
| Health Care Providers & Services 2.2% | | | |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 | | 455 | 452,725 |
| Crown Newco 3 Plc, 7.00%, 2/15/18 (a) | GBP | 108 | 157,786 |
| HCA, Inc.: | | | |
| 6.50%, 2/15/20 | USD | 2,020 | 2,042,725 |
| 7.88%, 2/15/20 | | 1,210 | 1,282,600 |
| 7.25%, 9/15/20 | | 265 | 272,287 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (a) | | 85 | 76,713 |

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| | | |
|---|-------|-----------|
| Omnicare, Inc., 6.88%, 12/15/15 | 1,055 | 1,076,100 |
| Tenet Healthcare Corp.: | | |
| 9.00%, 5/01/15 | 630 | 667,800 |
| 8.88%, 7/01/19 | 3,030 | 3,211,800 |
| | | 9,240,536 |
| Health Care Technology 1.0% | | |
| IMS Health, Inc., 12.50%, 3/01/18 (a) | 3,205 | 3,685,750 |
| MedAssets, Inc., 8.00%, 11/15/18 (a) | 620 | 598,300 |
| | | 4,284,050 |
| Hotels, Restaurants & Leisure 1.1% | | |
| Diamond Resorts Corp., 12.00%, 8/15/18 | 1,040 | 1,008,800 |
| HRP Myrtle Beach Holdings LLC, 14.50%, 4/01/14 (a)(c)(e) | 6,892 | 689 |
| HRP Myrtle Beach Operations LLC (a)(c)(e): | | |
| 5.21%, 4/01/12 | 5,000 | 500 |
| 12.50%, 4/01/13 (h) | 5,000 | 500 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (a) | 609 | 505,470 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|--------------|
| Corporate Bonds | | |
| Hotels, Restaurants & Leisure (concluded) | | |
| MGM Resorts International, 11.13%, 11/15/17 | USD 1,340 | \$ 1,494,100 |
| Travelport LLC: | | |
| 4.95%, 9/01/14 (b) | 1,770 | 1,349,625 |
| 9.88%, 9/01/14 | 390 | 332,475 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (c)(e) | 530 | 53 |
| | | 4,692,212 |
| Household Durables 0.9% | | |
| Beazer Homes USA, Inc.: | | |
| 12.00%, 10/15/17 | 1,700 | 1,725,500 |
| 9.13%, 6/15/18 | 65 | 45,094 |
| Jarden Corp., 7.50%, 5/01/17 | 835 | 853,787 |
| Standard Pacific Corp.: | | |
| 8.38%, 5/15/18 | 220 | 193,050 |
| 8.38%, 1/15/21 | 1,205 | 1,036,300 |
| | | 3,853,731 |
| IT Services 0.8% | | |
| Eagle Parent Canada, Inc., 8.63%, 5/01/19 (a) | 940 | 864,800 |
| First Data Corp. (a): | | |
| 7.38%, 6/15/19 | 1,480 | 1,391,200 |
| 12.63%, 1/15/21 | 1,064 | 1,005,480 |
| | | 3,261,480 |
| Independent Power Producers & Energy Traders 2.4% | | |
| AES Corp.: | | |
| 7.75%, 10/15/15 | 300 | 315,000 |
| 9.75%, 4/15/16 | 1,305 | 1,442,025 |
| 7.38%, 7/01/21 (a) | 410 | 414,100 |
| Calpine Corp., 7.50%, 2/15/21 (a) | 710 | 717,100 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 | 3,190 | 3,202,348 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 2,515 | 2,537,311 |
| NRG Energy, Inc., 7.63%, 1/15/18 (a) | 1,760 | 1,742,400 |
| | | 10,370,284 |
| Industrial Conglomerates 1.7% | | |
| Sequa Corp. (a): | | |
| 11.75%, 12/01/15 | 2,850 | 2,964,000 |
| 13.50%, 12/01/15 (g) | 4,023 | 4,264,216 |
| | | 7,228,216 |
| Insurance 0.6% | | |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a) | 1,649 | 1,714,960 |
| Genworth Financial, Inc., 7.63%, 9/24/21 | 700 | 621,270 |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a) | 415 | 398,400 |
| | | 2,734,630 |
| Machinery 0.1% | | |
| Navistar International Corp., 8.25%, 11/01/21 | 310 | 320,850 |
| Media 7.1% | | |
| AMC Networks, Inc., 7.75%, 7/15/21 (a) | 365 | 377,775 |
| CCH II LLC, 13.50%, 11/30/16 | 3,000 | 3,465,000 |
| CCO Holdings LLC: | | |

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| | | |
|--|-------|-----------|
| 7.25%, 10/30/17 | 510 | 525,938 |
| 7.88%, 4/30/18 | 1,075 | 1,118,000 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 680 | 736,100 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (a) | 1,050 | 808,500 |
| Checkout Holding Corp., 10.97%, 11/15/15 (a)(h) | 1,090 | 643,100 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 639 | 677,340 |
| Series B, 9.25%, 12/15/17 | 5,802 | 6,208,140 |
| DISH DBS Corp.: | | |
| 7.00%, 10/01/13 | 3,000 | 3,146,250 |
| 6.75%, 6/01/21 (a) | 470 | 473,525 |

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Media (concluded) | | |
| Intelsat Luxemburg SA: | | |
| 11.25%, 6/15/16 | USD 460 | \$ 480,700 |
| 11.25%, 2/04/17 | 210 | 203,700 |
| 11.50%, 2/04/17 (g) | 100 | 97,125 |
| Interactive Data Corp., 10.25%, 8/01/18 | 1,715 | 1,817,900 |
| Kabel BW Erste Beteiligungs GmbH, 7.50%, 3/15/19 (a) | 1,040 | 1,024,400 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a) | 1,020 | 1,030,200 |
| Nielsen Finance LLC: | | |
| 11.63%, 2/01/14 | 1,239 | 1,403,167 |
| 7.75%, 10/15/18 | 1,235 | 1,275,138 |
| ProQuest LLC, 9.00%, 10/15/18 (a) | 415 | 406,700 |
| Regal Entertainment Group, 9.13%, 8/15/18 | 640 | 646,400 |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC Germany GmbH), 8.13%, 12/01/17 (a) | 2,730 | 2,784,600 |
| Ziggo Finance BV, 6.13%, 11/15/17 (a) | EUR 655 | 917,385 |
| | | 30,267,083 |
| Metals & Mining 1.6% | | |
| Drummond Co., Inc., 9.00%, 10/15/14 (a) | USD 456 | 466,260 |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (a) | 1,610 | 1,605,975 |
| JMC Steel Group, 8.25%, 3/15/18 (a) | 335 | 327,463 |
| Novelis, Inc., 8.75%, 12/15/20 | 3,855 | 4,057,387 |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(e) | 4,440 | 222 |
| Vulcan Materials Co., 7.50%, 6/15/21 | 377 | 371,312 |
| | | 6,828,619 |
| Multiline Retail 0.5% | | |
| Dollar General Corp., 11.88%, 7/15/17 (g) | 1,775 | 1,965,813 |
| Oil, Gas & Consumable Fuels 7.1% | | |
| Alpha Natural Resources, Inc.: | | |
| 6.00%, 6/01/19 | 260 | 254,150 |
| 6.25%, 6/01/21 | 815 | 797,681 |
| Arch Coal, Inc.: | | |
| 7.00%, 6/15/19 (a) | 215 | 211,775 |
| 7.25%, 10/01/20 | 655 | 645,175 |
| 7.25%, 6/15/21 (a) | 700 | 689,500 |
| Chesapeake Energy Corp.: | | |
| 6.63%, 8/15/20 | 1,592 | 1,663,640 |
| 6.13%, 2/15/21 | 1,100 | 1,116,500 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a) | 436 | 462,160 |
| Consol Energy, Inc.: | | |
| 8.25%, 4/01/20 | 1,750 | 1,881,250 |
| 6.38%, 3/01/21 (a) | 440 | 436,700 |
| Crosstex Energy LP, 8.88%, 2/15/18 | 100 | 103,500 |
| Denbury Resources, Inc.: | | |
| 8.25%, 2/15/20 | 670 | 706,013 |

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| | | |
|--|-------|-----------|
| 6.38%, 8/15/21 | 570 | 558,600 |
| El Paso Corp., 7.00%, 6/15/17 | 1,575 | 1,750,323 |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19 | 1,300 | 1,222,000 |
| Forest Oil Corp., 8.50%, 2/15/14 | 390 | 417,300 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a) | 2,165 | 2,186,650 |
| Linn Energy LLC: | | |
| 8.63%, 4/15/20 | 1,115 | 1,193,050 |
| 7.75%, 2/01/21 (a) | 1,970 | 2,009,400 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 | 1,600 | 1,616,000 |
| OGX Petroleo e Gas Participações SA, 8.50%, 6/01/18 (a) | 3,015 | 3,022,537 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (a) | 335 | 328,300 |
| Petrohawk Energy Corp.: | | |
| 10.50%, 8/01/14 | 590 | 666,700 |
| 7.88%, 6/01/15 | 795 | 858,600 |
| 7.25%, 8/15/18 | 525 | 612,281 |
| 6.25%, 6/01/19 (a) | 920 | 1,069,500 |
| Plains Exploration & Production Co., 7.75%, 6/15/15 | 530 | 545,900 |

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2011

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Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|--------------|
| Corporate Bonds | | |
| Oil, Gas & Consumable Fuels (concluded) | | |
| Range Resources Corp., 5.75%, 6/01/21 | USD 1,230 | \$ 1,236,150 |
| SandRidge Energy, Inc., 7.50%, 3/15/21 (a) | 825 | 804,375 |
| Titan Petrochemicals Group Ltd., 8.50%, 3/18/12 (a) | 1,760 | 1,232,000 |
| | | 30,297,710 |
| Paper & Forest Products 2.5% | | |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(g) | 4,530 | 3,170,991 |
| Clearwater Paper Corp., 10.63%, 6/15/16 | 640 | 700,800 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a) | 2,950 | 3,368,923 |
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (a) | 280 | 277,200 |
| NewPage Corp., 11.38%, 12/31/14 | 2,280 | 2,006,400 |
| Verso Paper Holdings LLC: 11.50%, 7/01/14 | 510 | 540,600 |
| Series B, 4.00%, 8/01/14 (b) | 890 | 729,800 |
| | | 10,794,714 |
| Pharmaceuticals 0.4% | | |
| Valeant Pharmaceuticals International, 6.50%, 7/15/16 (a) | 1,935 | 1,838,250 |
| Professional Services 0.1% | | |
| FTI Consulting, Inc., 6.75%, 10/01/20 | 560 | 552,300 |
| Real Estate Investment Trusts (REITs) 0.4% | | |
| FelCor Lodging LP, 6.75%, 6/01/19 (a) | 1,825 | 1,715,500 |
| Real Estate Management & Development 0.9% | | |
| Realogy Corp.: 11.50%, 4/15/17 | 1,620 | 1,287,900 |
| 12.00%, 4/15/17 | 160 | 128,000 |
| 7.88%, 2/15/19 (a) | 2,225 | 1,846,750 |
| Shea Homes LP, 8.63%, 5/15/19 (a) | 610 | 515,450 |
| | | 3,778,100 |
| Road & Rail 1.2% | | |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19 | 1,805 | 1,746,337 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (a) | 370 | 368,150 |
| The Hertz Corp. (a): 7.50%, 10/15/18 | 1,750 | 1,715,000 |
| 6.75%, 4/15/19 | 730 | 680,725 |
| 7.38%, 1/15/21 | 810 | 773,550 |
| | | 5,283,762 |
| Specialty Retail 0.3% | | |
| United Auto Group, Inc., 7.75%, 12/15/16 | 1,275 | 1,290,938 |
| Textiles, Apparel & Luxury Goods 0.1% | | |
| Phillips-Van Heusen Corp., 7.75%, 11/15/23 | 410 | 430,411 |
| Transportation Infrastructure 0.1% | | |
| Aguila 3 SA, 7.88%, 1/31/18 (a) | 353 | 331,820 |
| Wireless Telecommunication Services 2.4% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | 3,050 | 3,088,125 |
| Digicel Group Ltd. (a): 9.13%, 1/15/15 | 3,948 | 3,948,000 |
| 8.25%, 9/01/17 | 810 | 810,000 |
| | 815 | 809,906 |

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Nextel Communications, Inc., Series E, 6.88%,

10/31/13

Sprint Capital Corp.:

8.38%, 3/15/12

6.88%, 11/15/28

625 643,750

880 787,600

10,087,381

Total Corporate Bonds 58.1%

248,107,661

| | | | Par (000) | Value |
|--|-----|-------|----------------------|--------------|
| Floating Rate Loan Interests (b) | | | | |
| Aerospace & Defense 0.3% | | | | |
| TransDigm, Inc., Term Loan (First Lien), 4.00%, 2/14/17 | USD | 1,493 | \$ | 1,432,800 |
| Airlines 0.5% | | | | |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%, 4/20/17 | | 2,375 | | 2,188,966 |
| Auto Components 1.5% | | | | |
| Allison Transmission, Inc., Term Loan, 2.96%, 8/07/14 | | 3,463 | | 3,246,936 |
| Autoparts Holdings, Ltd.: | | | | |
| First Lien Term Loan, 6.50%, 7/28/17 | | 1,200 | | 1,176,000 |
| Second Lien Term Loan, 10.50%, 1/29/18 | | 1,800 | | 1,773,000 |
| | | | | 6,195,936 |
| Biotechnology 0.2% | | | | |
| Grifols SA, Term Loan B, 6.00%, 6/01/17 | | 905 | | 883,280 |
| Building Products 1.6% | | | | |
| CPG International I, Inc., Term Loan B, 6.00%, 2/18/17 | | 1,194 | | 1,116,390 |
| Goodman Global, Inc.: | | | | |
| Initial Term Loan (First Lien), 5.75%, 10/28/16 | | 3,112 | | 3,058,537 |
| Term Loan (Second Lien), 9.00%, 10/30/17 | | 1,200 | | 1,206,000 |
| Momentive Performance Materials (Blitz 06-103 GmbH), Tranche B-2B Term Loan, 4.79%, 5/05/15 | EUR | 1,064 | | 1,370,828 |
| | | | | 6,751,755 |
| Capital Markets 0.9% | | | | |
| HarbourVest Partners, Term Loan (First Lien), 6.25%, 12/14/16 | USD | 1,812 | | 1,757,658 |
| Nuveen Investments, Inc. (First Lien): | | | | |
| Extended Term Loan, 3.25%, 11/13/14 | | 418 | | 386,706 |
| Non-Extended Term Loan, 5.75% 5.81%, 5/12/17 | | 1,682 | | 1,571,220 |
| | | | | 3,715,584 |
| Chemicals 4.7% | | | | |
| AZ Chemical Co., LLC, New Term Loan, 4.75%, 11/21/16 | | 313 | | 301,970 |
| American Rock Salt Holdings LLC, Term Loan B, 5.50%, 4/25/17 | | 2,264 | | 2,170,922 |
| Ashland, Inc., Term Loan B, 3.75%, 7/30/18 | | 1,300 | | 1,270,984 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16 | | 1,300 | | 1,271,829 |
| Gentek, Inc., Tranche B Term Loan, 7.00%, 10/06/15 | | 2,046 | | 1,909,367 |
| MDI Holdings, LLC (FKA MacDermid, Inc.), | | | | |
| Tranche C Term Loan, 3.54%, 4/11/14 | EUR | 647 | | 884,136 |
| Nexeo Solutions, LLC, Term Loan B, 5.00%, 9/08/17 | | | | |
| | USD | 1,621 | | 1,492,608 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original | | | | |
| Term Loan Facility (First Lien), 3.48% 3.51%, 7/30/14 | | 2,266 | | 2,071,177 |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17 | | 2,297 | | 2,110,578 |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 10/15/15 | | 4,443 | | 4,392,695 |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17 | | 2,388 | | 2,203,527 |
| | | | | 20,079,793 |

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| Commercial Services & Supplies 2.3% | | |
|--|-------|-----------|
| ARAMARK Corp.: | | |
| Letter of Credit 1 Facility, 2.06%, 1/27/14 | 28 | 25,983 |
| Letter of Credit 2 Facility, 3.44%, 7/26/16 | 29 | 26,951 |
| US Term Loan, 2.12%, 1/27/14 | 342 | 322,541 |
| US Term Loan B, 3.50%, 7/26/16 | 438 | 409,811 |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16 | 796 | 766,268 |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan B, 5.00%, 5/19/17 | 2,400 | 2,280,000 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.), Tranche D Term Loan, 7.75%, 2/20/15 | 2,789 | 2,713,587 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Commercial Services & Supplies (concluded) | | |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16 | USD 975 | \$ 968,497 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.21% 2.23%, 4/02/14 | 878 | 762,601 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 9/16/16 | 1,787 | 1,709,091 |
| | | 9,985,330 |
| Communications Equipment 1.3% | | |
| Avaya, Inc.: | | |
| Term Loan B, 3.06%, 10/24/14 | 1,833 | 1,630,246 |
| Term Loan B-3, 4.81%, 10/26/17 | 2,936 | 2,528,791 |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18 | 1,496 | 1,436,400 |
| | | 5,595,437 |
| Construction & Engineering 0.8% | | |
| BakerCorp., Inc., Term Loan B, 5.00%, 6/01/18 | 875 | 831,250 |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/16/17 | 2,750 | 2,750,000 |
| | | 3,581,250 |
| Consumer Finance 0.9% | | |
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17 | 4,250 | 3,936,563 |
| Containers & Packaging 0.5% | | |
| Berry Plastics Holding Corp., Term Loan C, 2.21%, 4/03/15 | 340 | 302,104 |
| Graham Packaging Co., LP, Term Loan D, 6.00%, 9/23/16 | 1,687 | 1,670,378 |
| | | 1,972,482 |
| Diversified Consumer Services 2.8% | | |
| Coinmach Service Corp., Term Loan, 3.22% 3.30%, 11/20/14 | 4,536 | 3,946,303 |
| Laureate Education, Extended Term Loan, 5.25%, 8/15/18 | 5,121 | 4,522,566 |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.69% 2.76%, 7/24/14 | 3,215 | 2,970,294 |
| Delayed Draw Term Loan, 2.72%, 7/24/14 | 320 | 295,797 |
| | | 11,734,960 |
| Diversified Financial Services 0.2% | | |
| Reynolds Group Holdings, Inc., Term Loan E, 6.50%, 2/09/18 | 963 | 918,068 |
| Diversified Telecommunication Services 2.5% | | |
| Hawaiian Telcom Communications, Inc., Term Loan, 9.00%, 11/01/15 | 3,618 | 3,613,581 |
| Level 3 Financing, Inc.: | | |
| Add On Term Loan, 11.50%, 3/13/14 | 1,500 | 1,558,755 |
| Term Loan B2, 2.50%, 9/03/18 | 6,000 | 5,655,000 |
| | | 10,827,336 |
| Electrical Equipment 0.1% | | |
| Generac Acquisition Corp., Term Loan (First Lien), 2.69% 2.75%, 11/11/13 | 297 | 277,791 |

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| Electronic Equipment, Instruments & Components 1.8% | | |
|---|-------|-----------|
| Aeroflex, Inc., Term Loan B, 4.25%, 5/09/18 | 1,325 | 1,226,725 |
| CDW LLC (FKA CDW Corp.): | | |
| Extended Term Loan B, 4.25%, 7/14/17 | 1,781 | 1,615,930 |
| Non-Extended Term Loan, 3.71%, 10/10/14 | 2,114 | 1,987,038 |
| Sensata Technologies Finance Company, LLC, New Term Loan, 4.00%, 5/11/18 | 2,760 | 2,653,050 |
| | | 7,482,743 |

| Floating Rate Loan Interests (b) | Par (000) | Value |
|--|------------------|--------------|
| Energy Equipment & Services 1.9% | | |
| CCS Income Trust, Term Loan B, 3.25%, 11/14/14 | USD 1,168 | \$ 1,035,629 |
| Dynegey Holdings, Inc.: | | |
| Coal Company Term Loan, 9.25%, 8/04/16 | 1,643 | 1,586,859 |
| Gas Company Term Loan, 9.25%, 8/04/16 | 3,007 | 2,954,377 |
| MEG Energy Corp., Tranche D Term Loan, 4.00%, 3/16/18 | 2,700 | 2,581,875 |
| | | 8,158,740 |

| | | |
|--|-----------|-----------|
| Food & Staples Retailing 1.7% | | |
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.61%, 7/09/15 | GBP 3,000 | 4,186,994 |
| US Foodservice, Inc., Term Loan B: 2.71% 2.72%, 7/03/14 | USD 2,197 | 1,966,712 |
| 5.75%, 3/31/17 | 1,297 | 1,205,978 |
| | | 7,359,684 |

| | | |
|--|-------|------------|
| Food Products 2.6% | | |
| Advance Pierre Foods, Term Loan: (First Lien), 7.00%, 9/30/16 | 2,878 | 2,782,922 |
| (Second Lien), 11.25%, 9/29/17 | 1,800 | 1,764,000 |
| Del Monte Corp., Term Loan B, 4.50%, 3/08/18 | 4,210 | 3,967,925 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | 1,505 | 1,483,225 |
| Solvest, Ltd. (Dole): | | |
| Tranche B-1 Term Loan, 5.00% 6.00%, 7/06/18 | 404 | 389,293 |
| Tranche C-1 Term Loan, 5.00% 6.00%, 7/06/18 | 751 | 722,972 |
| | | 11,110,337 |

| | | |
|---|-------|-----------|
| Health Care Equipment & Supplies 1.0% | | |
| Biomet, Inc., Dollar Term Loan, 3.24%, 3/25/15 | 265 | 251,485 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.22%, 5/20/14 | 1,713 | 1,598,706 |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18 | 1,524 | 1,404,667 |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18 | 1,100 | 1,060,818 |
| | | 4,315,676 |

| | | |
|--|-------|-----------|
| Health Care Providers & Services 4.1% | | |
| CHS/Community Health Systems, Inc.: | | |
| Non-Extended Delayed Draw Term Loan, 2.47% 2.57%, 7/25/14 | 72 | 67,000 |
| Non-Extended Term Loan, 2.47% 2.57%, 7/25/14 | 1,423 | 1,319,619 |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/22/16 | 1,294 | 1,220,198 |
| DaVita, Inc., Term Loan B, 4.50%, 10/20/16 | 1,990 | 1,930,300 |
| Emergency Medical Services, Term Loan, 5.25%, 5/25/18 | 1,995 | 1,845,375 |
| HCA, Inc., Tranche B-1 Term Loan: 2.50%, 11/18/13 | 245 | 236,628 |
| 3.50%, 5/01/18 | 1,329 | 1,246,767 |
| Harden Healthcare, Inc.: | | |

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| | | |
|---|-------|------------|
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | 2,303 | 2,256,973 |
| Tranche A Term Loan, 8.50%, 3/02/15 | 692 | 678,253 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.): | | |
| Incremental Term Loan B3, 6.75%, 5/15/18 | 1,000 | 940,000 |
| Term Loan B, 6.50%, 8/04/16 | 2,713 | 2,558,940 |
| Medpace, Inc., Term Loan, 6.50%, 6/22/17 | 2,000 | 1,900,000 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 5.75%, 12/16/16 | 1,294 | 1,266,557 |
| | | 17,466,610 |
| Health Care Technology 0.7% | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 4.50%, 8/25/17 | 1,990 | 1,908,351 |
| MedAssets, Inc., Term Loan B, 5.25%, 11/16/16 | 945 | 894,444 |
| | | 2,802,795 |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Hotels, Restaurants & Leisure 4.4% | | |
| Caesars Entertainment Operating Co., Inc.: | | |
| Incremental Term Loan B-4, 9.50%, 10/31/16 | USD 575 | \$ 573,388 |
| Term Loan B-1, 3.25%, 1/28/15 | 1,424 | 1,226,002 |
| Term Loan B-2, 3.22% 3.25%, 1/28/15 | 1,260 | 1,085,566 |
| Term Loan B-3, 3.25%, 1/28/15 | 4,320 | 3,719,182 |
| Dunkin Brands, Inc., New Term Loan B, 4.00%, 11/23/17 | 2,886 | 2,771,309 |
| Golden Living, Term Loan, 5.00%, 5/04/18 | 1,890 | 1,677,375 |
| Las Vegas Sands LLC: | | |
| Delayed Draw Term Loan, 1.72%, 5/23/14 | 193 | 179,088 |
| Term Loan B, 1.72%, 5/23/14 | 1,132 | 1,054,062 |
| Seaworld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17 | 1,794 | 1,731,632 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.25%, 6/30/16 | 2,971 | 2,897,080 |
| VML US Finance LLC (FKA Venetian Macau): | | |
| New Project Term Loan, 4.73%, 5/27/13 | 880 | 870,868 |
| Term B Delayed Draw Project Loan, 4.73%, 5/25/12 | 1,035 | 1,023,828 |
| Term B Funded Project Loan, 4.73%, 5/27/13 | 179 | 176,950 |
| | | 18,986,330 |
| IT Services 3.2% | | |
| Ceridian Corp., US Term Loan, 3.22%, 11/10/14 | 3,069 | 2,623,859 |
| First Data Corp.: | | |
| Initial B-1 Term Loan, 2.97%, 9/24/14 | 147 | 128,976 |
| Initial B-2 Term Loan, 4.22%, 3/23/18 | 6,563 | 5,494,561 |
| Initial B-3 Term Loan, 2.97%, 9/24/14 | 210 | 184,558 |
| infoGROUP, Inc., Term Loan, 5.75%, 5/22/18 | 855 | 784,747 |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17 | 1,154 | 1,091,594 |
| TransUnion LLC, Replacement Term Loan, 4.75%, 2/12/18 | 3,721 | 3,529,063 |
| | | 13,837,358 |
| Independent Power Producers & Energy Traders 1.5% | | |
| AES Corp., Term Loan B, 4.25%, 6/01/18 | 1,796 | 1,724,578 |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18 | 2,042 | 1,882,709 |
| Texas Competitive Electric Holdings Co., LLC (TXU), Extended Term Loan, 4.71% 4.77%, 10/10/17 | 3,716 | 2,728,033 |
| | | 6,335,320 |
| Industrial Conglomerates 1.1% | | |
| Sequa Corp., Term Loan, 3.50% 3.51%, 12/03/14 | 2,643 | 2,469,176 |
| Tomkins Plc, Term Loan B, 4.25%, 9/29/16 | 2,277 | 2,191,573 |
| | | 4,660,749 |
| Leisure Equipment & Products 0.4% | | |
| EB Sports Corp., Loan, 11.50%, 12/31/15 | 1,641 | 1,575,288 |
| Machinery 0.4% | | |
| Terex Corp.: | | |
| Term Loan, 6.03%, 4/28/17 | EUR 220 | 306,549 |
| Term Loan B, 5.50%, 4/28/17 | USD 1,300 | 1,274,000 |

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| | | | | 1,580,549 |
|---|-----|--------------|----|--------------|
| Media 10.1% | | | | |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18 | | 1,800 | | 1,734,750 |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18 | | 1,796 | | 1,693,390 |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/10/16 | | 988 | | 889,380 |
| Capsugel Healthcare Ltd., Term Loan, 5.25%, 8/01/18 | | 1,500 | | 1,449,000 |
| Cengage Learning Acquisitions, Inc. (FKA Thomson Learning): | | | | |
| Term Loan, 2.50%, 7/03/14 | | 925 | | 765,021 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | 1,260 | | 1,203,125 |
| | | | | |
| | | Par | | Value |
| | | (000) | | |
| Floating Rate Loan Interests (b) | | | | |
| Media (concluded) | | | | |
| Charter Communications Operating, LLC: | | | | |
| Term Loan B, 7.25%, 3/06/14 | USD | 46 | \$ | 45,895 |
| Term Loan C, 3.50%, 9/06/16 | | 2,670 | | 2,542,192 |
| Clear Channel Communications, Inc., Term Loan B, 3.87%, 1/28/16 | | 3,145 | | 2,353,844 |
| Cumulus Media, Inc., Term Loan, 6.75%, 8/30/18 | | 1,500 | | 1,404,375 |
| Getty Images, Inc., Initial Term Loan, 5.25%, 11/07/16 | | 478 | | 468,098 |
| Gray Television, Inc., Term Loan B, 3.71%, 12/31/14 | | 929 | | 849,374 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.21%, 6/12/14 | | 2,348 | | 1,887,472 |
| Hubbard Broadcasting, Term Loan (Second Lien), 5.25%, 4/28/17 | | 1,100 | | 1,046,837 |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | | 7,980 | | 7,640,850 |
| Interactive Data Corp., Term Loan, 4.50%, 2/12/18 | | 1,696 | | 1,603,552 |
| Lavena Holding 3 GmbH (Prosiebensat. I Media AG): | | | | |
| Facility B1, 4.20%, 3/06/15 | EUR | 304 | | 338,574 |
| Facility C1, 4.45%, 3/04/16 | | 608 | | 681,514 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | USD | 983 | | 938,287 |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 4,250 | | 4,388,125 |
| Nielsen Finance LLC, Class C Term Loan, 3.48%, 5/02/16 | | 405 | | 380,194 |
| Sinclair Television Group, Inc., New Tranche B Term Loan, 4.00%, 10/28/16 | | 1,313 | | 1,293,338 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.51%, 6/01/12 | | 1,916 | | 1,842,564 |
| UPC Broadband Holding B.V., Term U, 5.44%, 12/31/17 | EUR | 1,246 | | 1,672,917 |
| Univision Communications, Inc., Extended First Lien Term Loan, 4.47%, 3/31/17 | | 1,872 | | 1,609,690 |
| WC Luxco Sarl, New Term Loan B3, 4.25%, 3/15/18 | USD | 596 | | 571,455 |
| Weather Channel, Term Loan B, 4.25%, 2/13/17 | | 1,696 | | 1,633,567 |
| | | | | 42,927,380 |
| Metals & Mining 2.2% | | | | |
| Novelis, Inc., Term Loan, 3.75%, 3/10/17 | | 3,134 | | 2,960,738 |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18 | | 1,600 | | 1,520,000 |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18 | | 5,087 | | 4,858,324 |
| | | | | 9,339,062 |
| Multi-Utilities 0.1% | | | | |
| | | 395 | | 374,018 |

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FirstLight Power Resources, Inc. (FKA NE Energy, Inc.),
Term B Advance (First Lien), 2.75%, 11/01/13

Multiline Retail 1.4%

Dollar General Corp., Tranche B-2 Term Loan,
2.96% 2.97%, 7/07/14

1,439 1,395,477

Hema Holding BV:

Facility B, 3.43%, 7/06/15

EUR 363 484,352

Facility C, 4.18%, 7/05/16

363 486,956

Facility D, 6.43%, 1/05/17

2,900 3,777,054

6,143,839

Oil, Gas & Consumable Fuels 1.2%

Gibson Energy, Term Loan B, 5.75%, 6/14/18

USD 1,500 1,417,500

Obsidian Natural Gas Trust, Term Loan, 7.00%,
11/02/15

3,651 3,614,688

5,032,188

Paper & Forest Products 0.9%

Verso Paper Finance Holdings LLC, Term Loan,
6.51% 7.26%, 2/01/13 (g)

4,500 3,869,610

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)
 (Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|--------------|
| Floating Rate Loan Interests (b) | | |
| Pharmaceuticals 1.4% | | |
| Aptalis Pharma, Inc., Term Loan, 5.50%, 2/10/17 | USD 1,791 | \$ 1,615,482 |
| Endo Pharmaceuticals Holdings, Inc., Term Loan B, 4.00%, 6/18/18 | 1,500 | 1,467,195 |
| Quintiles Transnational Corp., Term Loan, 5.00%, 6/08/18 | 780 | 723,450 |
| RPI Finance Trust, Term Loan Tranche 2, 4.00%, 5/09/18 | 1,150 | 1,115,500 |
| Warner Chilcott Corp.: | | |
| Term Loan B-1, 4.25%, 3/15/18 | 866 | 830,124 |
| Term Loan B-2, 4.25%, 3/15/18 | 433 | 415,603 |
| | | 6,167,354 |
| Professional Services 0.8% | | |
| Booz Allen Hamilton, Inc., Tranche B Term Loan, 4.00%, 8/03/17 | 1,246 | 1,218,877 |
| Fifth Third Processing Solutions, LLC, Term Loan B (First Lien), 4.50%, 11/03/16 | 2,090 | 2,012,473 |
| | | 3,231,350 |
| Real Estate Investment Trusts (REITs) 0.8% | | |
| iStar Financial, Inc., Term Loan, (Second Lien), 5.00%, 6/28/13 | 3,447 | 3,349,325 |
| Real Estate Management & Development 1.2% | | |
| Realogy Corp.: | | |
| Delayed Draw Term Loan, 3.27%, 10/10/13 | 2,677 | 2,362,243 |
| Extended Synthetic Letter of Credit Loan, 4.44%, 10/10/16 | 396 | 325,890 |
| Extended Term Loan B, 4.52%, 10/10/16 | 3,033 | 2,496,249 |
| | | 5,184,382 |
| Semiconductors & Semiconductor Equipment 0.4% | | |
| Freescale Semiconductor, Inc., Extended Maturity Term Loan, 4.44%, 12/01/16 | 730 | 664,126 |
| Microsemi Corp., Term Loan B, 4.00%, 11/02/17 | 1,294 | 1,234,219 |
| | | 1,898,345 |
| Specialty Retail 3.3% | | |
| Academy Ltd., Term Loan, 6.00%, 8/03/18 | 1,900 | 1,803,575 |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/23/17 | 1,407 | 1,326,274 |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18 | 2,175 | 2,052,656 |
| J. Crew Group, Inc., Term Loan B, 4.75%, 3/07/18 | 653 | 581,904 |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18 | 798 | 742,140 |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.50%, 10/31/13 | 980 | 926,500 |
| Term Loan B-2, 4.75%, 7/31/16 | 1,517 | 1,427,915 |
| Petco Animal Supplies, Inc., Term Loan B, 4.50%, 11/24/17 | 2,708 | 2,545,191 |
| Toys R Us Delaware, Inc.: | | |
| Initial Loan, 6.00%, 9/01/16 | 1,907 | 1,786,985 |
| Term Loan, 5.25%, 5/25/18 | 1,147 | 1,064,911 |
| | | 14,258,051 |
| Wireless Telecommunication Services 1.7% | | |
| | 1,493 | 1,398,299 |

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| | | |
|--|-------|-------------|
| MetroPCS Wireless, Inc., Term Loan B, 4.00%, 3/16/18 | | |
| Vodafone Americas Finance 2, Inc., Initial Loan, 6.88%, 8/11/15 | 5,887 | 5,916,228 |
| | | 7,314,527 |
| Total Floating Rate Loan Interests 71.4% | | 304,838,941 |

| | Beneficial Interest (000) | Value |
|--|---------------------------------|-----------|
| Other Interests (j) | | |
| Auto Components 0.0% | | |
| Intermet Liquidating Trust, Class A (c) | USD 833 | \$ 8 |
| Diversified Financial Services 0.3% | | |
| DSU JGW SPV, LLC (J.G. Wentworth LLC Preferred Equity Interests) (c)(k) | 1 | 1,293,079 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets, Inc. (c) | 1,440 | 14 |
| Household Durables 0.4% | | |
| DSU (S-MARTIN) SPV, LLC (Stanley Martin, Class B Membership Units) (c)(k) | 2 | 1,511,219 |
| Media 0.0% | | |
| Adelphia Escrow (c) | 7,500 | 75 |
| Adelphia Preferred Escrow (c) | 5 | |
| Adelphia Recovery Trust (c) | 9,406 | 941 |
| Adelphia Recovery Trust, Series ACC-6B INT (c) | 500 | 2,500 |
| | | 3,516 |
| Metals & Mining 0.8% | | |
| DSU-(R-Gibson) SPV, LLC (RathGibson Acquisition Corp. LLC) (k) | 280 | 3,459,279 |
| Specialty Retail 0.0% | | |
| Movie Gallery, Inc. Default Escrow (c) | 21,700 | 217 |
| Total Other Interests 1.5% | | 6,267,332 |

| | Shares | |
|--|---------|----------------|
| Warrants (l) | | |
| Health Care Providers & Services 0.0% | | |
| HealthSouth Corp. (Expires 1/16/14) | 126,761 | 1 |
| Hotels, Restaurants & Leisure 0.0% | | |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14) | 1,216 | 12 |
| Media 0.0% | | |
| Charter Communications, Inc. (Expires 11/30/14) | 12,661 | 139,689 |
| Software 0.0% | | |
| Bankruptcy Management Solutions, Inc. (Expires 9/29/17) | 1,247 | 13 |
| HMH Holdings/EduMedia (Expires 3/09/17) | 24,924 | |
| | | 13 |
| Total Warrants 0.0% | | 139,715 |
| Total Investments (Cost \$662,005,427*) 135.2% | | 577,515,239 |
| Liabilities in Excess of Other Assets (35.2)% | | (150,437,744) |
| Net Assets 100.0% | | \$ 427,077,495 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 657,970,871 |
| Gross unrealized appreciation | \$ 13,206,944 |
| Gross unrealized depreciation | (93,662,576) |

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Net unrealized depreciation

\$ (80,455,632)

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

- (a) 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.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) Restricted security as to resale. As of report date the Fund held less than 0.1% of its net assets, with a current market value of \$14,518 and an original cost of \$1,027, in this security.
- (e) Issuer filed for bankruptcy and/or is in default of interest payments.
- (f) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (g) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) Convertible security.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization or private entities.
- (k) The investment is held by a wholly owned subsidiary of the Fund.
- (l) 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, if any.

Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2011 | Net Activity | Shares Held at August 31, 2011 | Income |
|--|--|-----------------|--------------------------------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 436,377 | (436,377) | | \$ 1,517 |

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 rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|---------------|--------------------|--|
| CAD 908,500 | USD 924,168 | Citibank NA | 10/07/11 | \$ 2,759 |
| USD 918,798 | CAD 908,500 | Citibank NA | 10/07/11 | (8,130) |
| EUR 877,500 | USD 1,257,112 | Citibank NA | 10/26/11 | 2,590 |
| USD 18,545,420 | EUR 12,936,500 | Citibank NA | 10/26/11 | (25,670) |
| USD 72,162 | EUR 50,000 | Deutsche Bank | 10/26/11 | 384 |
| USD 641,964 | EUR 445,000 | UBS AG | 10/26/11 | 3,141 |

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| | | | | | | |
|--------------|-----------|-----|-----------|------------------------|----------|-------------|
| GBP | 2,070 | USD | 3,342 | State Street Bank | 8/11/11 | 19 |
| USD | 454,347 | GBP | 280,000 | Citibank NA | 10/07/11 | (3,598) |
| USD | 3,921,166 | GBP | 2,454,000 | Royal Bank of Scotland | 10/07/11 | (60,862) |
| Total | | | | | | \$ (89,367) |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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

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

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------|------------|----------------|---------------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments: | | | | |
| Asset-Backed | | | | |
| Securities | | \$ 3,056,906 | \$ 4,899,338 | \$ 7,956,244 |
| Common Stocks | \$ 795,785 | 3,373,248 | 6,036,313 | 10,205,346 |
| Corporate Bonds | | 234,208,641 | 13,899,020 | 248,107,661 |
| Floating Rate | | | | |
| Loan interests | | 267,976,591 | 36,862,350 | 304,838,941 |
| Other Interests | 3,441 | | 6,263,891 | 6,267,332 |
| Warrants | 139,689 | | 26 | 139,715 |
| Liabilities: | | | | |
| Unfunded Loan | | | | |
| Commitments | | (79,684) | | (79,684) |
| Total | \$ 938,915 | \$ 508,535,702 | \$ 67,960,938 | \$ 577,435,555 |

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------|-------------|---------|-------------|
| Derivative Financial | | | | |
| Instruments ¹ | | | | |
| Assets: | | | | |
| Foreign currency | | | | |
| exchange contracts | | \$ 8,893 | | \$ 8,893 |
| Liabilities: | | | | |
| Foreign currency | | | | |
| exchange contracts | | (98,260) | | (98,260) |
| Total | | \$ (89,367) | | \$ (89,367) |

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- ¹ Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock Debt Strategies Fund, Inc. (DSU)

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

| | Asset-Backed Securities | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Warrants | Total |
|--|----------------------------|---------------------|----------------------|------------------------------------|---------------------|--------------|----------------------|
| Assets: | | | | | | | |
| Balance, as of February 28, 2011 | \$ 6,393,325 | \$ 926,586 | \$ 12,777,038 | \$ 50,753,656 | \$ 4,757,077 | \$ 26 | \$ 75,607,708 |
| Accrued discounts/premiums | 34,986 | | 256,924 | 65,956 | | | 357,866 |
| Net realized gain (loss) | 62,231 | | 11,620 | 151,989 | | | 225,840 |
| Net change in unrealized appreciation/depreciation ² | (389,979) | (5,389,893) | 976,442 | (4,096,771) | 1,506,819 | | (7,393,382) |
| Purchases | 1,712,700 | 10,499,620 | 25,052 | 14,100,625 | | | 26,337,997 |
| Sales | (1,813,925) | | (148,500) | (14,937,250) | | | (16,899,675) |
| Transfers in ³ | | | 444 | 4,518,093 | | | 4,518,537 |
| Transfers out ³ | (1,100,000) | | | (13,693,948) | (5) | | (14,793,953) |
| Balance, as of August 31, 2011 | \$ 4,899,338 | \$ 6,036,313 | \$ 13,899,020 | \$ 36,862,350 | \$ 6,263,891 | \$ 26 | \$ 67,960,938 |

² Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(4,397,797).

³ The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Financial Statements.

Schedule of Investments August 31, 2011 (Unaudited)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)
(Percentages shown are based on Net Assets)

| Asset-Backed Securities | Par (000) | Value |
|---|--------------|------------|
| ARES CLO Funds, Series 2005-10A, Class B, 0.64%, 9/18/17 (a)(b) | USD 500 | \$ 445,535 |
| Ballyrock CDO Ltd., Series 2006-1A, Class B, 0.67%, 8/28/19 (a)(b) | 500 | 392,500 |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 0.73%, 6/19/21 (a)(b) | 395 | 316,928 |
| Flagship CLO, Series 2006-1A, Class B, 0.60%, 9/20/19 (a)(b) | 1,000 | 807,500 |
| Fraser Sullivan CLO Ltd., Series 2006-2A, Class B, 0.65%, 12/20/20 (a)(b) | 500 | 400,000 |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.61%, 10/27/20 (a)(b) | 305 | 227,988 |
| Goldman Sachs Asset Management CLO Plc, Series 2007-1A, Class B, 0.70%, 8/01/22 (a)(b) | 665 | 493,762 |
| Landmark CDO Ltd., Series 2006-8A, Class B, 0.61%, 10/19/20 (a)(b) | 570 | 466,665 |
| MAPS CLO Fund LLC, Series 2005-1A, Class C, 1.20%, 12/21/17 (a)(b) | 300 | 265,770 |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.74%, 11/15/21 (b) | 405 | 361,017 |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 0.85%, 7/15/19 (a)(b) | 345 | 308,154 |
| Total Asset-Backed Securities 3.3% | | 4,485,819 |

| Common Stocks (c) | Shares | |
|--|--------|---------|
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. (a) | 10,732 | 4,120 |
| Wellman Holdings, Inc. | 181 | 588 |
| | | 4,708 |
| Electrical Equipment 0.0% | | |
| Medis Technologies Ltd. | 13,053 | 144 |
| Semiconductors & Semiconductor Equipment 0.0% | | |
| SunPower Corp., Class B | 1,860 | 22,041 |
| Software 0.1% | | |
| HMH Holdings/EduMedia | 47,227 | 94,454 |
| Total Common Stocks 0.1% | | 121,347 |

| Corporate Bonds | Par (000) | |
|--|--------------|-----------|
| Airlines 0.3% | | |
| Air Canada, 9.25%, 8/01/15 (a) | USD 210 | 201,600 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 209 | 213,942 |
| | | 415,542 |
| Auto Components 0.8% | | |
| Icahn Enterprises LP, 7.75%, 1/15/16 | 1,105 | 1,116,050 |
| Capital Markets 0.0% | | |

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| | | |
|--|-----|-----------|
| E*Trade Financial Corp., 3.99%, 8/31/19 (a)(d)(e) | 46 | 54,970 |
| Chemicals 1.5% | | |
| CF Industries, Inc., 6.88%, 5/01/18 | 480 | 544,200 |
| GEO Specialty Chemicals, Inc. (a): | | |
| 7.50%, 3/31/15 (d)(f) | 702 | 702,101 |
| 10.00%, 3/31/15 | 691 | 638,768 |
| Wellman Holdings, Inc., Subordinate Note (Third Lien), | | |
| 5.00%, 1/29/19 (d)(f) | 205 | 145,690 |
| | | 2,030,759 |

| | Par (000) | Value |
|--|--------------|-----------|
| Corporate Bonds | | |
| Commercial Banks 1.1% | | |
| CIT Group, Inc.: | | |
| 7.00%, 5/01/14 | USD 45 | \$ 44,837 |
| 7.00%, 5/01/15 | 170 | 169,150 |
| 7.00%, 5/01/16 | 220 | 218,900 |
| 7.00%, 5/01/17 | 960 | 948,000 |
| 7.00%, 5/02/17 (a) | 150 | 148,125 |
| | | 1,529,012 |
| Commercial Services & Supplies 0.5% | | |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a) | 472 | 455,665 |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 280 | 263,900 |
| | | 719,565 |
| Consumer Finance 0.5% | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | 190 | 192,375 |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a) | 425 | 442,000 |
| | | 634,375 |
| Containers & Packaging 1.2% | | |
| Berry Plastics Corp., 8.25%, 11/15/15 | 900 | 927,000 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | 115 | 125,063 |
| OI European Group BV, 6.88%, 3/31/17 | EUR 113 | 154,208 |
| Smurfit Kappa Acquisitions (a): | | |
| 7.25%, 11/15/17 | 175 | 241,332 |
| 7.75%, 11/15/19 | USD 160 | 219,497 |
| | | 1,667,100 |
| Diversified Financial Services 1.7% | | |
| Ally Financial, Inc., 2.53%, 12/01/14 (b) | 1,175 | 1,101,101 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | 85 | 88,612 |
| Reynolds Group DL Escrow, Inc., 8.50%, 10/15/16 (a) | 300 | 306,750 |
| Reynolds Group Issuer, Inc. (a): | | |
| 8.50%, 10/15/16 | EUR 200 | 278,681 |
| 7.13%, 4/15/19 | USD 280 | 265,300 |
| 7.88%, 8/15/19 | 100 | 99,000 |
| 6.88%, 2/15/21 | 210 | 195,300 |
| | | 2,334,744 |
| Diversified Telecommunication Services 0.6% | | |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | 290 | 297,250 |
| Qwest Communications International, Inc.: | | |
| 8.00%, 10/01/15 | 300 | 320,250 |
| Series B, 7.50%, 2/15/14 | 217 | 219,713 |
| | | 837,213 |
| Electronic Equipment, Instruments & Components 0.1% | | |
| CDW LLC, 8.00%, 12/15/18 (a) | 200 | 198,000 |
| Health Care Equipment & Supplies 0.6% | | |
| DJO Finance LLC: | | |
| 10.88%, 11/15/14 | 645 | 666,769 |
| 7.75%, 4/15/18 (a) | 95 | 88,350 |
| | | 755,119 |
| Health Care Providers & Services 1.7% | | |

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| | | |
|---------------------------------------|-----|-----------|
| HCA, Inc.: | | |
| 6.50%, 2/15/20 | 615 | 621,919 |
| 7.25%, 9/15/20 | 255 | 262,012 |
| 7.50%, 2/15/22 | 720 | 712,800 |
| Tenet Healthcare Corp.: | | |
| 9.00%, 5/01/15 | 95 | 100,700 |
| 8.88%, 7/01/19 | 545 | 577,700 |
| | | 2,275,131 |
| Health Care Technology 0.8% | | |
| IMS Health, Inc., 12.50%, 3/01/18 (a) | 980 | 1,127,000 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Hotels, Restaurants & Leisure 0.9% | | |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (a) | USD 383 | \$ 317,890 |
| MGM Resorts International, 10.38%, 5/15/14 | 260 | 285,350 |
| Travelport LLC: 4.95%, 9/01/14 (b) | 665 | 507,062 |
| 9.88%, 9/01/14 | 150 | 127,875 |
| | | 1,238,177 |
| IT Services 0.3% | | |
| First Data Corp., 7.38%, 6/15/19 (a) | 440 | 413,600 |
| Independent Power Producers & Energy Traders 1.4% | | |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (a) | 500 | 501,936 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 1,425 | 1,437,641 |
| | | 1,939,577 |
| Industrial Conglomerates 0.5% | | |
| Sequa Corp., 13.50%, 12/01/15 (a)(f) | 679 | 719,387 |
| Media 3.0% | | |
| AMC Networks, Inc., 7.75%, 7/15/21 (a) | 120 | 124,200 |
| CCH II LLC, 13.50%, 11/30/16 | 550 | 635,250 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 230 | 248,975 |
| Cengage Learning Acquisitions, Inc., 10.50%, 1/15/15 (a) | 340 | 261,800 |
| Checkout Holding Corp., 10.97%, 11/15/15 (a)(e) | 350 | 206,500 |
| Clear Channel Worldwide Holdings, Inc.: 9.25%, 12/15/17 | 212 | 224,720 |
| Series B, 9.25%, 12/15/17 | 967 | 1,034,690 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a) | 330 | 333,300 |
| UnityMedia Hessen GmbH & Co. KG (FKA UPC Germany GmbH), 8.13%, 12/01/17 (a) | 1,000 | 1,020,000 |
| | | 4,089,435 |
| Metals & Mining 0.7% | | |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (a) | 445 | 443,888 |
| Novelis, Inc., 8.38%, 12/15/17 | 495 | 511,087 |
| | | 954,975 |
| Multiline Retail 0.2% | | |
| Dollar General Corp., 11.88%, 7/15/17 (f) | 235 | 260,263 |
| Oil, Gas & Consumable Fuels 0.5% | | |
| Alpha Natural Resources, Inc.: 6.00%, 6/01/19 | 225 | 219,938 |
| 6.25%, 6/01/21 | 350 | 342,562 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a) | 144 | 152,640 |
| | | 715,140 |
| Paper & Forest Products 0.2% | | |
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (a) | 180 | 178,200 |
| Verso Paper Holdings LLC, Series B, 4.00%, 8/01/14 (b) | 180 | 147,600 |
| | | 325,800 |
| Pharmaceuticals 0.4% | | |

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| | | |
|--|-----|---------|
| Valeant Pharmaceuticals International, 6.50%, 7/15/16 (a) | 530 | 503,500 |
| Professional Services 0.1% | | |
| FTI Consulting, Inc., 6.75%, 10/01/20 | 95 | 93,694 |

| | Par (000) | Value |
|---|--------------|------------|
| Corporate Bonds | | |
| Wireless Telecommunication Services 1.6% | | |
| Cricket Communications, Inc., 7.75%, 5/15/16 | USD 825 | \$ 835,313 |
| Digicel Group Ltd. (a): | | |
| 9.13%, 1/15/15 | 399 | 399,000 |
| 8.25%, 9/01/17 | 265 | 265,000 |
| iPCS, Inc., 2.38%, 5/01/13 (b) | 500 | 463,750 |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | 155 | 154,031 |
| | | 2,117,094 |
| Total Corporate Bonds 21.2% | | 29,065,222 |

| | | |
|--|-----|-----------|
| Floating Rate Loan Interests (b) | | |
| Aerospace & Defense 1.7% | | |
| DynCorp International, Term Loan, 6.25%, 7/05/16 | 515 | 490,356 |
| The SI Organization, Inc., New Tranche B Term Loan, 4.50%, 11/22/16 | 470 | 422,550 |
| TransDigm, Inc., Term Loan (First Lien), 4.00%, 2/14/17 | 945 | 907,440 |
| Wesco Aircraft Hardware Corp., Term Loan B, 4.25%, 4/07/17 | 512 | 494,996 |
| | | 2,315,342 |

| | | |
|---|-------|-----------|
| Airlines 0.9% | | |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%, 4/20/17 | 1,275 | 1,175,129 |
| Auto Components 2.5% | | |
| Allison Transmission, Inc., Term Loan, 2.96%, 8/07/14 | 1,961 | 1,838,449 |
| Autoparts Holdings, Ltd., First Lien Term Loan, 6.50%, 7/28/17 | 750 | 735,000 |
| Federal-Mogul Corp.: | | |
| Term Loan B, 2.15% 2.18%, 12/29/14 | 321 | 291,083 |
| Term Loan C, 2.15% 2.18%, 12/28/15 | 164 | 148,410 |
| GPX International Tire Corp., Tranche B: (c)(g) | | |
| 8.37%, 3/31/12 | 549 | |
| 12.00%, 3/31/12 | 9 | |
| UCI International, Inc., Term Loan, 5.50%, 7/26/17 | 398 | 386,558 |
| | | 3,399,500 |

| | | |
|---|---------|-----------|
| Automobiles 0.4% | | |
| Ford Motor Co., Tranche B-1 Term Loan, 2.96%, 12/16/13 | 530 | 520,934 |
| Biotechnology 0.3% | | |
| Grifols SA, Term Loan B, 6.00%, 6/01/17 | 410 | 400,160 |
| Building Products 3.1% | | |
| Armstrong World Industries, Inc., Term Loan B, 4.00%, 3/09/18 | 623 | 585,252 |
| CPG International I, Inc., Term Loan B, 6.00%, 2/18/17 | 945 | 883,809 |
| Goodman Global, Inc., Initial Term Loan (First Lien), 5.75%, 10/28/16 | 2,394 | 2,352,721 |
| Momentive Performance Materials (Blitz 06-103 GmbH), Tranche B-2B Term Loan, 4.79%, 5/05/15 | EUR 341 | 439,940 |

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| | | | |
|--|-------------|---------|-----------|
| | | | 4,261,722 |
| Capital Markets | 1.8% | | |
| American Capital Ltd., Term Loan B, 7.50%, 12/31/13 | | USD 261 | 253,869 |
| HarbourVest Partners, Term Loan (First Lien), 6.25%, 12/14/16 | | 906 | 878,829 |
| Nuveen Investments, Inc. (First Lien): | | | |
| Extended Term Loan, 3.25%, 11/13/14 | | 459 | 424,282 |
| Non-Extended Term Loan, 5.75% 5.81%, 5/12/17 | | 916 | 855,804 |
| | | | 2,412,784 |

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Chemicals 6.0% | | |
| AZ Chemical Co., LLC, Term Loan B, 4.75%, 11/21/16 | USD 257 | \$ 247,402 |
| American Rock Salt Holdings LLC, Term Loan B, 5.50%, 4/25/17 | 718 | 688,574 |
| Ashland, Inc., Term Loan B, 3.75%, 7/30/18 | 600 | 586,608 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16 | 800 | 782,664 |
| Gentek, Inc., Tranche B Term Loan, 7.00%, 10/06/15 | 787 | 734,781 |
| MDI Holdings, LLC (FKA MacDermid, Inc.), Tranche C Term Loan, 3.54%, 4/11/14 | EUR 264 | 361,369 |
| Nexeo Solutions, LLC, Term Loan B, 5.00%, 9/08/17 | USD 623 | 574,080 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term Facility (First Lien), 3.48% 3.51%, 7/30/14 | 765 | 699,384 |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17 | 959 | 881,164 |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 10/15/15 | 1,453 | 1,436,357 |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17 | 1,393 | 1,285,391 |
| | | 8,277,774 |
| Commercial Services & Supplies 3.9% | | |
| ARAMARK Corp.: | | |
| Letter of Credit 1 Facility, 2.06%, 1/27/14 | 9 | 8,436 |
| Letter of Credit 2 Facility, 3.44%, 7/26/16 | 13 | 12,047 |
| US Term Loan, 2.12%, 1/27/14 | 111 | 104,717 |
| US Term Loan B, 3.50%, 7/26/16 | 196 | 183,178 |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16 | 375 | 360,751 |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan B, 5.00%, 5/19/17 | 1,350 | 1,282,500 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.), Tranche D Term Loan, 7.75%, 2/20/15 | 930 | 904,529 |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16 | 1,000 | 993,330 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.21% 2.23%, 4/02/14 | 864 | 749,976 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 9/16/16 | 521 | 498,485 |
| West Corp.: | | |
| Term Loan B4, 4.50%, 7/15/16 | 131 | 123,959 |
| Term Loan B5, 4.50%, 7/15/16 | 68 | 64,201 |
| | | 5,286,109 |
| Communications Equipment 1.7% | | |
| Avaya, Inc.: | | |
| Term Loan B, 3.06%, 10/24/14 | 540 | 479,930 |
| Term Loan B-3, 4.81%, 10/26/17 | 1,014 | 873,494 |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18 | 998 | 957,600 |
| | | 2,311,024 |
| Construction & Engineering 1.0% | | |
| BakerCorp., Inc., Term Loan B, 5.00%, 6/01/18 | 430 | 408,500 |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/16/17 | 900 | 900,000 |
| | | 1,308,500 |

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Consumer Finance 1.9%

| | | |
|--|-------|-----------|
| Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17 | 2,800 | 2,593,500 |
|--|-------|-----------|

Containers & Packaging 0.8%

| | | |
|--|-----|-----------|
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | 133 | 131,134 |
| Berry Plastics Holding Corp., Term Loan C, 2.21%, 4/03/15 | 138 | 122,929 |
| Graham Packaging Co., LP: Term Loan C, 6.75%, 4/04/14 | 271 | 268,429 |
| Term Loan D, 6.00%, 9/23/16 | 596 | 589,545 |
| | | 1,112,037 |

Floating Rate Loan Interests (b)

| | Par (000) | Value |
|--|--------------|--------------|
| Diversified Consumer Services 3.0% | | |
| Coinmach Service Corp., Term Loan, 3.22% 3.30%, 11/20/14 | USD 1,348 | \$ 1,172,350 |
| Laureate Education, Extended Term Loan, 5.25%, 8/15/18 | 2,039 | 1,800,468 |
| ServiceMaster Co.: Closing Date Term Loan, 2.69% 2.76%, 7/24/14 | 1,109 | 1,024,820 |
| Delayed Draw Term Loan, 2.72%, 7/24/14 | 110 | 102,057 |
| | | 4,099,695 |

Diversified Financial Services 0.5%

| | | |
|--|-----|---------|
| Reynolds Group Holdings, Inc., Term Loan E, 6.50%, 2/09/18 | 698 | 665,956 |
|--|-----|---------|

Diversified Telecommunication Services 4.4%

| | | |
|--|-------|-----------|
| Hawaiian Telcom Communications, Inc., Term Loan, 9.00%, 11/01/15 | 700 | 699,125 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | 792 | 745,470 |
| Level 3 Financing, Inc.: Add on Term Loan, 11.50%, 3/13/14 | 625 | 649,481 |
| Incremental Tranche A Term Loan, 2.50%, 3/13/14 | 1,300 | 1,201,200 |
| Term Loan B2, 2.50%, 9/03/18 | 2,000 | 1,885,000 |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17 | 898 | 864,308 |
| | | 6,044,584 |

Electronic Equipment, Instruments & Components 2.2%

| | | |
|--|-------|-----------|
| Aeroflex Inc., Term Loan B, 4.25%, 5/09/18 | 775 | 717,518 |
| CDW LLC (FKA CDW Corp.): Extended Term Loan B, 4.25%, 7/14/17 | 554 | 502,377 |
| Non-Extended Term Loan, 3.71%, 10/10/14 | 728 | 683,991 |
| Flextronics International Ltd. Delayed Draw: Term Loan A-2, 2.44%, 10/01/14 | 24 | 22,649 |
| Term Loan A-3, 2.47%, 10/01/14 | 21 | 19,413 |
| Sensata Technologies Finance Company, LLC, New Term Loan, 4.00%, 5/11/18 | 1,100 | 1,057,375 |
| | | 3,003,323 |

Energy Equipment & Services 2.5%

| | | |
|--|-------|-----------|
| CCS Corporation, Term Loan B, 3.25%, 11/14/14 | 876 | 776,520 |
| Dynegy Holdings, Inc.: Coal Company Term Loan, 9.25%, 8/04/16 | 371 | 358,323 |
| Gas Company Term Loan, 9.25%, 8/04/16 | 679 | 667,118 |
| MEG Energy Corp., Tranche D Term Loan, 4.00%, 3/16/18 | 1,750 | 1,673,437 |
| | | 3,475,398 |

Food & Staples Retailing 1.8%

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| | | | |
|---|-----|-------|-----------|
| AB Acquisitions UK Topco 2 Ltd. (FKA Alliance Boots), Facility B1, 3.61%, 7/09/15 | GBP | 675 | 942,074 |
| Bolthouse Farms, Inc., Term Loan (First Lien), 5.50% 5.75%, 2/11/16 | | 285 | 277,703 |
| US Foodservice, Inc. Term Loan B: 2.71% 2.72%, 7/03/14 | USD | 943 | 844,200 |
| 5.75%, 3/31/17 | | 399 | 371,070 |
| | | | 2,435,047 |
| Food Products 4.1% | | | |
| Advance Pierre Foods, Term Loan: (First Lien), 7.00%, 9/30/16 | | 1,032 | 998,182 |
| (Second Lien), 11.25%, 9/29/17 | | 600 | 588,000 |
| Del Monte Corp., Term Loan B, 4.50%, 3/08/18 | | 2,700 | 2,544,750 |
| Michaels Foods Group, Inc. (FKA M-Foods Holdings, Inc.), Term Loan B, 4.25%, 2/23/18 | | 86 | 82,154 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Food Products (concluded) | | |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | USD 631 | \$ 621,894 |
| Solvest, Ltd. (Dole): | | |
| Tranche B-1 Term Loan, 5.00% 6.00%, 7/06/18 | 301 | 289,863 |
| Tranche C-1 Term Loan, 5.00% 6.00%, 7/06/18 | 559 | 538,317 |
| | | 5,663,160 |
| Health Care Equipment & Supplies 1.6% | | |
| Biomet, Inc., Dollar Term Loan, 3.24%, 3/25/15 | 365 | 346,385 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.22%, 5/20/14 | 498 | 464,558 |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18 | 852 | 785,544 |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18 | 570 | 549,696 |
| | | 2,146,183 |
| Health Care Providers & Services 5.5% | | |
| CHS/Community Health Systems, Inc.: | | |
| Extended Term Loan B, 3.72% 3.82%, 1/25/17 | 90 | 82,238 |
| Non-Extended Delayed Draw Term Loan, 2.47% 2.57%, 7/25/14 | 45 | 41,966 |
| Non-Extended Term Loan, 2.47% 2.57%, 7/25/14 | 841 | 779,433 |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/22/16 | 697 | 657,029 |
| DaVita, Inc., Term Loan B, 4.50%, 10/20/16 | 896 | 868,635 |
| Emergency Medical Services, Term Loan, 5.25%, 5/25/18 | 1,052 | 973,331 |
| HCA, Inc.: | | |
| Tranche B-1 Term Loan, 3.50%, 5/01/18 | 311 | 291,390 |
| Tranche B-2 Term Loan, 3.50%, 3/31/17 | 368 | 346,271 |
| Harden Healthcare, Inc.: | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | 608 | 596,182 |
| Tranche A Term Loan, 8.50%, 3/02/15 | 346 | 339,127 |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.): | | |
| Incremental Term Loan B3, 6.75%, 5/15/18 | 400 | 376,000 |
| Term Loan B, 6.50%, 8/04/16 | 948 | 894,172 |
| Medpace, Inc., Term Loan, 6.50%, 6/22/17 | 650 | 617,500 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 5.75%, 12/16/16 | 697 | 681,992 |
| | | 7,545,266 |
| Health Care Technology 0.7% | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 4.50%, 8/25/17 | 640 | 614,169 |
| MedAssets, Inc., Term Loan B, 5.25%, 11/16/16 | 428 | 405,379 |
| | | 1,019,548 |
| Hotels, Restaurants & Leisure 7.7% | | |
| Ameristar Casinos, Inc., Term Loan B, 4.00%, 4/13/18 | 798 | 766,080 |
| Caesars Entertainment Operating Co.: | | |
| Incremental Term Loan B-4, 9.50%, 10/31/16 | 398 | 397,152 |
| Term Loan B-1, 3.22% 3.25%, 1/28/15 | 128 | 110,367 |
| Term Loan B-2, 3.22% 3.25%, 1/28/15 | 165 | 142,157 |

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| | | |
|---|-------|-----------|
| Term Loan B-3, 3.24% 3.25%, 1/28/15 | 2,964 | 2,551,880 |
| Dunkin Brands, Inc., New Term Loan B, 4.00%, 11/23/17 | 1,144 | 1,098,572 |
| Golden Living, Term Loan, 5.00%, 5/04/18 | 935 | 829,812 |
| Las Vegas Sands LLC: | | |
| Delayed Draw Term Loan, 1.72%, 5/23/14 | 111 | 103,087 |
| Term Loan B, 1.72%, 5/23/14 | 439 | 408,907 |
| Penn National Gaming, Inc., Term Loan B, 3.75%, 7/16/18 | 175 | 170,187 |
| Seaworld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17 | 932 | 899,131 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.25%, 6/30/16 | 833 | 812,511 |

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Hotels, Restaurants & Leisure (concluded) | | |
| Twin River Worldwide Holdings, Inc., Term Loan, 7.75%, 11/05/15 | USD 429 | \$ 425,534 |
| VML US Finance LLC (FKA Venetian Macau): | | |
| New Project Term Loan, 4.73%, 5/27/13 | 318 | 314,743 |
| Term B Delayed Draw Project Loan, 4.73%, 5/25/12 | 521 | 515,575 |
| Term B Funded Project Loan, 4.73%, 5/27/13 | 1,011 | 998,288 |
| | | 10,543,983 |
| Household Durables 0.0% | | |
| Visant Corp. (FKA Jostens), Tranche B Term Loan, 5.25%, 12/22/16 | 24 | 22,200 |
| IT Services 4.8% | | |
| Ceridian Corp., US Term Loan, 3.22%, 11/10/14 | 1,095 | 936,456 |
| First Data Corp.: | | |
| Initial B-1 Term Loan, 2.97%, 9/24/14 | 137 | 120,278 |
| Initial B-2 Loan B, 4.22%, 3/23/18 | 3,438 | 2,878,608 |
| Initial B-3 Term Loan, 2.97%, 9/24/14 | 78 | 68,902 |
| infoGROUP, Inc., Term Loan, 5.75%, 5/22/18 | 377 | 345,614 |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17 | 601 | 568,539 |
| TransUnion LLC, Replacement Term Loan, 4.75%, 2/12/18 | 1,738 | 1,648,036 |
| | | 6,566,433 |
| Independent Power Producers & Energy Traders 3.6% | | |
| AES Corp., Term Loan B, 4.25%, 6/01/18 | 998 | 958,099 |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18 | 1,994 | 1,838,344 |
| Texas Competitive Electric Holdings Co., LLC (TXU), Extended Term Loan, 4.71% 4.77%, 10/10/17 | 2,910 | 2,136,409 |
| | | 4,932,852 |
| Industrial Conglomerates 2.1% | | |
| Sequa Corp., Term Loan, 3.50% 3.51%, 12/03/14 | 1,671 | 1,561,243 |
| Tomkins Plc, Term Loan B, 4.25%, 9/29/16 | 1,366 | 1,314,944 |
| | | 2,876,187 |
| Insurance 0.7% | | |
| CNO Financial Group, Inc., Term Loan, 6.25%, 9/30/16 | 1,009 | 985,993 |
| Machinery 0.8% | | |
| Navistar Financial Corp., Term Loan B, 4.50%, 12/16/12 | 422 | 410,181 |
| Terex Corp.: | | |
| Term Loan, 6.03%, 4/28/17 | EUR 70 | 97,539 |
| Term Loan B, 5.50%, 4/28/17 | USD 550 | 539,000 |
| | | 1,046,720 |
| Marine 0.3% | | |

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Horizon Lines, LLC:

| | | | |
|--------------------------------------|-----|-----|---------|
| Revolving Loan, 0.50% 6.50%, 8/08/12 | EUR | 285 | 278,310 |
| Term Loan A, 6.25%, 8/08/12 | | 120 | 115,927 |
| | | | 394,237 |

Media 18.4%

| | | | |
|---|-----|-------|-----------|
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18 | USD | 900 | 867,375 |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18 | | 1,062 | 1,001,922 |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/10/16 | | 814 | 733,223 |
| Atlantic Broadband Finance, LLC, Term Loan B, 4.00%, 3/08/16 | | 519 | 490,787 |
| Bresnan Telecommunications Co. LLC, Term Loan B, 4.50%, 12/14/17 | | 1,592 | 1,519,230 |
| Capsugel Healthcare Ltd., Term Loan, 5.25%, 8/01/18 | | 700 | 676,200 |
| Catalina Marketing Corp., Term Loan B, 2.97%, 10/01/14 | | 125 | 114,312 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)
(Percentages shown are based on Net Assets)

| | | Par (000) | Value |
|---|-----|--------------|------------|
| Floating Rate Loan Interests (b) | | | |
| Media (concluded) | | | |
| Cengage Learning Acquisitions, Inc. (FKA Thomson Learning): | | | |
| Term Loan, 2.50%, 7/03/14 | USD | 1,025 | \$ 847,696 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | | 497 | 474,380 |
| Charter Communications Operating, LLC: | | | |
| Term Loan B, 7.25%, 3/06/14 | | 14 | 14,385 |
| Term Loan C, 3.50%, 9/06/16 | | 1,436 | 1,367,001 |
| Clarke American Corp., Term Facility B, 2.72% 2.75%, 6/30/14 | | 530 | 439,985 |
| Clear Channel Communications, Inc., Term Loan B, 3.87%, 1/28/16 | | 1,145 | 856,964 |
| Cumulus Media, Inc., Term Loan, 6.75%, 8/30/18 | | 700 | 655,375 |
| Getty Images, Inc., Initial Term Loan, 5.25%, 11/07/16 | | 258 | 252,314 |
| Gray Television, Inc., Term Loan B, 3.71%, 12/31/14 | | 643 | 588,419 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.21%, 6/12/14 | | 741 | 595,858 |
| Hubbard Broadcasting, Term Loan (Second Lien), 5.25%, 4/28/17 | | 500 | 475,835 |
| Intelsat Jackson Holdings S.A. (FKA Intelsat Jackson Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | | 3,491 | 3,342,872 |
| Interactive Data Corp., Term Loan, 4.50%, 2/12/18 | | 1,546 | 1,462,062 |
| Knology, Inc., Term Loan B, 4.00%, 8/18/17 | | 347 | 328,258 |
| Lavena Holding 3 GmbH (Prosiebensat.1 Media AG), Facility B1, 4.20%, 3/06/15 | EUR | 304 | 338,575 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | USD | 491 | 469,144 |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | | 1,325 | 1,368,062 |
| Nielsen Finance LLC, Class B Dollar Term Loan, 3.95%, 5/02/16 | | 731 | 687,557 |
| Sinclair Television Group, Inc., New Tranche B Term Loan, 4.00%, 10/28/16 | | 508 | 499,999 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.51%, 6/01/12 | | 1,012 | 972,874 |
| UPC Broadband Holding B.V., Term U, 5.44%, 12/31/17 | EUR | 1,210 | 1,625,655 |
| Univision Communications, Inc., Extended First Lien Term Loan, 4.47%, 3/31/17 | | 941 | 809,370 |
| WC Luxco Sarl, New Term Loan B3, 4.25%, 3/15/18 | USD | 251 | 240,612 |
| Weather Channel, Term Loan B, 4.25%, 2/13/17 | | 1,202 | 1,157,561 |
| | | | 25,273,862 |
| Metals & Mining 2.8% | | | |
| Novelis, Inc., Term Loan, 3.75%, 3/10/17 | | 1,522 | 1,437,742 |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18 | | 500 | 475,000 |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18 | | 2,063 | 1,970,452 |
| | | | 3,883,194 |
| Multi-Utilities 0.1% | | | |
| | | 174 | 164,529 |

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| | | |
|---|-------|-----------|
| Microsemi Corp., Term Loan B, 4.00%, 11/02/17 | 547 | 522,170 |
| | | 944,968 |
| Software 0.6% | | |
| Rovi Solution Corp., Tranche B, Term Loan, 4.00%, 2/07/18 | 549 | 527,596 |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16 | 358 | 340,738 |
| | | 868,334 |
| Specialty Retail 4.8% | | |
| Academy Ltd., Term Loan, 6.00%, 8/03/18 | 900 | 854,325 |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/23/17 | 469 | 442,091 |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18 | 1,275 | 1,203,281 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|-------------|
| Floating Rate Loan Interests (b) | | |
| Specialty Retail (concluded) | | |
| J. Crew Group, Inc., Term Loan B, 4.75%, 3/07/18 | USD 434 | \$ 386,455 |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18 | 374 | 347,588 |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.50%, 10/31/13 | 392 | 370,491 |
| Term Loan B-2, 4.75%, 7/31/16 | 711 | 669,049 |
| Petco Animal Supplies, Inc., Term Loan B, 4.50%, 11/24/17 | 1,238 | 1,163,250 |
| Toys R Us Delaware, Inc.: | | |
| Initial Loan, 6.00%, 9/01/16 | 926 | 867,755 |
| Term Loan, 5.25%, 5/25/18 | 299 | 277,803 |
| | | 6,582,088 |
| Wireless Telecommunication Services 1.5% | | |
| MetroPCS Wireless, Inc.: | | |
| Extended Term Loan B, 4.07%, 11/04/16 | 479 | 447,761 |
| Term Loan B, 4.00%, 3/16/18 | 249 | 233,050 |
| Vodafone Americas Finance 2, Inc.: | | |
| Initial Loan, 6.88%, 8/11/15 | 1,070 | 1,075,678 |
| PIK Term Loan B, 6.25%, 7/11/16 | 300 | 301,500 |
| | | 2,057,989 |
| Total Floating Rate Loan Interests 111.7% | | 153,006,467 |

| | Beneficial Interest (000) |
|--|---------------------------------|
| Other Interests (h) | |
| Auto Components 0.7% | |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests (c) | (i) 950,363 |
| Diversified Financial Services 0.2% | |
| FRB JGW SPV, LLC (J.G. Wentworth, LLC Preferred Equity Interests) (c)(j) | (i) 325,070 |
| Total Other Interests 0.9% | 1,275,433 |

| | Shares |
|---|-------------|
| Warrants (k) | |
| Software 0.0% | |
| HMH Holdings/EduMedia (Expires 3/09/17) | 5,330 |
| Total Warrants 0.0% | |
| Total Long-Term Investments | |
| (Cost \$198,471,320) 137.2% | 187,954,288 |

| | |
|---|---------------------|
| Short-Term Securities | |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.07% (l)(m) | 3,303,074 3,303,074 |
| Total Short-Term Securities | |
| (Cost \$3,303,074) 2.4% | 3,303,074 |

| | Contracts | Value |
|---|-----------|-------|
| Options Purchased | | |
| Over-the-Counter Call Options 0.0% | | |

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Marsico Parent Superholdco LLC, Strike
 Price USD 942.86, Expires 12/21/19,
 Broker Goldman Sachs Bank USA

Total Options Purchased

(Cost \$10,756) 0.0%

| | | |
|--|----------------|----------------|
| Total Investments (Cost \$201,785,150*) | 139.6% | 191,257,362 |
| Liabilities in Excess of Other Assets | (39.6)% | (54,238,996) |
| Net Assets | 100.0% | \$ 137,018,366 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 201,107,274 |
| Gross unrealized appreciation | \$ 2,073,939 |
| Gross unrealized depreciation | (11,923,851) |
| Net unrealized depreciation | \$ (9,849,912) |

- (a) 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.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) Convertible security.
- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (g) Issuer filed for bankruptcy and/or is in default of interest payments.
- (h) Other interests represent beneficial interest in liquidation trusts and other reorganization or private entities.
- (i) Amount is less than \$500.
- (j) The investment is held by a wholly owned subsidiary of the Fund.
- (k) 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, if any.
- (l) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2011 | Net Activity | Shares Held at August 31, 2011 | Income |
|--|---|-----------------|---|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 2,714,267 | 588,807 | 3,303,074 | \$ 2,165 |

- (m) Represents the current yield as of report date.

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 rating group indexes, and/or as defined by Fund management. These definitions may not

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apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

See Notes to Financial Statements.

SEMI-ANNUAL REPORT

AUGUST 31, 2011

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Schedule of Investments (concluded)

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)

Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency Purchased | | Currency Sold | | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|-----------|---------------|-----------|------------------------|-----------------|--|
| CAD | 1,000,000 | USD | 1,016,913 | Citibank NA | 10/07/11 | \$ 3,370 |
| CAD | 162,863 | USD | 165,000 | Deutsche Bank AG | 10/07/11 | 1,182 |
| USD | 1,158,990 | CAD | 1,146,000 | Citibank NA | 10/07/11 | (10,255) |
| USD | 217,325 | GBP | 135,000 | Citibank NA | 10/07/11 | (1,735) |
| USD | 600,798 | GBP | 376,000 | Royal Bank of Scotland | 10/07/11 | (9,325) |
| EUR | 110,600 | USD | 158,446 | Citibank NA | 10/26/11 | 326 |
| EUR | 145,000 | USD | 206,372 | Deutsche Bank AG | 10/26/11 | 1,783 |
| USD | 3,741,618 | EUR | 2,610,000 | Citibank NA | 10/26/11 | (5,187) |
| USD | 295,736 | EUR | 205,000 | UBS AG | 10/26/11 | 1,447 |
| USD | 565,178 | EUR | 395,000 | Morgan Stanley | 10/26/11 | (1,867) |
| USD | 99,645 | EUR | 70,000 | Citibank NA | 10/26/11 | (844) |
| Total | | | | | | \$ (21,105) |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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

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

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|-----------|--------------|--------------|--------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments: | | | | |
| Asset-Backed Securities | | \$ 1,537,282 | \$ 2,948,537 | \$ 4,485,819 |
| Common Stocks | \$ 22,185 | | 99,162 | 121,347 |
| Corporate Bonds | | 27,260,773 | 1,804,449 | 29,065,222 |
| Floating Rate | | | | |

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| | | | | |
|---------------------------|--------------|----------------|---------------|----------------|
| Loan interests | | 140,689,485 | 12,316,982 | 153,006,467 |
| Other Interests | | 950,363 | 325,070 | 1,275,433 |
| Short-Term Securities | 3,303,074 | | | 3,303,074 |
| Liabilities: | | | | |
| Unfunded Loan Commitments | | (48,248) | | (48,248) |
| Total | \$ 3,325,259 | \$ 170,389,655 | \$ 17,494,200 | \$ 191,209,114 |

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---|---------|-------------|---------|-------------|
| Derivative Financial Instruments ¹ | | | | |
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 8,108 | | \$ 8,108 |
| Liabilities: | | | | |
| Foreign currency exchange contracts | | (29,213) | | (29,213) |
| Total | | \$ (21,105) | | \$ (21,105) |

¹ Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

| | Asset-Backed Securities | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Unfunded Loan Commitments Assets | Unfunded Loan Commitments (Liabilities) | Total |
|---|-------------------------|---------------|-----------------|------------------------------|-----------------|----------------------------------|---|---------------|
| Assets/Liabilities: | | | | | | | | |
| Balance, as of February 28, 2011 | \$ 4,537,295 | \$ 240,264 | \$ 1,839,313 | \$ 20,965,976 | \$ 299,336 | \$ 2,079 | \$ (5,523) | \$ 27,878,740 |
| Accrued discounts/premiums | 27,075 | | 26,477 | 64,533 | | | | 118,085 |
| Net realized gain (loss) | 5,891 | | 9,404 | 126,679 | | | | 141,974 |
| Net change in unrealized appreciation/depreciation ² | (237,314) | (141,102) | 36,152 | (561,226) | 25,734 | (2,079) | 4,604 | (875,231) |
| Purchases | | | 5,005 | 5,855,248 | | | | 5,860,253 |
| Sales | (944,410) | | (111,902) | (9,519,383) | | | | (10,575,695) |
| Transfers in ³ | | | | 1,536,422 | | | 919 | 1,537,341 |
| Transfers out ³ | (440,000) | | | (6,151,267) | | | | (6,591,267) |
| Balance, as of August 31, 2011 | \$ 2,948,537 | \$ 99,162 | \$ 1,804,449 | \$ 12,316,982 | \$ 325,070 | | | \$ 17,494,200 |

² Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(779,472).

³ The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Financial Statements.

Schedule of Investments August 31, 2011 (Unaudited)

BlackRock Senior High Income Fund, Inc. (ARK)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Asset-Backed Securities | | |
| Asset-Backed Securities 2.0% | | |
| ARES CLO Funds, Series 2005-10A, Class B, 0.64%, 9/18/17 (a)(b) | USD 500 | \$ 445,535 |
| CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16 | 500 | 475,950 |
| Canaras Summit CLO Ltd., Series 2007-1A, Class B, 0.73%, 6/19/21 (a)(b) | 635 | 509,492 |
| Franklin CLO Ltd., Series 6A, Class B, 0.72%, 8/09/19 (a)(b) | 810 | 695,466 |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2, 0.61%, 10/27/20 (b) | 495 | 370,013 |
| Greyrock CDO Ltd., Series 2005-1X, Class A2L, 0.71%, 11/15/17 (b) | 1,025 | 883,652 |
| Portola CLO Ltd., Series 2007-1X, Class B1, 1.74%, 11/15/21 (b) | 645 | 574,953 |
| T2 Income Fund CLO Ltd., Series 2007-1A, Class B, 0.85%, 7/15/19 (a)(b) | 560 | 500,192 |
| Total Asset-Backed Securities 2.0% | | 4,455,253 |

| | Shares | |
|--|---------|-----------|
| Common Stocks (c) | | |
| Capital Markets 0.1% | | |
| E*Trade Financial Corp. | 27,100 | 334,956 |
| Chemicals 0.0% | | |
| GEO Specialty Chemicals, Inc. | 142,466 | 54,693 |
| Wellman Holdings, Inc. | 1,557 | 5,060 |
| Wellman, Inc. (acquired 1/30/09, cost \$822) (d) | 3,574 | 11,616 |
| | | 71,369 |
| Containers & Packaging 0.1% | | |
| Smurfit Kappa Plc | 18,171 | 144,008 |
| Diversified Financial Services 0.0% | | |
| Leucadia National Corp. | 722 | 21,393 |
| Metals & Mining 0.1% | | |
| Euramax International | 935 | 261,772 |
| Paper & Forest Products 0.6% | | |
| Ainsworth Lumber Co. Ltd. | 190,634 | 389,327 |
| Ainsworth Lumber Co. Ltd. (a) | 421,556 | 860,933 |
| | | 1,250,260 |
| Software 0.1% | | |
| HMH Holdings/EduMedia | 75,676 | 151,352 |
| Total Common Stocks 1.0% | | 2,235,110 |

| | Par (000) | |
|--------------------------------------|--------------|---------|
| Corporate Bonds | | |
| Aerospace & Defense 0.8% | | |
| Bombardier, Inc., 7.75%, 3/15/20 (a) | USD 900 | 983,250 |
| | 692 | 711,030 |

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| | | |
|---|--|-----------|
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 | | 1,694,280 |
|---|--|-----------|

| | | |
|--|-----|-----------|
| Airlines 0.7% | | |
| Air Canada, 9.25%, 8/01/15 (a) | 590 | 566,400 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 348 | 356,571 |
| United Air Lines, Inc., 12.75%, 7/15/12 | 589 | 615,764 |
| | | 1,538,735 |

| Corporate Bonds | Par (000) | Value |
|--|--------------|------------|
| Auto Components 1.6% | | |
| Delphi Corp., 6.13%, 5/15/21 (a) | USD 290 | \$ 279,850 |
| Icahn Enterprises LP: | | |
| 7.75%, 1/15/16 | 160 | 161,600 |
| 8.00%, 1/15/18 | 2,690 | 2,716,900 |
| Titan International, Inc., 7.88%, 10/01/17 | 490 | 514,500 |
| Venture Holdings Co. LLC (c)(e): | | |
| 12.00%, 6/01/09 | 700 | 70 |
| Series B, 9.50%, 7/01/05 | 3,325 | 332 |
| | | 3,673,252 |

| | | |
|---------------------------------|-----|---------|
| Biotechnology 0.1% | | |
| QHP Pharma, 10.25%, 3/15/15 (a) | 149 | 151,349 |

| | | |
|--|-----|---------|
| Building Products 0.4% | | |
| Building Materials Corp. of America (a): | | |
| 7.00%, 2/15/20 | 485 | 485,000 |
| 6.75%, 5/01/21 | 410 | 392,575 |
| | | 877,575 |

| | | |
|--|-----|-----------|
| Capital Markets 0.8% | | |
| American Capital Ltd., 7.96%, 12/31/13 (f) | 600 | 595,788 |
| E*Trade Financial Corp., 12.50%, 11/30/17 (a)(g)(h) | 755 | 868,250 |
| KKR Group Finance Co., 6.38%, 9/29/20 (a) | 280 | 297,907 |
| | | 1,761,945 |

| | | |
|--|-------|------------|
| Chemicals 4.7% | | |
| American Pacific Corp., 9.00%, 2/01/15 | 610 | 599,325 |
| American Rock Salt Co. LLC, 8.25%, 5/01/18 (a) | 116 | 107,590 |
| Celanese US Holdings LLC, 5.88%, 6/15/21 | 300 | 300,750 |
| GEO Specialty Chemicals, Inc. (a): | | |
| 7.50%, 3/31/15 (g)(i) | 1,869 | 1,868,623 |
| 10.00%, 3/31/15 | 1,839 | 1,700,816 |
| Hexion U.S. Finance Corp., 8.88%, 2/01/18 | 345 | 322,575 |
| Huntsman International LLC, 8.63%, 3/15/21 | 150 | 156,563 |
| Kinove German Bondco GmbH, 9.63%, 6/15/18 (a) | 400 | 384,000 |
| Omnova Solutions, Inc., 7.88%, 11/01/18 | 350 | 307,125 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (a) | 240 | 237,600 |
| Wellman Holdings, Inc., Subordinate Note (g): | | |
| (Second Lien), 10.00%, 1/29/19 | 2,383 | 3,312,370 |
| (Third Lien), 5.00%, 1/29/19 (i) | 1,765 | 1,253,274 |
| | | 10,550,611 |

| | | |
|------------------------------|-------|-----------|
| Commercial Banks 1.9% | | |
| CIT Group, Inc.: | | |
| 7.00%, 5/01/14 | 139 | 140,115 |
| 7.00%, 5/01/15 | 450 | 447,750 |
| 7.00%, 5/01/16 | 640 | 636,800 |
| 7.00%, 5/01/17 | 2,571 | 2,538,863 |
| 7.00%, 5/02/17 (a) | 400 | 395,000 |
| | | 4,158,528 |

| | | |
|---|-----|---------|
| Commercial Services & Supplies 1.3% | | |
| ARAMARK Corp., 8.50%, 2/01/15 | 440 | 454,300 |
| AWAS Aviation Capital Ltd., 7.00%, 10/15/16 (a) | 556 | 536,509 |

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| | | |
|--|-----|-----------|
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 455 | 428,837 |
| The Geo Group, Inc., 7.75%, 10/15/17 | 450 | 472,500 |
| Mobile Mini, Inc., 7.88%, 12/01/20 | 335 | 325,788 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (a) | 550 | 591,250 |
| West Corp., 8.63%, 10/01/18 | 165 | 160,875 |
| | | 2,970,059 |
| Communications Equipment 0.2% | | |
| Avaya, Inc., 7.00%, 4/01/19 (a) | 200 | 180,000 |
| EH Holding Corp., 6.50%, 6/15/19 (a) | 320 | 320,000 |
| | | 500,000 |

See Notes to Financial Statements.

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AUGUST 31, 2011

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Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Consumer Finance 0.9% | | |
| Credit Acceptance Corp., 9.13%, 2/01/17 | USD 300 | \$ 303,750 |
| Ford Motor Credit Co. LLC: | | |
| 3.00%, 1/13/12 (b) | 1,340 | 1,340,027 |
| 7.00%, 4/15/15 | 140 | 149,450 |
| 6.63%, 8/15/17 | 300 | 314,068 |
| | | 2,107,295 |
| Containers & Packaging 0.7% | | |
| Ball Corp., 6.75%, 9/15/20 | 325 | 341,250 |
| Berry Plastics Corp., 8.25%, 11/15/15 | 1,100 | 1,133,000 |
| Graphic Packaging International, Inc., 9.50%, 6/15/17 | 185 | 201,187 |
| | | 1,675,437 |
| Diversified Financial Services 3.4% | | |
| Ally Financial, Inc.: | | |
| 8.30%, 2/12/15 | 3,670 | 3,853,500 |
| 8.00%, 11/01/31 | 480 | 461,727 |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 | 350 | 364,875 |
| Reynolds Group DL Escrow, Inc., 8.75%, 10/15/16 (a) | 850 | 869,125 |
| Reynolds Group Issuer, Inc. (a): | | |
| 7.13%, 4/15/19 | 560 | 530,600 |
| 7.88%, 8/15/19 | 320 | 316,800 |
| 6.88%, 2/15/21 | 480 | 446,400 |
| 8.25%, 2/15/21 | 930 | 783,525 |
| WMG Acquisition Corp., 9.50%, 6/15/16 (a) | 105 | 107,100 |
| | | 7,733,652 |
| Diversified Telecommunication Services 0.4% | | |
| ITC Deltacom, Inc., 10.50%, 4/01/16 | 520 | 533,000 |
| Qwest Communications International, Inc., Series B, 7.50%, 2/15/14 | 180 | 182,250 |
| tw telecom Holdings, Inc., 8.00%, 3/01/18 | 170 | 175,100 |
| | | 890,350 |
| Electric Utilities 0.2% | | |
| IPALCO Enterprises, Inc., 7.25%, 4/01/16 (a) | 405 | 434,065 |
| Electronic Equipment, Instruments & Components 0.1% | | |
| CDW LLC, 8.00%, 12/15/18 (a) | 320 | 316,800 |
| Energy Equipment & Services 0.8% | | |
| Frac Tech Services LLC, 7.13%, 11/15/18 (a) | 625 | 646,875 |
| Key Energy Services, Inc., 6.75%, 3/01/21 | 380 | 372,400 |
| MEG Energy Corp., 6.50%, 3/15/21 (a) | 490 | 490,000 |
| Oil States International, Inc., 6.50%, 6/01/19 (a) | 175 | 175,000 |
| SunCoke Energy, Inc., 7.63%, 8/01/19 (a) | 100 | 98,250 |
| | | 1,782,525 |
| Food Products 0.2% | | |
| Blue Merger Sub, Inc., 7.63%, 2/15/19 (a) | 480 | 476,400 |
| JBS USA LLC, 7.25%, 6/01/21 (a) | 75 | 68,156 |
| | | 544,556 |
| Gas Utilities 0.1% | | |
| Targa Resources Partners LP, 6.88%, 2/01/21 (a) | 250 | 247,500 |
| Health Care Equipment & Supplies 0.4% | | |

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| | | |
|--------------------------------|-----|---------|
| DJO Finance LLC: | | |
| 10.88%, 11/15/14 | 670 | 692,613 |
| 7.75%, 4/15/18 (a) | 30 | 27,900 |
| Teleflex, Inc., 6.88%, 6/01/19 | 250 | 248,125 |
| | | 968,638 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|------------|
| Health Care Providers & Services 3.0% | | |
| Aviv Healthcare Properties LP, 7.75%, 2/15/19 | USD 235 | \$ 233,825 |
| HCA, Inc.: | | |
| 8.50%, 4/15/19 | 65 | 70,850 |
| 6.50%, 2/15/20 | 990 | 1,001,137 |
| 7.88%, 2/15/20 | 1,924 | 2,039,440 |
| 7.25%, 9/15/20 | 525 | 539,437 |
| inVentiv Health, Inc., 10.00%, 8/15/18 (a) | 45 | 40,613 |
| Omnicare, Inc., 6.88%, 12/15/15 | 555 | 566,100 |
| Tenet Healthcare Corp.: | | |
| 10.00%, 5/01/18 | 430 | 473,000 |
| 8.88%, 7/01/19 | 1,680 | 1,780,800 |
| | | 6,745,202 |
| Health Care Technology 1.0% | | |
| IMS Health, Inc., 12.50%, 3/01/18 (a) | 1,730 | 1,989,500 |
| MedAssets, Inc., 8.00%, 11/15/18 (a) | 325 | 313,625 |
| | | 2,303,125 |
| Hotels, Restaurants & Leisure 1.1% | | |
| Diamond Resorts Corp., 12.00%, 8/15/18 | 540 | 523,800 |
| Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (a) | 282 | 234,060 |
| MGM Resorts International: | | |
| 10.38%, 5/15/14 | 720 | 790,200 |
| 11.13%, 11/15/17 | 750 | 836,250 |
| Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (c)(e) | 220 | 22 |
| | | 2,384,332 |
| Household Durables 1.1% | | |
| Beazer Homes USA, Inc., 12.00%, 10/15/17 | 1,000 | 1,015,000 |
| Jarden Corp., 7.50%, 5/01/17 | 435 | 444,787 |
| Standard Pacific Corp.: | | |
| 8.38%, 5/15/18 | 145 | 127,238 |
| 8.38%, 1/15/21 | 1,100 | 946,000 |
| | | 2,533,025 |
| IT Services 0.7% | | |
| First Data Corp. (a): | | |
| 7.38%, 6/15/19 | 805 | 756,700 |
| 8.25%, 1/15/21 | 501 | 428,355 |
| 12.63%, 1/15/21 | 333 | 314,685 |
| | | 1,499,740 |
| Independent Power Producers & Energy Traders 2.4% | | |
| AES Corp.: | | |
| 7.75%, 10/15/15 | 155 | 162,750 |
| 9.75%, 4/15/16 | 674 | 744,770 |
| 7.38%, 7/01/21 (a) | 215 | 217,150 |
| Calpine Corp., 7.50%, 2/15/21 (a) | 370 | 373,700 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 | 1,065 | 1,069,123 |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 2,135 | 2,153,939 |
| NRG Energy, Inc., 7.63%, 1/15/18 (a) | 770 | 762,300 |
| | | 5,483,732 |
| Industrial Conglomerates 1.6% | | |

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| | | |
|---|-------|-----------|
| Sequa Corp. (a): | | |
| 11.75%, 12/01/15 | 1,430 | 1,487,200 |
| 13.50%, 12/01/15 (i) | 1,930 | 2,045,776 |
| | | 3,532,976 |
| Insurance 0.6% | | |
| CNO Financial Group, Inc., 9.00%, 1/15/18 (a) | 851 | 885,040 |
| Genworth Financial, Inc., 7.63%, 9/24/21 | 370 | 328,386 |
| MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a) | 220 | 211,200 |
| | | 1,424,626 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|------------|
| Corporate Bonds | | |
| Machinery 0.1% | | |
| Navistar International Corp., 8.25%, 11/01/21 | USD 220 | \$ 227,700 |
| Media 7.8% | | |
| AMC Networks, Inc., 7.75%, 7/15/21 (a) | 190 | 196,650 |
| CCH II LLC, 13.50%, 11/30/16 | 1,700 | 1,963,500 |
| CCO Holdings LLC: | | |
| 7.25%, 10/30/17 | 260 | 268,125 |
| 7.88%, 4/30/18 | 565 | 587,600 |
| CSC Holdings, Inc., 8.50%, 4/15/14 | 390 | 422,175 |
| Checkout Holding Corp., 10.97%, 11/15/15 (a)(h) | 570 | 336,300 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| 9.25%, 12/15/17 | 340 | 360,400 |
| Series B, 9.25%, 12/15/17 | 4,526 | 4,842,820 |
| DISH DBS Corp.: | | |
| 7.00%, 10/01/13 | 850 | 891,437 |
| 6.63%, 10/01/14 | 750 | 774,375 |
| 6.75%, 6/01/21 (a) | 270 | 272,025 |
| Interactive Data Corp., 10.25%, 8/01/18 | 900 | 954,000 |
| Kabel BW Erste Beteiligungs GmbH, 7.50%, 3/15/19 (a) | 540 | 531,900 |
| NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (a) | 530 | 535,300 |
| Nielsen Finance LLC: | | |
| 11.63%, 2/01/14 | 636 | 720,270 |
| 7.75%, 10/15/18 | 640 | 660,800 |
| ProQuest LLC, 9.00%, 10/15/18 (a) | 220 | 215,600 |
| Regal Entertainment Group, 9.13%, 8/15/18 | 290 | 292,900 |
| Unitymedia Hessen GmbH & Co. KG (FKA UPC Germany GmbH), 8.13%, 12/01/17 (a) | 1,500 | 1,530,000 |
| Virgin Media Secured Finance Plc, 6.50%, 1/15/18 | 1,250 | 1,331,250 |
| | | 17,687,427 |
| Metals & Mining 1.7% | | |
| Drummond Co., Inc., 9.00%, 10/15/14 (a) | 233 | 238,243 |
| FMG Resources August 2006 Property Ltd., 7.00%, 11/01/15 (a) | 1,080 | 1,077,300 |
| JMC Steel Group, 8.25%, 3/15/18 (a) | 170 | 166,175 |
| Novelis, Inc., 8.75%, 12/15/20 | 2,015 | 2,120,787 |
| RathGibson, Inc., 11.25%, 2/15/14 (c)(e) | 2,175 | 109 |
| Vulcan Materials Co., 7.50%, 6/15/21 | 194 | 191,073 |
| | | 3,793,687 |
| Multiline Retail 0.5% | | |
| Dollar General Corp., 11.88%, 7/15/17 (i) | 948 | 1,049,910 |
| Oil, Gas & Consumable Fuels 6.9% | | |
| Alpha Natural Resources, Inc.: | | |
| 6.00%, 6/01/19 | 135 | 131,962 |
| 6.25%, 6/01/21 | 425 | 415,969 |
| Arch Coal, Inc.: | | |
| 7.00%, 6/15/19 (a) | 115 | 113,275 |
| 7.25%, 10/01/20 | 368 | 362,480 |
| 7.25%, 6/15/21 (a) | 360 | 354,600 |
| Chesapeake Energy Corp.: | | |
| 6.63%, 8/15/20 | 1,122 | 1,172,490 |
| 6.13%, 2/15/21 | 690 | 700,350 |

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| | | |
|---|-----|---------|
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a) | 240 | 254,400 |
| Consol Energy, Inc.: | | |
| 8.25%, 4/01/20 | 900 | 967,500 |
| 6.38%, 3/01/21 (a) | 230 | 228,275 |
| Crosstex Energy LP, 8.88%, 2/15/18 | 55 | 56,925 |
| Denbury Resources, Inc.: | | |
| 8.25%, 2/15/20 | 351 | 369,866 |
| 6.38%, 8/15/21 | 295 | 289,100 |

| Corporate Bonds | Par (000) | Value |
|---|--------------|------------|
| Oil, Gas & Consumable Fuels (concluded) | | |
| El Paso Corp., 7.00%, 6/15/17 | USD 825 | \$ 916,836 |
| Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19 | 665 | 625,100 |
| Forest Oil Corp., 8.50%, 2/15/14 | 220 | 235,400 |
| Hilcorp Energy I LP, 7.63%, 4/15/21 (a) | 1,140 | 1,151,400 |
| Linn Energy LLC: | | |
| 8.63%, 4/15/20 (a) | 580 | 620,600 |
| 7.75%, 2/01/21 | 1,025 | 1,045,500 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 | 815 | 823,150 |
| OGX Petroleo e Gas Participações SA, 8.50%, 6/01/18 (a) | 1,595 | 1,598,987 |
| Oasis Petroleum, Inc., 7.25%, 2/01/19 (a) | 170 | 166,600 |
| Petrohawk Energy Corp.: | | |
| 10.50%, 8/01/14 | 310 | 350,300 |
| 7.88%, 6/01/15 | 415 | 448,200 |
| 7.25%, 8/15/18 | 275 | 320,719 |
| 6.25%, 6/01/19 (a) | 480 | 558,000 |
| Plains Exploration & Production Co., 7.75%, 6/15/15 | 275 | 283,250 |
| Range Resources Corp., 5.75%, 6/01/21 | 645 | 648,225 |
| SandRidge Energy, Inc., 7.50%, 3/15/21 (a) | 435 | 424,125 |
| | | 15,633,584 |
| Paper & Forest Products 1.8% | | |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (a)(i) | 1,425 | 997,380 |
| Clearwater Paper Corp., 10.63%, 6/15/16 | 365 | 399,675 |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a) | 1,630 | 1,861,473 |
| Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (a) | 145 | 143,550 |
| Verso Paper Holdings LLC: | | |
| 11.50%, 7/01/14 | 289 | 306,340 |
| Series B, 4.00%, 8/01/14 (b) | 485 | 397,700 |
| | | 4,106,118 |
| Pharmaceuticals 0.4% | | |
| Valeant Pharmaceuticals International, 6.50%, 7/15/16 (a) | 1,015 | 964,250 |
| Professional Services 0.1% | | |
| FTI Consulting, Inc., 6.75%, 10/01/20 | 295 | 290,944 |
| Real Estate Investment Trusts (REITs) 0.4% | | |
| FelCor Lodging LP, 6.75%, 6/01/19 (a) | 950 | 893,000 |
| Real Estate Management & Development 0.1% | | |
| Shea Homes LP, 8.63%, 5/15/19 (a) | 320 | 270,400 |
| Road & Rail 1.5% | | |
| Avis Budget Car Rental LLC, 8.25%, 1/15/19 | 975 | 943,312 |
| Florida East Coast Railway Corp., 8.13%, 2/01/17 (a) | 200 | 199,000 |
| The Hertz Corp. (a): | | |
| 7.50%, 10/15/18 | 915 | 896,700 |
| 6.75%, 4/15/19 | 375 | 349,688 |
| 7.38%, 1/15/21 | 925 | 883,375 |
| | | 3,272,075 |

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Specialty Retail 0.4%

| | | |
|--|-----|---------|
| United Auto Group, Inc., 7.75%, 12/15/16 | 845 | 855,563 |
|--|-----|---------|

Textiles, Apparel & Luxury Goods 0.1%

| | | |
|--|-----|---------|
| Phillips-Van Heusen Corp., 7.75%, 11/15/23 | 215 | 225,703 |
|--|-----|---------|

Transportation Infrastructure 0.1%

| | | |
|---------------------------------|-----|---------|
| Aguila 3 SA, 7.88%, 1/31/18 (a) | 176 | 165,440 |
|---------------------------------|-----|---------|

Wireless Telecommunication Services 2.5%

Cricket Communications, Inc.:

| | | |
|-----------------|----|--------|
| 10.00%, 7/15/15 | 90 | 93,038 |
|-----------------|----|--------|

| | | |
|----------------|-------|-----------|
| 7.75%, 5/15/16 | 1,770 | 1,792,125 |
|----------------|-------|-----------|

Digicel Group Ltd. (a):

| | | |
|-----------------|-----|---------|
| 12.00%, 4/01/14 | 800 | 896,000 |
|-----------------|-----|---------|

| | | |
|----------------|-----|---------|
| 8.25%, 9/01/17 | 270 | 270,000 |
|----------------|-----|---------|

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|--------------|--------------------|
| Corporate Bonds | | |
| Wireless Telecommunication Services (concluded) | | |
| Nextel Communications, Inc., Series E, 6.88%, 10/31/13 | USD 415 | \$ 412,406 |
| Sprint Capital Corp.: | | |
| 8.38%, 3/15/12 | 325 | 334,750 |
| 6.88%, 11/15/28 | 2,010 | 1,798,950 |
| | | 5,597,269 |
| Total Corporate Bonds 55.6% | | 125,516,980 |
| Floating Rate Loan Interests (b) | | |
| Aerospace & Defense 0.3% | | |
| TransDigm, Inc., Term Loan (First Lien), 4.00%, 2/14/17 | 746 | 716,400 |
| Airlines 0.5% | | |
| Delta Air Lines, Inc., Credit New Term Loan B, 5.50%, 4/20/17 | 1,275 | 1,175,129 |
| Auto Components 1.4% | | |
| Allison Transmission, Inc., Term Loan, 2.96%, 8/07/14 | 1,894 | 1,775,896 |
| Autoparts Holdings, Ltd.: | | |
| First Lien Term Loan, 6.50%, 7/28/17 | 600 | 588,000 |
| Second Lien Term Loan, 10.50%, 1/29/18 | 900 | 886,500 |
| | | 3,250,396 |
| Automobiles 0.3% | | |
| Ford Motor Co.: | | |
| Tranche B-1 Term Loan, 2.96%, 12/16/13 | 556 | 546,631 |
| Tranche B-2 Term Loan, 2.96%, 12/16/13 | 63 | 61,557 |
| | | 608,188 |
| Biotechnology 0.2% | | |
| Grifols SA, Term Loan B, 6.00%, 6/01/17 | 455 | 444,080 |
| Building Products 1.3% | | |
| CPG International I, Inc., Term Loan B, 6.00%, 2/18/17 | 597 | 558,195 |
| Goodman Global, Inc.: | | |
| Initial Term Loan (First Lien), 5.75%, 10/28/16 | 1,676 | 1,646,905 |
| Term Loan (Second Lien), 9.00%, 10/30/17 | 600 | 603,000 |
| | | 2,808,100 |
| Capital Markets 0.9% | | |
| HarbourVest Partners, Term Loan (First Lien), 6.25%, 12/14/16 | 906 | 878,829 |
| Nuveen Investments, Inc. (First Lien): | | |
| Extended Term Loan, 3.25%, 11/13/14 | 371 | 342,520 |
| Non-Extended Term Loan, 5.75% 5.81%, 5/12/17 | 754 | 704,874 |
| | | 1,926,223 |
| Chemicals 4.6% | | |
| AZ Chemical Co. LLC, Term Loan, 4.75%, 11/21/16 | 142 | 136,522 |
| American Rock Salt Holdings LLC, Term Loan B, 5.50%, 4/25/17 | 1,192 | 1,142,842 |

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| | | |
|---|-------|-----------|
| Ashland, Inc., Term Loan B, 3.75%, 7/30/18 | 700 | 684,376 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16 | 800 | 782,664 |
| Gentek, Inc., Tranche B Term Loan, 7.00%, 10/06/15 | 1,122 | 1,047,387 |
| Nexeo Solutions, LLC, Term Loan B, 5.00%, 9/08/17 | 873 | 803,712 |
| PQ Corp. (FKA Niagara Acquisition, Inc.), Original Term Facility (First Lien), 3.48% 3.51%, 7/30/14 | 1,295 | 1,183,433 |
| Styron Sarl, Term Loan B, 6.00%, 8/02/17 | 1,208 | 1,109,818 |
| Tronox Worldwide LLC, Exit Term Loan, 7.00%, 10/15/15 | 2,318 | 2,292,269 |

| Floating Rate Loan Interests (b) | Par (000) | Value |
|---|-----------|--------------|
| Chemicals (concluded) | | |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17 | USD 1,294 | \$ 1,193,577 |
| | | 10,376,600 |

| Commercial Services & Supplies 2.6% | Par (000) | Value |
|---|-----------|-----------|
| ARAMARK Corp.: | | |
| Letter of Credit 1 Facility, 2.06%, 1/27/14 | 17 | 15,595 |
| Letter of Credit 2 Facility, 3.44%, 7/26/16 | 19 | 17,454 |
| US Term Loan, 2.12%, 1/27/14 | 205 | 193,592 |
| US Term Loan B, 3.50%, 7/26/16 | 284 | 265,395 |
| AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16 | 410 | 394,674 |
| Adesa, Inc. (KAR Holdings, Inc.), Initial Term Loan B, 5.00%, 5/19/17 | 1,250 | 1,187,500 |
| Altegrity, Inc. (FKA US Investigations Services, Inc.), Tranche D Term Loan, 7.75%, 2/20/15 | 1,394 | 1,356,793 |
| Delos Aircraft, Inc., Term Loan B2, 7.00%, 3/17/16 | 1,075 | 1,067,830 |
| Synagro Technologies, Inc., Term Loan (First Lien), 2.21% 2.23%, 4/02/14 | 494 | 429,255 |
| Volume Services America, Inc. (Centerplate), Term Loan B, 10.50% 10.75%, 9/16/16 | 993 | 949,495 |
| | | 5,877,583 |

| Communications Equipment 1.3% | Par (000) | Value |
|--|-----------|-----------|
| Avaya, Inc.: | | |
| Term Loan B, 3.06%, 10/24/14 | 962 | 855,554 |
| Term Loan B-3, 4.81%, 10/26/17 | 1,542 | 1,327,950 |
| CommScope, Inc., Term Loan B, 5.00%, 1/14/18 | 748 | 718,200 |
| | | 2,901,704 |

| Construction & Engineering 1.1% | Par (000) | Value |
|---|-----------|-----------|
| BakerCorp., Inc., Term Loan B, 5.00%, 6/01/18 | 485 | 460,750 |
| Brand Energy & Infrastructure Services, Inc. (FR Brand Acquisition Corp.), Synthetic Letter of Credit, Term Loan (First Lien), 0.13%, 2/07/14 | 500 | 455,000 |
| Safway Services, LLC, First Out Tranche Loan, 9.00%, 12/16/17 | 1,500 | 1,500,000 |
| | | 2,415,750 |

| Consumer Finance 0.9% | Par (000) | Value |
|---|-----------|-----------|
| Springleaf Financial Funding Co., (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17 | 2,200 | 2,037,750 |

| Containers & Packaging 0.6% | Par (000) | Value |
|--|-----------|-----------|
| Anchor Glass Container Corp., Term Loan (First Lien), 6.00%, 3/02/16 | 124 | 121,787 |
| Berry Plastics Holding Corp., Term Loan C, 2.21%, 4/03/15 | 491 | 436,900 |
| Graham Packaging Co., LP, Term Loan D, 6.00%, 9/23/16 | 893 | 884,317 |
| | | 1,443,004 |

| Diversified Consumer Services 2.8% | Par (000) | Value |
|--|-----------|-----------|
| Coinmach Service Corp., Term Loan, 3.22% 3.30%, 11/20/14 | 2,177 | 1,893,722 |

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| | | |
|---|-------|-----------|
| Laureate Education, Inc., Extended Term Loan, 5.25%, 8/15/18 | 3,080 | 2,720,175 |
| ServiceMaster Co.: | | |
| Closing Date Term Loan, 2.69% 2.76%, 7/24/14 | 1,755 | 1,621,077 |
| Delayed Draw Term Loan, 2.72%, 7/24/14 | 175 | 161,435 |
| | | 6,396,409 |
| Diversified Financial Services 0.2% | | |
| Reynolds Group Holdings, Inc., Term Loan E, 6.50%, 2/09/18 | 459 | 437,628 |
| Diversified Telecommunication Services 2.7% | | |
| Hawaiian Telcom Communications, Inc., Term Loan, 9.00%, 11/01/15 | 1,350 | 1,348,312 |
| Integra Telecom Holdings, Inc., Term Loan, 9.25%, 4/15/15 | 916 | 861,950 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Diversified Telecommunication Services (concluded) | | |
| Level 3 Financing, Inc.: | | |
| Add on Term Loan, 11.50%, 3/13/14 | USD 775 | \$ 805,357 |
| Incremental Tranche A Term Loan, 2.49% 2.50%, 3/13/14 | 1,100 | 1,016,400 |
| Term Loan B2, 2.50%, 9/03/18 | 2,050 | 1,932,125 |
| | | 5,964,144 |
| Electronic Equipment, Instruments & Components 1.7% | | |
| Aeroflex Inc., Term Loan B, 4.25%, 5/09/18 | 700 | 648,081 |
| CDW LLC (FKA CDW Corp.): | | |
| Extended Term Loan B, 4.25%, 7/14/17 | 944 | 856,267 |
| Non-Extended Term Loan, 3.71%, 10/10/14 | 1,101 | 1,034,645 |
| Sensata Technologies Finance Company, LLC, New Term Loan, 4.00%, 5/11/18 | 1,440 | 1,384,200 |
| | | 3,923,193 |
| Energy Equipment & Services 1.9% | | |
| CCS Corporation, Term Loan B, 3.25%, 11/14/14 | 709 | 628,389 |
| Dynegy Holdings, Inc.: | | |
| Coal Company Term Loan, 9.25%, 8/04/16 | 866 | 836,087 |
| Gas Company Term Loan, 9.25%, 8/04/16 | 1,584 | 1,556,607 |
| MEG Energy Corp., Tranche D Term Loan, 4.00%, 3/16/18 | 1,400 | 1,338,750 |
| | | 4,359,833 |
| Food & Staples Retailing 0.8% | | |
| US Foodservice, Inc., Term Loan B: | | |
| 2.71% 2.72%, 7/03/14 | 1,524 | 1,363,865 |
| 5.75%, 3/31/17 | 399 | 371,070 |
| | | 1,734,935 |
| Food Products 2.5% | | |
| Advance Pierre Foods, Term Loan (First Lien), 7.00%, 9/30/16 | 2,347 | 2,269,521 |
| Del Monte Corp., Term Loan B, 4.50%, 3/08/18 | 2,210 | 2,082,925 |
| Pinnacle Foods Finance LLC, Tranche D Term Loan, 6.00%, 4/02/14 | 800 | 788,375 |
| Solvest, Ltd. (Dole): | | |
| Tranche B-1 Term Loan, 5.00% 6.00%, 7/06/18 | 205 | 197,174 |
| Tranche C-1 Term Loan, 5.00% 6.00%, 7/06/18 | 380 | 366,181 |
| | | 5,704,176 |
| Health Care Equipment & Supplies 1.0% | | |
| Biomet, Inc., Dollar Term Loan, 3.24%, 3/25/15 | 135 | 128,115 |
| DJO Finance LLC (FKA ReAble Therapeutics Finance LLC), Term Loan, 3.22%, 5/20/14 | 796 | 742,490 |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18 | 737 | 679,283 |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18 | 750 | 723,285 |
| | | 2,273,173 |
| Health Care Providers & Services 4.2% | | |
| CHS/Community Health Systems, Inc.: | | |

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| | | |
|--|-------|-----------|
| Non-Extended Delayed Draw Term Loan, 2.47% 2.57%, 7/25/14 | 48 | 44,118 |
| Non-Extended Term Loan, 2.47% 2.57%, 7/25/14 | 897 | 831,592 |
| ConvaTec, Inc., Dollar Term Loan, 5.75%, 12/22/16 | 697 | 657,029 |
| DaVita, Inc., Term Loan B, 4.50%, 10/20/16 | 1,095 | 1,061,665 |
| Emergency Medical Services, Term Loan, 5.25%, 5/25/18 | 1,097 | 1,014,956 |
| HCA, Inc., Extended Term Loan B3, 3.50%, 5/01/18 | 856 | 803,550 |
| Harden Healthcare, Inc.: | | |
| Tranche A Additional Term Loan, 7.75%, 3/02/15 | 1,217 | 1,192,363 |
| Tranche A Term Loan, 8.50%, 3/02/15 | 346 | 339,127 |

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Health Care Providers & Services (concluded) | | |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.): | | |
| Incremental Term Loan B3, 6.75%, 5/15/18 | USD 500 | \$ 470,000 |
| Term Loan B, 6.50%, 8/04/16 | 1,416 | 1,335,615 |
| Medpace, Inc., Term Loan, 6.50%, 6/22/17 | 1,050 | 997,500 |
| Renal Advantage Holdings, Inc., Tranche B Term Loan, 5.75%, 12/16/16 | 697 | 681,992 |
| | | 9,429,507 |
| Health Care Technology 0.7% | | |
| IMS Health, Inc., Tranche B Dollar Term Loan, 4.50%, 8/25/17 | 1,036 | 993,876 |
| MedAssets, Inc., Term Loan B, 5.25%, 11/16/16 | 552 | 522,646 |
| | | 1,516,522 |
| Hotels, Restaurants & Leisure 4.8% | | |
| Caesars Entertainment Operating Co., Inc.: | | |
| Incremental Term Loan B-4, 9.50%, 10/31/16 | 634 | 632,961 |
| Term Loan B-2, 3.22% 3.25%, 1/28/15 | 265 | 228,313 |
| Term Loan B-3, 3.24% 3.25%, 1/28/15 | 2,965 | 2,552,371 |
| Dunkin Brands, Inc., New Term Loan B, 4.00%, 11/23/17 | 1,533 | 1,472,236 |
| Golden Living, Term Loan, 5.00%, 5/04/18 | 990 | 878,625 |
| Las Vegas Sands LLC: | | |
| Delayed Draw Term Loan, 1.72%, 5/23/14 | 113 | 104,996 |
| Term Loan B, 1.72%, 5/23/14 | 664 | 617,974 |
| Seaworld Parks & Entertainment, Inc. (FKA SW Acquisitions Co., Inc.), Term Loan B, 4.00%, 8/17/17 | 944 | 910,857 |
| Six Flags Theme Parks, Inc., Tranche B Term Loan (First Lien), 5.25%, 6/30/16 | 1,553 | 1,514,479 |
| VML US Finance LLC (FKA Venetian Macau): | | |
| New Project Term Loan, 4.73%, 5/27/13 | 809 | 800,732 |
| Term B Delayed Draw Project Loan, 4.73%, 5/25/12 | 533 | 527,177 |
| Term B Funded Project Loan, 4.73%, 5/27/13 | 572 | 565,037 |
| | | 10,805,758 |
| IT Services 3.5% | | |
| Ceridian Corp., US Term Loan, 3.22%, 11/10/14 | 1,552 | 1,326,995 |
| First Data Corp.: | | |
| Initial B-1 Term Loan, 2.97%, 9/24/14 | 98 | 86,116 |
| Initial B-2 Term Loan, 4.22%, 3/23/18 | 3,699 | 3,096,400 |
| Initial B-3 Term Loan, 2.97%, 9/24/14 | 141 | 124,080 |
| InfoGROUP, Inc., Term Loan, 5.75%, 5/22/18 | 474 | 435,067 |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17 | 625 | 591,280 |
| SunGard Data Systems, Inc. (Solar Capital Corp.), Tranche B US Term Loan, 3.84% 3.89%, 2/26/16 | 402 | 380,007 |
| | 1,960 | 1,858,613 |

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TransUnion LLC, Replacement Term Loan, 4.75%,
2/12/18

7,898,558

**Independent Power Producers &
Energy Traders 1.4%**

AES Corp., Term Loan B, 4.25%, 6/01/18

948

910,194

Calpine Corp., Term Loan B, 4.50%, 4/02/18

1,046

964,286

Texas Competitive Electric Holdings Co., LLC
(TXU), Extended Term Loan, 4.71% 4.77%,
10/10/17

1,878

1,378,715

3,253,195

Industrial Conglomerates 1.0%

Sequa Corp., Term Loan, 3.50% 3.51%,
12/03/14

1,225

1,144,228

Tomkins Plc, Term Loan B, 4.25%, 9/29/16

1,138

1,095,787

2,240,015

Machinery 0.3%

Terex Corp., Term Loan B, 5.50%, 4/28/17

700

686,000

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)
(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|---|--------------|--------------|
| Floating Rate Loan Interests (b) | | |
| Media 10.8% | | |
| AMC Networks, Inc., Term Loan B, 4.00%, 12/31/18 | USD 1,100 | \$ 1,060,125 |
| Acosta, Inc., Term Loan, 4.75%, 3/01/18 | 898 | 846,695 |
| Affinion Group, Inc., Tranche B Term Loan, 5.00%, 10/10/16 | 741 | 667,035 |
| Capsugel Healthcare Ltd., Term Loan, 5.25%, 8/01/18 | 800 | 772,800 |
| Cengage Learning Acquisitions, Inc. (FKA Thomson Learning): | | |
| Term Loan, 2.50%, 7/03/14 | 2,564 | 2,119,570 |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 | 671 | 641,018 |
| Charter Communications Operating, LLC: | | |
| Term Loan B, 7.25%, 3/06/14 | 24 | 23,975 |
| Term Loan C, 3.50%, 9/06/16 | 2,221 | 2,114,561 |
| Cumulus Media, Inc., Term Loan, 6.75%, 8/30/18 | 800 | 749,000 |
| Getty Images, Inc., Initial Term Loan, 5.25%, 11/07/16 | 282 | 276,079 |
| Gray Television, Inc., Term Loan B, 3.71%, 12/31/14 | 479 | 438,389 |
| HMH Publishing Co., Ltd., Tranche A Term Loan, 6.21%, 6/12/14 | 1,355 | 1,088,850 |
| Hubbard Broadcasting, Term Loan (Second Lien), 5.25%, 4/28/17 | 600 | 571,002 |
| Intelsat Jackson Holdings SA (FKA Intelsat Jackson Holdings, Ltd.), Tranche B Term Loan, 5.25%, 4/02/18 | 4,239 | 4,059,202 |
| Interactive Data Corp., Term Loan, 4.50%, 2/12/18 | 898 | 848,939 |
| Mediacom Illinois, LLC (FKA Mediacom Communications, LLC), Tranche D Term Loan, 5.50%, 3/31/17 | 491 | 469,144 |
| Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13 | 3,250 | 3,355,625 |
| Nielsen Finance LLC, Class C Term Loan, 3.48%, 5/02/16 | 225 | 211,219 |
| Sinclair Television Group, Inc., New Tranche B Term Loan, 4.00%, 10/28/16 | 836 | 823,891 |
| Sunshine Acquisition Ltd. (FKA HIT Entertainment), Term Facility, 5.51%, 6/01/12 | 960 | 923,052 |
| UPC Financing Partnership, Facility Term Loan T, 3.69%, 12/30/16 | 425 | 391,666 |
| Univision Communications, Inc., Extended First Lien Term Loan, 4.47%, 3/31/17 | EUR 978 | 840,930 |
| WC Luxco Sarl, New Term Loan B3, 4.25%, 3/15/18 | USD 314 | 300,766 |
| Weather Channel, Term Loan B, 4.25%, 2/13/17 | 898 | 864,829 |
| | | 24,458,362 |
| Metals & Mining 2.1% | | |
| Novelis, Inc., Term Loan, 3.75%, 3/10/17 | 1,642 | 1,550,863 |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18 | 850 | 807,500 |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18 | 2,594 | 2,476,792 |
| | | 4,835,155 |

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Multi-Utilities 0.1%

| | | |
|---|-----|---------|
| FirstLight Power Resources, Inc. (FKA NE Energy, Inc.), Term B Advance (First Lien), 2.75%, 11/01/13 | 332 | 314,150 |
|---|-----|---------|

Multiline Retail 0.3%

| | | |
|--|-----|---------|
| Dollar General Corp., Tranche B-2 Term Loan, 2.96% 2.97%, 7/07/14 | 598 | 579,678 |
|--|-----|---------|

Oil, Gas & Consumable Fuels 1.1%

| | | |
|---|-------|-----------|
| Gibson Energy, Term Loan B, 5.75%, 6/14/18 | 800 | 756,000 |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15 | 1,835 | 1,816,166 |
| | | 2,572,166 |

| | Par (000) | Value |
|---|--------------|------------|
| Floating Rate Loan Interests (b) | | |
| Pharmaceuticals 1.6% | | |
| Axcan Pharma, Inc., Term Loan B, 5.50%, 2/10/17 | USD 945 | \$ 852,615 |
| Endo Pharmaceuticals Holdings, Inc., Term Loan B, 4.00%, 6/18/18 | 800 | 782,504 |
| Quintiles Transnational Corp., Term Loan, 5.00%, 6/08/18 | 705 | 653,888 |
| RPI Finance Trust, Term Loan Tranche 2, 4.00%, 5/09/18 | 600 | 582,000 |
| Warner Chilcott Corp.: | | |
| Term Loan B-1, 4.25%, 3/15/18 | 456 | 436,907 |
| Term Loan B-2, 4.25%, 3/15/18 | 228 | 218,739 |
| | | 3,526,653 |
| Professional Services 0.8% | | |
| Booz Allen Hamilton, Inc., Tranche B Term Loan, 4.00%, 8/03/17 | 648 | 633,836 |
| Fifth Third Processing Solutions, LLC, Term Loan B (First Lien), 4.50%, 11/03/16 | 1,095 | 1,054,152 |
| | | 1,687,988 |
| Real Estate Investment Trusts (REITs) 0.8% | | |
| iStar Financial, Inc., Term Loan (Second Lien), 5.00%, 6/28/13 | 1,778 | 1,727,546 |
| Real Estate Management & Development 1.7% | | |
| Realogy Corp.: | | |
| Delayed Draw Term Loan, 3.27%, 10/10/13 | 1,775 | 1,566,808 |
| Extended Synthetic Letter of Credit Loan, 4.44%, 10/10/16 | 1,315 | 1,082,279 |
| Extended Term Loan B, 4.52%, 10/10/16 | 1,405 | 1,156,522 |
| | | 3,805,609 |
| Semiconductors & Semiconductor Equipment 0.5% | | |
| Freescale Semiconductor, Inc., Extended Maturity Term Loan, 4.44%, 12/01/16 | 584 | 531,256 |
| Microsemi Corp., Term Loan B, 4.00%, 11/02/17 | 697 | 664,579 |
| | | 1,195,835 |
| Specialty Retail 3.4% | | |
| Academy Ltd. Term Loan, 6.00%, 8/03/18 | 1,000 | 949,250 |
| Burlington Coat Factory Warehouse Corp., Term Loan B, 6.25%, 2/23/17 | 790 | 744,575 |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18 | 1,125 | 1,061,719 |
| J. Crew Group, Inc., Term Loan B, 4.75%, 3/07/18 | 339 | 302,057 |
| Jo-Ann Stores, Inc., Term Loan B, 4.75%, 3/16/18 | 399 | 371,070 |
| Michaels Stores, Inc.: | | |
| Term Loan B-1, 2.50%, 10/31/13 | 239 | 225,917 |
| Term Loan B-2, 4.75%, 7/31/16 | 1,199 | 1,127,971 |
| Petco Animal Supplies, Inc., Term Loan B, 4.50%, 11/24/17 | 1,520 | 1,428,471 |

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| | | |
|--|-------|-------------|
| Toys R Us Delaware, Inc.: | | |
| Initial Loan, 6.00%, 9/01/16 | 1,209 | 1,132,375 |
| Term Loan B, 5.25%, 5/25/18 | 399 | 370,404 |
| | | 7,713,809 |
| Wireless Telecommunication Services 1.9% | | |
| Digicel International Finance Ltd., US Term Loan (Non-Rollover), 2.75%, 3/30/12 | 656 | 646,171 |
| MetroPCS Wireless, Inc., Term Loan B, 4.00%, 3/16/18 | 746 | 699,149 |
| Vodafone Americas Finance 2, Inc., Initial Loan, 6.88%, 8/11/15 | 2,943 | 2,958,114 |
| | | 4,303,434 |
| Total Floating Rate Loan Interests 70.6% | | 159,324,338 |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)
(Percentages shown are based on Net Assets)

| | | Beneficial Interest (000) | Value |
|---|----------------|---------------------------------|----------------|
| Other Interests (j) | | | |
| Auto Components | 0.0% | | |
| Intermet Liquidating Trust Class A (c) | | USD 320 | \$ 3 |
| Diversified Financial Services | 0.5% | | |
| ARK JGW SPV, LLC (J.G.Wentworth LLC Preferred Equity Interests) (c)(k) | | (l) | 1,033,018 |
| Media | 0.0% | | |
| Adelphia Preferred Escrow (c) | | 3 | |
| Adelphia Recovery Trust, Series ACC-6B INT (c) | | 250 | 1,250 |
| | | | 1,250 |
| Metals & Mining | 0.7% | | |
| ARK (R-Gibson) SPV, LLC (RathGibson Acquisition Corp., LLC) (k) | | 137 | 1,673,740 |
| Total Other Interests | 1.2% | | 2,708,011 |
| Preferred Securities | | | |
| Preferred Stocks | | | |
| | | Shares | |
| Diversified Financial Services | 0.0% | | |
| Ally Financial, Inc., 7.00%, 12/31/11 (a) | | 90 | 68,482 |
| Total Preferred Stocks | 0.0% | | 68,482 |
| Trust Preferreds | | | |
| Diversified Financial Services | 0.4% | | |
| GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (b) | | 35,560 | 755,752 |
| Total Trust Preferreds | 0.4% | | 755,752 |
| Total Preferred Securities | 0.4% | | 824,234 |
| Warrants (m) | | | |
| Media | 0.0% | | |
| Charter Communications, Inc. (Expires 11/30/14) | | 6,862 | 75,708 |
| Total Warrants | 0.0% | | 75,708 |
| Total Investments (Cost \$317,900,510*) | 130.8% | | 295,139,634 |
| Liabilities in Excess of Other Assets | (30.8)% | | (69,452,932) |
| Net Assets | 100.0% | | \$ 225,686,702 |

* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2011, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|-----------------|
| Aggregate cost | \$ 316,680,361 |
| Gross unrealized appreciation | \$ 6,838,103 |
| Gross unrealized depreciation | (28,378,830) |
| Net unrealized depreciation | \$ (21,540,727) |

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- (a) 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.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) Restricted security as to resale. As of report date the Fund held less than 0.1% of its net assets, with a current market value of \$11,616 and original cost of \$822, in this security.
- (e) Issuer filed for bankruptcy and/or is in default of interest payments.
- (f) Represents a step-down bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (g) Convertible security.
- (h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (i) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization or private entities.
- (k) The investment is held by a wholly-owned subsidiary of the Fund.
- (l) Amount is less than \$500.
- (m) 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, if any.

Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at February 28, 2011 | Net Activity | Shares Held at August 31, 2011 | Income |
|--|--|-----------------|--------------------------------------|--------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 270,650 | (270,650) | | \$ 747 |

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 rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Foreign currency exchange contracts as of August 31, 2011 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|-----------------------|------------------|--------------|--------------------|----------------------------|
| USD 471,000 | CAD 489,870 | UBS AG | 10/07/11 | \$ 9,316 |

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Senior High Income Fund, Inc. (ARK)

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs are categorized in three broad levels for financial statement purposes as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

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

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

The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and does not necessarily correspond to the Fund's perceived risk of investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2011 in determining the fair valuation of the Fund's investments and derivative financial instruments:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|--------------|----------------|---------------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments: | | | | |
| Asset-Backed Securities | | \$ 1,455,219 | \$ 3,000,034 | \$ 4,455,253 |
| Common Stocks | \$ 889,684 | 1,122,705 | 222,721 | 2,235,110 |
| Corporate Bonds | | 117,147,304 | 8,369,676 | 125,516,980 |
| Floating Rate Loan Interests | | 140,433,056 | 18,891,282 | 159,324,338 |
| Other Interests | 1,250 | | 2,706,761 | 2,708,011 |
| Preferred Securities | 755,752 | 68,482 | | 824,234 |
| Warrants | 75,708 | | | 75,708 |
| Liabilities: | | | | |
| Unfunded Loan Commitments | | (36,655) | | (36,655) |
| Total | \$ 1,722,394 | \$ 260,190,111 | \$ 33,190,474 | \$ 295,102,979 |

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|---|---------|----------|---------|----------|
| Derivative Financial Instruments ¹ | | | | |
| Assets: | | | | |
| Foreign currency exchange contracts | | \$ 9,316 | | \$ 9,316 |

¹ Derivative financial instruments are foreign currency exchange contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

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

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| | Asset-Backed Securities | Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Total |
|--|----------------------------|-------------------|---------------------|---------------------------------|---------------------|----------------------|
| Assets: | | | | | | |
| Balance, as of February 28, 2011 | \$ 3,467,413 | \$ 433,333 | \$ 6,609,156 | \$ 18,685,436 | \$ 2,125,823 | \$ 31,321,161 |
| Accrued discounts/premiums | 20,164 | | 89,853 | 39,240 | | 149,257 |
| Net realized gain (loss) | 50,449 | | 5,282 | 35,537 | | 91,268 |
| Net change in unrealized appreciation/depreciation ² | (213,505) | (210,612) | 1,689,613 | 1,780,683 | 522,241 | 3,568,420 |
| Purchases | 1,586,263 | | 43,054 | 7,945,449 | 58,700 | 9,633,466 |
| Sales | (1,470,750) | | (67,500) | (9,463,997) | | (11,002,247) |
| Transfers in ³ | | | 218 | 3,455,156 | | 3,455,374 |
| Transfers out ³ | (440,000) | | | (3,586,222) | (3) | (4,026,225) |
| Balance, as of August 31, 2011 | \$ 3,000,034 | \$ 222,721 | \$ 8,369,676 | \$ 18,891,282 | \$ 2,706,761 | \$ 33,190,474 |

² Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held on August 31, 2011 was \$(563,317).

³ The Fund's policy is to recognize transfers in and transfers out as of the beginning of the period of the event or the change in circumstances that caused the transfer.

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Fund had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the period in relation to net assets.

See Notes to Financial Statements.

Statements of Assets and Liabilities

| August 31, 2011 (Unaudited) | BlackRock Corporate High Yield Fund, Inc. (COY) | BlackRock Corporate High Yield Fund III, Inc. (CYE) | BlackRock Debt Strategies Fund, Inc. (DSU) | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | BlackRock Senior High Income Fund, Inc. (ARK) |
|--|---|---|---|--|---|
| Assets | | | | | |
| Investments at value unaffiliated | \$ 299,837,211 | \$ 339,872,023 | \$ 577,515,239 | \$ 187,954,288 | \$ 295,139,634 |
| Investments at value affiliated | 1,965,816 | | | 3,303,074 | |
| Cash pledged as collateral for financial futures contracts | 2,034,000 | 1,950,000 | | | |
| Cash pledged as collateral for swaps | 1,062,380 | 614,250 | | | |
| Investments sold receivable | 1,522,121 | 2,042,916 | 6,115,527 | 2,778,576 | 4,933,602 |
| Principal paydown receivable | 34,146 | 47,112 | 265,526 | 51,841 | 137,589 |
| Interest receivable | 5,416,494 | 5,503,197 | 6,921,900 | 553,004 | 2,491,808 |
| Interest receivable affiliated | | | 252 | | 52 |
| Swap premiums paid | 422,491 | 445,622 | | | |
| Swaps receivable | 112,038 | 1,120,509 | | | |
| Foreign currency at value ³ | 34,192 | 209,458 | | 168,394 | 317 |
| Dividends receivable | 54,890 | 24,590 | 56,385 | | |
| Unrealized appreciation on swaps | 66,052 | 72,277 | | | |
| Unrealized appreciation on foreign currency exchange contracts | 484 | 842 | 8,893 | 8,108 | 9,316 |
| Prepaid expenses | 4,464 | 17,791 | 7,829 | 9,232 | 3,376 |
| Other assets | 5,279 | 23,665 | 447,645 | 13,062 | |
| Total assets | 312,572,058 | 351,944,252 | 591,339,196 | 194,839,579 | 302,715,694 |
| Liabilities | | | | | |
| Bank overdraft | 446,576 | 146,969 | 71,676 | 2,646 | 14,803 |
| Loan payable | 66,000,000 | 85,000,000 | 147,000,000 | 50,000,000 | 68,000,000 |
| Investments purchased payable | 3,912,395 | 2,582,619 | 16,089,584 | 7,388,364 | 8,435,900 |
| Unrealized depreciation on unfunded loan commitments | | | 79,684 | 48,248 | 36,655 |
| Unrealized depreciation on swaps | 97,116 | 92,651 | | | |
| Options written at value ⁴ | 878,047 | 973,136 | | | |
| Interest expense payable | 62,900 | 159,832 | 506,295 | 102,674 | 238,228 |
| Swaps premiums received | 2,437 | 2,193 | | | |
| Investment advisory fees payable | 131,558 | 177,847 | 297,879 | 120,707 | 127,360 |
| Margin variation payable | 213,611 | 242,906 | | | |
| Swaps payable | 312,634 | 317,896 | | | |
| Unrealized depreciation on foreign currency exchange contracts | 87,509 | 94,306 | 98,260 | 29,213 | |
| Income dividends payable | | 80,263 | | 45,705 | 33,534 |
| Options purchased payable | 29,478 | 32,403 | | | |
| Deferred income | 13,712 | 16,401 | 2,741 | 6,237 | 1,446 |
| Officers and Directors fees payable | 13,191 | 14,416 | 104,588 | 7,705 | 13,743 |
| Bank overdraft on foreign currency ³ | | | 10,994 | | |
| Other accrued expenses payable | 116,350 | 52,991 | | 69,714 | 127,323 |
| Other liabilities | 12,460 | | | | |
| Total liabilities | 72,329,974 | 89,986,829 | 164,261,701 | 57,821,213 | 77,028,992 |
| Net Assets | \$ 240,242,084 | \$ 261,957,423 | \$ 427,077,495 | \$ 137,018,366 | \$ 225,686,702 |

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| Net Assets Consist of | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Paid-in capital ⁵ | \$ 309,243,562 | \$ 324,916,847 | \$ 796,951,067 | \$ 199,583,676 | \$ 371,544,299 |
| Undistributed net investment income | 3,119,356 | 2,751,432 | 1,138,431 | 312,660 | 3,572,802 |
| Accumulated net realized loss | (60,153,466) | (52,302,891) | (286,703,191) | (52,280,562) | (126,642,176) |
| Net unrealized appreciation/depreciation | (11,967,368) | (13,407,965) | (84,308,812) | (10,597,408) | (22,788,223) |
| Net Assets | \$ 240,242,084 | \$ 261,957,423 | \$ 427,077,495 | \$ 137,018,366 | \$ 225,686,702 |
| Net asset value | \$ 6.90 | \$ 7.01 | \$ 3.96 | \$ 12.96 | \$ 3.98 |
| 1 Investments at cost unaffiliated | \$ 310,041,442 | \$ 351,395,900 | \$ 662,005,427 | \$ 198,482,076 | \$ 317,900,510 |
| 2 Investments at cost affiliated | \$ 1,965,816 | | | \$ 3,303,074 | |
| 3 Foreign currency at cost | \$ 34,023 | \$ 210,432 | \$ (11,157) | \$ 168,766 | \$ 325 |
| 4 Premiums received | \$ 601,636 | \$ 685,688 | | | |
| ⁵ Shares outstanding, 200 million shares authorized, par value \$0.10 per share | 34,792,580 | 37,356,898 | 107,883,026 | 10,574,327 | 56,661,773 |

See Notes to Financial Statements.

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Statements of Operations

| Six Months Ended August 31, 2011 (Unaudited) | BlackRock Corporate High Yield Fund, Inc. (COY) | BlackRock Corporate High Yield Fund III, Inc. (CYE) | BlackRock Debt Strategies Fund, Inc. (DSU) | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | BlackRock Senior High Income Fund, Inc. (ARK) |
|---|---|---|---|--|---|
| Investment Income | | | | | |
| Interest | \$ 12,368,288 | \$ 13,386,021 | \$ 20,869,048 | \$ 6,122,959 | \$ 10,544,636 |
| Dividends unaffiliated | 75,898 | 209,565 | 5,112 | | |
| Dividends affiliated | 1,031 | 809 | 1,517 | 2,165 | 747 |
| Facility and other fees | 25,060 | 392,213 | 773,903 | 21,865 | 392,666 |
| Total income | 12,470,277 | 13,988,608 | 21,649,580 | 6,146,989 | 10,938,049 |
| Expenses | | | | | |
| Investment advisory | 809,383 | 1,109,393 | 1,822,534 | 748,721 | 773,675 |
| Borrowing costs ¹ | 108,336 | 131,144 | 225,060 | 72,962 | 105,514 |
| Professional | 60,885 | 68,324 | 126,870 | 71,728 | 78,906 |
| Accounting services | 43,313 | 25,597 | 52,804 | 16,101 | 23,143 |
| Custodian | 26,101 | 25,750 | 26,331 | 37,945 | 18,342 |
| Transfer agent | 14,416 | 19,706 | 43,192 | 11,832 | 24,551 |
| Printing | 24,524 | 16,558 | 29,243 | 10,027 | 16,140 |
| Officer and Directors | 12,686 | 12,769 | 19,138 | 7,395 | 13,099 |
| Registration | 6,118 | 6,001 | 18,868 | 4,668 | 10,055 |
| Miscellaneous | 23,026 | 19,877 | 25,986 | 14,964 | 23,975 |
| Total expenses excluding interest expense | 1,128,788 | 1,435,119 | 2,390,026 | 996,343 | 1,087,400 |
| Interest expense | 326,327 | 433,530 | 730,657 | 254,602 | 345,555 |
| Total expenses | 1,455,115 | 1,868,649 | 3,120,683 | 1,250,945 | 1,432,955 |
| Less fees waived by advisor | (869) | (489) | (1,000) | (854) | (760) |
| Total expenses after fees waived | 1,454,246 | 1,868,160 | 3,119,683 | 1,250,091 | 1,432,195 |
| Net investment income | 11,016,031 | 12,120,448 | 18,529,897 | 4,896,898 | 9,505,854 |
| Realized and Unrealized Gain (Loss) | | | | | |
| Net realized gain (loss) from: | | | | | |
| Investments | 3,381,256 | 4,117,474 | 3,129,057 | 407,232 | 1,816,811 |
| Financial futures contracts | 1,051,801 | 1,153,901 | | | |
| Foreign currency transactions | (671,670) | (537,976) | (1,231,773) | 66,629 | (16,238) |
| Options written | 2,141,307 | 2,225,613 | | | |
| Swaps | 1,221,388 | 1,509,737 | (75,221) | | (24,530) |
| | 7,124,082 | 8,468,749 | 1,822,063 | 473,861 | 1,776,043 |
| Net change in unrealized appreciation/depreciation on: | | | | | |
| Investments | (24,440,737) | (28,511,617) | (37,810,041) | (12,492,600) | (16,174,507) |
| Financial futures contracts | (1,126,389) | (1,293,818) | | | |
| Foreign currency transactions | 66,525 | 139,990 | 328,702 | 148,890 | 20,564 |
| Options written | (276,412) | (287,448) | | | |
| Swaps | 341,627 | 246,400 | 77,957 | | 52,151 |
| Unfunded loan commitments | (11,592) | 23,261 | (116,909) | (78,214) | (52,873) |
| | (25,446,978) | (29,683,232) | (37,520,291) | (12,421,924) | (16,154,665) |
| Total realized and unrealized loss | (18,322,896) | (21,214,483) | (35,698,228) | (11,948,063) | (14,378,622) |
| Net Decrease in Net Assets Resulting from Operations | \$ (7,306,865) | \$ (9,094,035) | \$ (17,168,331) | \$ (7,051,165) | \$ (4,872,768) |

¹ See Note 7 of the Notes to Financial Statements for details of short-term borrowings.

See Notes to Financial Statements.

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Statements of Changes in Net Assets

| | BlackRock Corporate High Yield Fund, Inc. (COY) | | BlackRock Corporate High Yield Fund III, Inc. (CYE) | |
|---|--|---------------------------------------|--|---------------------------------------|
| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, 2011 | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, 2011 |
| Increase (Decrease) in Net Assets: | | | | |
| Operations | | | | |
| Net investment income | \$ 11,016,031 | \$ 22,535,037 | \$ 12,120,448 | \$ 24,174,359 |
| Net realized gain | 7,124,082 | 6,965,831 | 8,468,749 | 9,224,596 |
| Net change in unrealized appreciation/depreciation | (25,446,978) | 18,790,685 | (29,683,232) | 21,881,740 |
| Net increase (decrease) in net assets resulting from operations | (7,306,865) | 48,291,553 | (9,094,035) | 55,280,695 |

Dividends to Shareholders From

| | | | | |
|-----------------------|--------------|--------------|--------------|--------------|
| Net investment income | (10,637,966) | (21,257,066) | (11,207,069) | (22,906,514) |
|-----------------------|--------------|--------------|--------------|--------------|

Capital Share Transactions

| | | | | |
|---------------------------|---------|---------|--|---------|
| Reinvestment of dividends | 277,689 | 282,201 | | 163,777 |
|---------------------------|---------|---------|--|---------|

Net Assets

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Total increase (decrease) in net assets | (17,667,142) | 27,316,688 | (20,301,104) | 32,537,958 |
| Beginning of period | 257,909,226 | 230,592,538 | 282,258,527 | 249,720,569 |
| End of period | \$ 240,242,084 | \$ 257,909,226 | \$ 261,957,423 | \$ 282,258,527 |
| Undistributed net investment income | \$ 3,119,356 | \$ 2,741,291 | \$ 2,751,432 | \$ 1,838,053 |

| | BlackRock Debt Strategies Fund, Inc. (DSU) | | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | |
|---|--|---------------------------------------|--|---------------------------------------|
| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, 2011 | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, 2011 |
| Increase (Decrease) in Net Assets: | | | | |
| Operations | | | | |
| Net investment income | \$ 18,529,897 | \$ 35,976,309 | \$ 4,896,898 | \$ 9,200,317 |
| Net realized gain (loss) | 1,822,063 | (2,434,229) | 473,861 | 574,094 |
| Net change in unrealized appreciation/depreciation | (37,520,291) | 44,871,048 | (12,421,924) | 9,308,392 |
| Net increase (decrease) in net assets resulting from operations | (17,168,331) | 78,413,128 | (7,051,165) | 19,082,803 |

Dividends and Distribution to Shareholders From

| | | | | |
|---|--------------|--------------|-------------|-------------|
| Net investment income | (17,464,936) | (35,928,501) | (4,692,191) | (8,767,675) |
| Tax return of capital | | (924,228) | | (716,193) |
| Decrease in net assets resulting from dividends and distributions to shareholders | (17,464,936) | (36,852,729) | (4,692,191) | (9,483,868) |

Capital Share Transactions

| | | | | |
|---------------------------|---------|---------|---------|---------|
| Reinvestment of dividends | 463,571 | 464,804 | 210,036 | 582,067 |
|---------------------------|---------|---------|---------|---------|

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Net Assets

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Total increase (decrease) in net assets | (34,169,696) | 42,025,203 | (11,533,320) | 10,181,002 |
| Beginning of period | 461,247,191 | 419,221,988 | 148,551,686 | 138,370,684 |
| End of period | \$ 427,077,495 | \$ 461,247,191 | \$ 137,018,366 | \$ 148,551,686 |
| Undistributed net investment income | \$ 1,138,431 | \$ 73,470 | \$ 312,660 | \$ 107,953 |

See Notes to Financial Statements.

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Statements of Changes in Net Assets

| | BlackRock Senior High Income Fund, Inc. (ARK) | |
|---|---|---|
| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, 2011 |
| Increase (Decrease) in Net Assets: | | |
| Operations | | |
| Net investment income | \$ 9,505,854 | \$ 17,899,921 |
| Net realized gain (loss) | 1,776,043 | (2,983,318) |
| Net change in unrealized appreciation/depreciation | (16,154,665) | 20,894,516 |
| Net increase (decrease) in net assets resulting from operations | (4,872,768) | 35,811,119 |
| Dividends to Shareholders From | | |
| Net investment income | (8,494,412) | (18,479,539) |
| Capital Share Transactions | | |
| Reinvestment of dividends | 293,462 | 255,895 |
| Net Assets | | |
| Total increase (decrease) in net assets | (13,073,718) | 17,587,475 |
| Beginning of period | 238,760,420 | 221,172,945 |
| End of period | \$ 225,686,702 | \$ 238,760,420 |
| Undistributed net investment income | \$ 3,572,802 | \$ 2,561,360 |

See Notes to Financial Statements.

Statements of Cash Flows

| Six Months Ended August 31, 2011 (Unaudited) | BlackRock Corporate High Yield Fund, Inc. (COY) | BlackRock Corporate High Yield Fund III, Inc. (CYE) | BlackRock Debt Strategies Fund, Inc. (DSU) | BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) | BlackRock Senior High Income Fund, Inc. (ARK) |
|--|---|---|---|--|---|
| Cash Provided by (Used for) Operating Activities | | | | | |
| Net decrease in net assets resulting from operations | \$ (7,306,865) | \$ (9,094,035) | \$ (17,168,331) | \$ (7,051,165) | \$ (4,872,768) |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by (used for) operating activities: | | | | | |
| Decrease in interest receivable | 205,805 | 728,007 | 202,850 | 850,072 | 776,510 |
| Increase in interest receivable affiliated | | | (252) | | (52) |
| Increase in cash pledged as collateral for financial futures contracts | (1,524,000) | (1,385,000) | | | |
| Increase in cash pledged as collateral for swaps | (1,062,380) | (614,250) | | | |
| Increase in swaps receivable | (44,973) | (1,049,756) | | | |
| Decrease in commitment fees receivable | | 97 | 1,385 | 1,043 | 573 |
| Decrease in receivable from custodian | | | | | 602,027 |
| (Increase) decrease in other assets | 564 | (15,730) | 26,890 | (13,062) | 8,967 |
| (Increase) decrease in dividends receivable | (19,189) | 40,645 | (48) | | |
| Increase in investment advisory fees payable | 8,996 | 7,239 | 29,674 | 11,670 | 15,920 |
| Decrease in cash held as collateral for swaps | (100,000) | | | | |
| Increase (decrease) in interest expense payable | (56,344) | (7,729) | 263,291 | 22,286 | 127,175 |
| Decrease in other affiliates payable | (1,404) | (1,572) | (2,511) | (820) | (1,278) |
| Increase (decrease) in swaps payable | 241,319 | 257,674 | (10,897) | | (14,850) |
| Increase (decrease) in other accrued expenses payable | (10,805) | (75,076) | (239,536) | (40,198) | 32,225 |
| Decrease in prepaid expenses | 11,592 | | 22,209 | | 11,941 |
| Increase in margin variation payable | 179,666 | 204,946 | | | |
| Increase (decrease) in other liabilities | 10,460 | (30,652) | | (54,550) | |
| Increase in Officers and Directors fees payable | 12,508 | 13,672 | 24,116 | 7,308 | 12,973 |
| Net periodic and termination payment of swaps | 1,345,008 | 1,505,112 | (7,514) | | 2,145 |
| Net realized and unrealized loss on investments and swaps | 18,839,987 | 21,667,860 | 33,938,120 | 11,964,520 | 14,086,067 |
| Amortization of premium and accretion of discount on investments and swaps | (54,795) | (372,211) | (1,954,414) | (611,118) | (572,230) |
| Paid-in-kind income | (234,981) | (258,299) | (566,754) | (99,755) | (179,217) |
| Premiums received from options written | 1,066,309 | 1,109,984 | | | |
| Premiums paid on closing options written | (235,331) | (239,275) | | | |
| Proceeds from sales of long-term investments | 130,904,461 | 154,264,083 | 203,290,854 | 79,011,677 | 104,564,878 |
| Purchases of long-term investments | (134,699,566) | (151,649,457) | (235,606,566) | (92,331,998) | (126,405,426) |
| Net proceeds from sales (purchases) of short-term securities | (243,950) | 1,845,167 | 4,761,986 | (588,807) | 2,272,105 |
| Cash provided by (used for) operating activities | 7,232,092 | 16,851,444 | (12,995,448) | (8,922,897) | (9,532,315) |
| Cash Provided by (Used for) Financing Activities | | | | | |
| Cash receipts from borrowings | 65,000,000 | 90,000,000 | 164,000,000 | 81,000,000 | 84,000,000 |
| Cash payments on borrowings | (62,000,000) | (96,000,000) | (134,000,000) | (67,000,000) | (66,000,000) |
| Cash dividends paid | (10,453,661) | (11,207,287) | (17,198,196) | (4,646,486) | (8,582,029) |

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| | | | | | |
|---|-------------|--------------|------------|------------|------------|
| Increase (decrease) in bank overdraft | 146,615 | 146,969 | 82,670 | (404,039) | 14,803 |
| Cash provided by (used for) financing activities | (7,307,046) | (17,060,318) | 12,884,474 | 8,949,475 | 9,432,774 |
| Cash Impact from Foreign Exchange Fluctuations | | | | | |
| Cash impact from foreign exchange fluctuations | (660) | (974) | (675) | 6,869 | (1,869) |
| Cash and Foreign Currency | | | | | |
| Net increase (decrease) in cash and foreign currency | (75,614) | (209,848) | (111,649) | 33,447 | (101,410) |
| Cash and foreign currency at beginning of period | 109,806 | 419,306 | 111,649 | 134,947 | 101,727 |
| Cash and foreign currency at end of period | \$ 34,192 | \$ 209,458 | | \$ 168,394 | \$ 317 |
| Cash Flow Information | | | | | |
| Cash paid during the period for interest | \$ 382,671 | \$ 441,259 | \$ 467,366 | \$ 232,316 | \$ 218,380 |
| Noncash Activities | | | | | |
| Capital shares issued in reinvestment of dividends | 277,689 | | 463,571 | 210,036 | 293,462 |

A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to average total assets.

See Notes to Financial Statements.

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Financial Highlights

BlackRock Corporate High Yield Fund, Inc. (COY)

| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, | | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | |
|--|--|----------------------------|------------|---|--------------------|------------|------------|
| | | 2011 | 2010 | | 2008 | 2007 | 2006 |
| Per Share Operating Performance | | | | | | | |
| Net asset value, beginning of period | \$ 7.42 | \$ 6.64 | \$ 4.19 | \$ 7.74 | \$ 9.07 | \$ 8.52 | \$ 8.53 |
| Net investment income ¹ | 0.32 | 0.65 | 0.65 | 0.50 | 0.75 | 0.73 | 0.74 |
| Net realized and unrealized gain (loss) | (0.53) | 0.74 | 2.53 | (3.50) | (1.32) | 0.49 | 0.02 |
| Net increase (decrease) from investment operations | (0.21) | 1.39 | 3.18 | (3.00) | (0.57) | 1.22 | 0.76 |
| Dividends and distributions from net investment income | (0.31) | (0.61) | (0.73) | (0.55) | (0.76) | (0.67) | (0.77) |
| Net asset value, end of period | \$ 6.90 | \$ 7.42 | \$ 6.64 | \$ 4.19 | \$ 7.74 | \$ 9.07 | \$ 8.52 |
| Market price, end of period | \$ 7.01 | \$ 7.03 | \$ 6.88 | \$ 3.91 | \$ 7.28 | \$ 8.47 | \$ 7.42 |
| Total Investment Return² | | | | | | | |
| Based on net asset value | (2.99)% ³ | 22.11% | 79.91% | (38.98)% ³ | (5.49)% | 15.60% | 9.75% |
| Based on market price | 4.03% ³ | 11.66% | 99.76% | (39.46)% ³ | (4.81)% | 23.96% | (3.63)% |
| Ratios to Average Net Assets | | | | | | | |
| Total expenses | 1.13% ⁴ | 1.18% | 1.18% | 2.29% ⁴ | 2.33% | 3.25% | 2.39% |
| Total expenses after fees waived and paid indirectly | 1.13% ⁴ | 1.18% | 1.18% | 2.29% ⁴ | 2.33% | 3.25% | 2.39% |
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees | 0.88% ⁴ | 0.89% | 0.92% | 1.17% ⁴ | 0.83% | 0.91% | 0.90% |
| Net investment income | 8.58% ⁴ | 9.28% | 11.36% | 11.45% ⁴ | 9.15% | 8.36% | 8.55% |
| Supplemental Data | | | | | | | |
| Net assets, end of period (000) | \$ 240,242 | \$ 257,909 | \$ 230,593 | \$ 144,800 | \$ 268 | \$ 313,821 | \$ 294,759 |
| Borrowings outstanding, end of period (000) | \$ 66,000 | \$ 63,000 | \$ 72,000 | \$ 38,700 | \$ 64,700 | \$ 126,200 | \$ 127,700 |
| Average borrowings outstanding during the period (000) | \$ 67,250 | \$ 55,304 | \$ 42,184 | \$ 59,553 | \$ 81,598 | \$ 125,974 | \$ 101,539 |
| Portfolio turnover | 39% | 83% | 85% | 37% | 38% | 62% | 57% |
| Asset coverage, end of period per \$1,000 | \$ 4,640 | \$ 5,094 | \$ 4,203 | \$ 4,203 | \$ 5,138 | \$ 3,487 | \$ 3,308 |

¹ Based on average common shares outstanding.

² 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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

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Financial Highlights

BlackRock Corporate High Yield Fund III, Inc. (CYE)

| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, | | Period June 1, 2008 to February 28, 2009 | Year Ended May 31, | | |
|---|--|----------------------------|------------|---|--------------------|------------|------------|
| | | 2011 | 2010 | | 2008 | 2007 | 2006 |
| Per Share Operating Performance | | | | | | | |
| Net asset value, beginning of period | \$ 7.56 | \$ 6.69 | \$ 4.05 | \$ 7.62 | \$ 8.99 | \$ 8.46 | \$ 8.46 |
| Net investment income ¹ | 0.32 | 0.65 | 0.64 | 0.50 | 0.73 | 0.71 | 0.72 |
| Net realized and unrealized gain (loss) | (0.57) | 0.83 | 2.68 | (3.51) | (1.33) | 0.49 | 0.02 |
| Net increase (decrease) from investment operations | (0.25) | 1.48 | 3.32 | (3.01) | (0.60) | 1.20 | 0.74 |
| Dividends and distributions from net investment income | (0.30) | (0.61) | (0.68) | (0.56) | (0.77) | (0.67) | (0.74) |
| Net asset value, end of period | \$ 7.01 | \$ 7.56 | \$ 6.69 | \$ 4.05 | \$ 7.62 | \$ 8.99 | \$ 8.46 |
| Market price, end of period | \$ 6.88 | \$ 7.14 | \$ 6.67 | \$ 3.57 | \$ 7.03 | \$ 8.53 | \$ 7.36 |
| Total Investment Return² | | | | | | | |
| Based on net asset value | (3.35)% ³ | 23.50% | 86.65% | (39.69)% ³ | (5.69)% | 15.51% | 9.78% |
| Based on market price | 0.43% ³ | 16.99% | 111.12% | (42.38)% ³ | (8.30)% | 25.98% | (3.59)% |
| Ratios to Average Net Assets | | | | | | | |
| Total expenses | 1.33% ⁴ | 1.37% | 1.34% | 2.45% ⁴ | 2.47% | 3.38% | 2.49% |
| Total expenses after fees waived and paid indirectly | 1.33% ⁴ | 1.37% | 1.33% | 2.45% ⁴ | 2.47% | 3.38% | 2.49% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.02% ⁴ | 1.03% | 1.04% | 1.29% ⁴ | 0.96% | 1.04% | 1.00% |
| Net investment income | 8.63% ⁴ | 9.15% | 11.35% | 11.80% ⁴ | 9.01% | 8.25% | 8.45% |
| Supplemental Data | | | | | | | |
| Net assets, end of period (000) | \$ 261,957 | \$ 282,259 | \$ 249,721 | \$ 151,261 | \$ 284,361 | \$ 335,479 | \$ 315,699 |
| Borrowings outstanding, end of period (000) | \$ 85,000 | \$ 91,000 | \$ 76,000 | \$ 44,200 | \$ 71,700 | \$ 129,700 | \$ 141,000 |
| Average borrowings outstanding during the period (000) | \$ 89,207 | \$ 69,937 | \$ 49,196 | \$ 65,500 | \$ 88,466 | \$ 134,704 | \$ 109,144 |
| Portfolio turnover | 40% | 89% | 89% | 37% | 38% | 62% | 56% |
| Asset coverage, end of period per \$1,000 | \$ 4,082 | \$ 4,102 | \$ 4,286 | \$ 4,422 | \$ 4,966 | \$ 3,587 | \$ 3,239 |

¹ Based on average shares outstanding.

² 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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

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Financial Highlights

BlackRock Debt Strategies Fund, Inc. (DSU)

| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, | | | Year Ended February 29, 2008 | Year Ended February 28, 2007 |
|---|--|-------------------------|---------|---------|---------------------------------------|---------------------------------------|
| | 2011 | 2010 | 2009 | | | |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 4.28 | \$ 3.89 | \$ 2.35 | \$ 5.57 | \$ 7.01 | \$ 6.69 |
| Net investment income ¹ | 0.17 | 0.33 | 0.39 | 0.52 | 0.66 | 0.68 |
| Net realized and unrealized gain (loss) | (0.33) | 0.40 | 1.55 | (3.12) | (1.43) | 0.28 |
| Net increase (decrease) from investment operations | (0.16) | 0.73 | 1.94 | (2.60) | (0.77) | 0.96 |
| Dividends and distributions from: | | | | | | |
| Net investment income | (0.16) | (0.33) | (0.39) | (0.62) | (0.67) | (0.64) |
| Tax return of capital | | (0.01) | (0.01) | | | |
| Total dividends and distributions | (0.16) | (0.34) | (0.40) | (0.62) | (0.67) | (0.64) |
| Net asset value, end of period | \$ 3.96 | \$ 4.28 | \$ 3.89 | \$ 2.35 | \$ 5.57 | \$ 7.01 |
| Market price, end of period | \$ 3.98 | \$ 4.05 | \$ 3.91 | \$ 2.07 | \$ 5.43 | \$ 7.28 |

Total Investment Return²

| | | | | | | |
|--------------------------|----------------------|--------|---------|----------|----------|--------|
| Based on net asset value | (3.81)% ³ | 19.92% | 87.82% | (50.19)% | (11.72)% | 15.35% |
| Based on market price | 2.16% ³ | 12.90% | 114.32% | (54.99)% | (17.13)% | 18.37% |

Ratios to Average Net Assets

| | | | | | | |
|--|--------------------|-------|--------|--------|-------|-------|
| Total expenses | 1.37% ⁴ | 1.27% | 1.23% | 2.42% | 3.13% | 3.16% |
| Total expenses after fees waived | 1.36% ⁴ | 1.27% | 1.23% | 2.42% | 3.13% | 3.16% |
| Total expenses after fees waived and excluding interest expense | 1.05% ⁴ | 1.02% | 1.02% | 1.20% | 0.99% | 0.99% |
| Net investment income | 8.11% ⁴ | 8.22% | 12.16% | 11.79% | 9.90% | 9.97% |

Supplemental Data

| | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 427,078 | \$ 461,247 | \$ 419,222 | \$ 252,080 | \$ 594,204 | \$ 745,944 |
| Borrowings outstanding, end of period (000) | \$ 147,000 | \$ 117,000 | \$ 67,000 | \$ 90,000 | \$ 199,000 | \$ 298,600 |
| Average borrowings outstanding during the period (000) | \$ 150,821 | \$ 89,362 | \$ 58,574 | \$ 163,286 | \$ 272,846 | \$ 283,906 |
| Portfolio turnover | 33% | 81% | 86% | 44% | 51% | 65% |
| Asset coverage, end of period per \$1,000 | \$ 3,905 | \$ 4,942 | \$ 7,257 | \$ 3,801 | \$ 3,986 | \$ 3,498 |

¹ Based on average shares outstanding.

² 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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

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Financial Highlights

BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB)

| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, | | | Year Ended February 29, 2008 | Year Ended February 28, 2007 |
|---|--|-------------------------|----------|----------|---------------------------------------|---------------------------------------|
| | | 2011 | 2010 | 2009 | | |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 14.07 | \$ 13.16 | \$ 8.92 | \$ 16.06 | \$ 19.28 | \$ 19.39 |
| Net investment income ¹ | 0.46 | 0.87 | 0.86 | 1.37 | 1.55 | 1.55 |
| Net realized and unrealized gain (loss) | (1.13) | 0.94 | 4.44 | (6.98) | (3.27) | (0.12) |
| Net increase (decrease) from investment operations | (0.67) | 1.81 | 5.30 | (5.61) | (1.72) | 1.43 |
| Dividends and distributions from: | | | | | | |
| Net investment income | (0.44) | (0.83) | (0.98) | (1.53) | (1.50) | (1.54) |
| Tax return of capital | | (0.07) | (0.08) | | | |
| Total dividends and distributions | (0.44) | (0.90) | (1.06) | (1.53) | (1.50) | (1.54) |
| Net asset value, end of period | \$ 12.96 | \$ 14.07 | \$ 13.16 | \$ 8.92 | \$ 16.06 | \$ 19.28 |
| Market price, end of period | \$ 12.25 | \$ 14.22 | \$ 15.01 | \$ 8.28 | \$ 14.75 | \$ 18.50 |

Total Investment Return²

| | | | | | | |
|--------------------------|-----------------------|--------|--------|----------|----------|--------|
| Based on net asset value | (4.85)% ³ | 14.20% | 62.08% | (36.46)% | (8.98)% | 8.31% |
| Based on market price | (11.01)% ³ | 1.19% | 99.15% | (35.78)% | (12.88)% | 13.47% |

Ratios to Average Net Assets

| | | | | | | |
|---|--------------------|-------|-------|--------|-------|-------|
| Total expenses | 1.70% ⁴ | 1.56% | 1.50% | 2.48% | 2.78% | 2.87% |
| Total expenses after fees waived and paid indirectly | 1.70% ⁴ | 1.56% | 1.50% | 2.48% | 2.78% | 2.87% |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.35% ⁴ | 1.30% | 1.27% | 1.38% | 1.20% | 1.22% |
| Net investment income | 6.65% ⁴ | 6.48% | 7.40% | 10.08% | 8.39% | 8.03% |

Supplemental Data

| | | | | | | |
|---|------------|------------|------------|-----------|------------|------------|
| Net assets, end of period (000) | \$ 137,018 | \$ 148,552 | \$ 138,371 | \$ 93,656 | \$ 168,553 | \$ 202,364 |
| Borrowings outstanding, end of period (000) | \$ 50,000 | \$ 36,000 | \$ 24,000 | \$ 26,000 | \$ 50,000 | \$ 47,000 |
| Average borrowings outstanding during the period (000) | \$ 52,554 | \$ 29,101 | \$ 22,225 | \$ 45,165 | \$ 55,269 | \$ 61,022 |
| Portfolio turnover | 33% | 100% | 92% | 47% | 65% | 65% |
| Asset coverage, end of period per \$1,000 | \$ 3,740 | \$ 5,126 | \$ 6,765 | \$ 4,602 | \$ 4,371 | \$ 5,306 |

¹ Based on average shares outstanding.

² 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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

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Financial Highlights

BlackRock Senior High Income Fund, Inc. (ARK)

| | Six Months Ended August 31, 2011 (Unaudited) | Year Ended February 28, | | | Year Ended February 29, 2008 | Year Ended February 28, 2007 |
|---|--|-------------------------|---------|---------|---------------------------------------|---------------------------------------|
| | | 2011 | 2010 | 2009 | | |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 4.22 | \$ 3.91 | \$ 2.54 | \$ 5.04 | \$ 6.17 | \$ 6.00 |
| Net investment income ¹ | 0.17 | 0.32 | 0.36 | 0.41 | 0.54 | 0.57 |
| Net realized and unrealized gain (loss) | (0.26) | 0.32 | 1.31 | (2.43) | (1.11) | 0.16 |
| Net increase (decrease) from investment operations | (0.09) | 0.64 | 1.67 | (2.02) | (0.57) | 0.73 |
| Dividends and distributions from: | | | | | | |
| Net investment income | (0.15) | (0.33) | (0.30) | (0.43) | (0.56) | (0.56) |
| Tax return of capital | | | | (0.05) | | |
| Total dividends and distributions | (0.15) | (0.33) | (0.30) | (0.48) | (0.56) | (0.56) |
| Net asset value, end of period | \$ 3.98 | \$ 4.22 | \$ 3.91 | \$ 2.54 | \$ 5.04 | \$ 6.17 |
| Market price, end of period | \$ 3.78 | \$ 4.18 | \$ 3.94 | \$ 2.21 | \$ 4.91 | \$ 6.53 |

Total Investment Return²

| | | | | | | |
|--------------------------|----------------------|--------|--------|----------|----------|--------|
| Based on net asset value | (2.18)% ³ | 17.13% | 68.90% | (42.15)% | (9.76)% | 12.82% |
| Based on market price | (6.20)% ³ | 15.13% | 95.61% | (48.33)% | (16.94)% | 21.84% |

Ratios to Average Net Assets

| | | | | | | |
|--|--------------------|-------|--------|-------|-------|-------|
| Total expenses | 1.20% ⁴ | 1.13% | 1.13% | 2.24% | 2.70% | 3.03% |
| Total expenses after fees waived | 1.20% ⁴ | 1.13% | 1.13% | 2.24% | 2.70% | 3.03% |
| Total expenses after fees waived and excluding interest expense | 0.91% ⁴ | 0.90% | 0.93% | 1.05% | 0.86% | 0.90% |
| Net investment income | 7.98% ⁴ | 7.83% | 10.70% | 9.96% | 9.16% | 9.42% |

Supplemental Data

| | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000) | \$ 225,687 | \$ 238,760 | \$ 221,173 | \$ 143,643 | \$ 284,692 | \$ 347,449 |
| Borrowings outstanding, end of period (000) | \$ 68,000 | \$ 50,000 | \$ 43,000 | \$ 47,000 | \$ 91,500 | \$ 132,000 |
| Average borrowings outstanding during the period (000) | \$ 71,337 | \$ 41,405 | \$ 29,978 | \$ 79,422 | \$ 109,978 | \$ 131,575 |
| Portfolio turnover | 34% | 83% | 80% | 49% | 48% | 62% |
| Asset coverage, end of period per \$1,000 | \$ 4,319 | \$ 5,775 | \$ 6,144 | \$ 4,056 | \$ 4,112 | \$ 3,632 |

¹ Based on average shares outstanding.

² 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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

See Notes to Financial Statements.

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Notes to Financial Statements (Unaudited)

1. Organization and Significant Accounting Policies:

BlackRock Corporate High Yield Fund, Inc. (COY), BlackRock Corporate High Yield Fund III, Inc. (CYE), BlackRock Debt Strategies Fund, Inc. (DSU) and BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) are registered under the Investment Company Act of 1940, as amended (the 1940 Act), as diversified, closed-end management investment companies. BlackRock Senior High Income Fund, Inc. (ARK) is registered under the 1940 Act as a non-diversified, closed-end management investment company. COY, CYE, DSU, FRB and ARK are referred to collectively as the Funds. The Funds are organized as Maryland corporations. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Board of Directors and the Board of Trustees of the Funds are referred to throughout this report as the Board of Directors or the Board. The Funds determine and make available for publication the net asset values on a daily basis.

The following is a summary of significant accounting policies followed by the Funds:

Valuation: US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds fair value their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The Funds value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price. Swap agreements are valued utilizing quotes received daily by the Funds' pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments. Investments in open-end registered investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System (NASDAQ) are valued at the last reported sale price that day or the NASDAQ official closing price, if applicable. For equity investments traded on more than one exchange, the last reported sale price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last available bid price. If no bid price is available, the prior day's price will be used, unless it is determined that such prior day's price no longer reflects the fair value of the security.

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

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

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment or if a price is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or the sub-advisor seeks to determine the price that each Fund might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

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Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE that may not be reflected in the computation of each Fund's net assets. 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 instruments, those instruments may be Fair Value Assets and be valued at their fair value, as determined in good faith by the investment advisor using a pricing service and/or policies approved by the Board.

Foreign Currency Transactions: The Funds' books and records are maintained in US dollars. Purchases and sales of investment securities are recorded at the rates of exchange prevailing on the respective date of such transactions. Generally, when the US dollar rises in value against a foreign currency, the Funds' investments denominated in that currency will lose value because its currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

The Funds do not isolate the portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes.

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Notes to Financial Statements (continued)

Accordingly, the effects of changes in foreign currency exchange rates on investments are segregated on the Statements of Operations from the effects of changes in market prices of those investments but are included as a component of net realized and unrealized gain (loss) from investments. The Funds report realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

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

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

Capital Trusts: The Funds may invest in capital trusts. These securities are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics, or by an affiliated business trust of a corporation, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured as either fixed or adjustable coupon securities that can have either a perpetual or stated maturity date. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for federal income tax purposes. These securities generally are rated below that of the issuing company's senior debt securities.

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

Floating Rate Loan Interests: The Funds may invest in floating rate loan interests. The floating rate loan interests the Funds hold are typically issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly levered. The Funds may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR (London Interbank Offered Rate), the prime rate offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Funds consider these investments to be investments in debt securities for purposes of their investment policies.

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

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Floating rate loan interests are usually freely callable at the borrower's option. The Funds may invest in such loans in the form of participations in loans (Participations) or assignments (Assignments) of all or a portion of loans from third parties. Participations typically will result in the Funds having a contractual relationship only with the lender, not with the borrower. The Funds will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, the Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower, and the Funds may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Funds will assume the credit risk of both the borrower and the lender that is selling the Participation. The Funds' investment in loan participation interests involves the risk of insolvency of the financial

Notes to Financial Statements (continued)

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

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts, foreign currency exchange contracts or swaps), or certain borrowings (e.g., loan payable), the Funds will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on their books and records cash or liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party to such transactions has requirements to deliver/deposit securities as collateral for certain investments.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in interest income in the Statements of Operations.

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

Income Taxes: It is each Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Each Fund files US federal and various state and local tax returns. As of February 28, 2011, inclusive of the open tax return years, no income tax returns are currently under examination.

Each Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

DSU, FRB, and ARK have wholly owned taxable subsidiaries organized as limited liability companies (the Taxable Subsidiaries), which are listed in the Schedules of Investments. The Taxable Subsidiaries enable a Fund to hold an investment that is organized as an operating partnership while still satisfying Regulated Investment Company tax requirements. Income earned on the investments held by the Taxable Subsidiaries is taxable to such subsidiaries. An income tax provision for all income, including realized and unrealized gains, if any, of the Taxable Subsidiaries is reflected as a reduction in the value of the Taxable Subsidiaries.

COY and CYE have a wholly owned subsidiary (the Subsidiary) which holds shares of a private Canadian company. Such shares are held in the Subsidiary in order to realize benefits under the Double Tax Avoidance Convention (the DTAC) between Canada and Luxembourg, the result of which is that gains on the sale of such shares will not be subject to capital gains taxes in Canada. Accordingly, no income tax provision has been made in the accompanying financial statements.

Recent Accounting Standard: In May 2011, the Financial Accounting Standards Board issued amended guidance to improve disclosure about fair value measurements which will require the following disclosure for fair value measurements categorized as Level 3: quantitative information about the unobservable inputs and assumptions used in the fair value measurement, a description of the valuation policies and procedures and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, the amounts and reasons for all transfers in and out of Level 1 and Level 2 will be required to be disclosed. The amended guidance is effective for financial statements for fiscal years beginning after December 15, 2011 and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds' financial statements and disclosures.

Notes to Financial Statements (continued)

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

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund's deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in dividends affiliated in the Statements of Operations.

Other: Expenses directly related to a Fund are charged to that Fund. Other operating expenses shared by several funds are pro rated among those funds on the basis of relative net assets or other appropriate methods.

The Funds have an arrangement with the custodians whereby fees may be reduced by credits earned on uninvested cash balances, which, if applicable, are shown as fees paid indirectly in the Statements of Operations. The custodians impose fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

2. Derivative Financial Instruments:

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk, interest rate risk and foreign currency exchange rate risk. These contracts may be transacted on an exchange or OTC.

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. The Funds' maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain netted against any collateral pledged by/posted to the counterparty. For OTC options purchased, the Funds bear the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral received on the options should the counterparty fail to perform under the contracts. Options written by the Funds do not give rise to counterparty credit risk, as options written obligate the Funds to perform and not the counterparty. Counterparty risk related to exchange-traded financial futures contracts and options is deemed to be minimal due to the protection against defaults provided by the exchange on which these contracts trade.

The Funds may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. master agreement (ISDA Master Agreement) implemented between a Fund and each of its respective counterparties. The ISDA Master Agreement allows each Fund to offset with each separate counterparty certain derivative financial instrument's payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Funds from their counterparties are not fully collateralized contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, the Funds manage counterparty risk by entering into agreements only with counter-parties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Funds' net assets decline by a stated percentage or the Funds fails to meet the terms of their ISDA Master Agreements, which would cause the Funds to accelerate payment of any net liability owed to the counterparty.

Financial Futures Contracts: The Funds purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in the value of equity securities (equity risk). Financial futures contracts are agreements between the Funds and counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. Pursuant to the contract, the Funds agree 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 margin variation and are recorded by the Funds as unrealized appreciation or depreciation. When the contract is closed, the Funds record 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. The use of financial futures contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

Foreign Currency Exchange Contracts: The Funds enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Funds, help to manage the overall exposure to the currencies in which some of the investments held by the Funds are denominated. The contract is marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds record 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. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in

Notes to Financial Statements (continued)

the value of the referenced foreign currencies and the risk that a counter-party to the contract does not perform its obligations under the agreement.

Options: The Funds purchase and write call and put options to increase or decrease their exposure to underlying instruments (including equity risk) and/or, in the case of options written, to generate gains from options premiums. A call option gives the purchaser of the option the right (but not the obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. When the Funds purchase (write) an option, an amount equal to the premium paid (received) by the Funds is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument 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 instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or the Fund enters into a closing transaction), the Funds realize 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 premiums received or paid). When the Funds write a call option, such option is covered, meaning that the Funds hold the underlying instrument subject to being called by the option counterparty. When the Funds write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

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

Swaps: The Funds enter into swap agreements, in which the Funds and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the Funds are recorded in the Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counter-party to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

Credit default swaps The Funds enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Funds enter into credit default swap agreements to provide a measure of protection against the default of an issuer (as buyer of protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Funds will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Funds will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

Interest rate swaps The Funds enter into interest rate swaps to gain or reduce exposure to or manage duration, the yield curve or interest rate risk by economically hedging the value of the fixed rate bonds which may decrease when interest rates rise (interest rate risk). Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating rate, for another party's stream of interest payments, either fixed or floating, on the same notional amount for a specified period of time. Interest rate floors, which are a type

of interest rate swap, are agreements in which one party agrees to make payments to the other party to the extent that interest rates fall below a specified rate or floor in return for a premium. In more complex swaps, the notional principal amount may decline (or amortize) over time.

Notes to Financial Statements (continued)

Derivative Financial Instruments Categorized by Risk Exposure:

| Statements of Assets and Liabilities Location | | Fair Values of Derivative Financial Instruments as of August 31, 2011 | | | | |
|---|--|---|------------|----------|----------|----------|
| | | Asset Derivatives | | | | |
| | | COY | CYE | DSU | FRB | ARK |
| | | Value | | | | |
| Interest rate contracts | Unrealized appreciation on swaps | \$ 47,092 | \$ 51,415 | | | |
| Foreign currency exchange contracts | Unrealized appreciation on foreign currency exchange contracts | 484 | 842 | \$ 8,893 | \$ 8,108 | \$ 9,316 |
| Credit contracts | Unrealized appreciation on swaps; Investments at value unaffiliated** | 119,311 | 121,213 | | | |
| Equity contracts | Net unrealized appreciation/depreciation*; Investments at value unaffiliated** | 34,834 | 38,253 | | | |
| Total | | \$ 201,721 | \$ 211,723 | \$ 8,893 | \$ 8,108 | \$ 9,316 |

| Statements of Assets and Liabilities Location | | Liability Derivatives | | | |
|---|---|-----------------------|--------------|-----------|-----------|
| | | COY | CYE | DSU | FRB |
| | | Value | | | |
| Foreign currency exchange contracts | Unrealized depreciation on foreign currency exchange contracts | \$ 87,509 | \$ 94,306 | \$ 98,260 | \$ 29,213 |
| Credit contracts | Unrealized depreciation on swaps; Options written at value | 890,703 | 973,537 | | |
| Equity contracts | Net unrealized appreciation/depreciation*; Options written at value | 1,462,528 | 1,673,486 | | |
| Total | | \$ 2,440,740 | \$ 2,741,329 | \$ 98,260 | \$ 29,213 |

* Includes cumulative appreciation/depreciation on financial futures contracts as reported in the Schedules of Investments. Only current day's margin variation is reported within the Statements of Assets and Liabilities.

** Includes options purchased at value as reported in the Schedules of Investments.

The Effect of Derivative Financial Instruments in the Statements of Operations
Six Months Ended August 31, 2011

| | COY | Net Realized Gain (Loss) from | | | |
|--|--------------|-------------------------------|----------------|--------------|-------------|
| | | CYE | DSU | FRB | ARK |
| Foreign currency exchange contracts: | | | | | |
| Foreign currency exchange contracts*** | \$ (792,954) | \$ (770,695) | \$ (997,670) | \$ (162,563) | \$ (16,238) |
| Credit contracts: | | | | | |
| Swaps | 1,221,388 | 1,509,737 | (75,221) | | (24,530) |
| Options**** | 392,787 | 351,200 | | | |
| Equity contracts: | | | | | |
| Financial futures contracts | 1,051,801 | 1,153,901 | | | |
| Options**** | 1,748,520 | 1,874,413 | | | |
| Total | \$ 3,621,542 | \$ 4,118,556 | \$ (1,072,891) | \$ (162,563) | \$ (40,768) |

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| | Net Change in Unrealized Appreciation/Depreciation on | | | | |
|---|---|----------------|------------|------------|-----------|
| | COY | CYE | DSU | FRB | ARK |
| Interest rate contracts: | | | | | |
| Swaps | \$ 47,092 | \$ 51,415 | | | |
| Foreign currency exchange contracts: | | | | | |
| Foreign currency exchange contracts*** | 68,459 | 62,388 | \$ 334,968 | \$ 148,788 | \$ 22,433 |
| Credit contracts: | | | | | |
| Swaps | 294,535 | 194,985 | 77,957 | | 52,151 |
| Options**** | (283,256) | (294,855) | | | |
| Equity contracts: | | | | | |
| Financial futures contracts | (1,126,389) | (1,293,818) | | | |
| Options**** | (86,054) | (93,991) | | | |
| Total | \$ (1,085,613) | \$ (1,373,876) | \$ 412,925 | \$ 148,788 | \$ 74,584 |

*** Foreign currency exchange contracts are included in the net realized gain (loss) from foreign currency transactions and net change in unrealized appreciation/depreciation on foreign currency transactions.

**** Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

Notes to Financial Statements (continued)

For the six months ended August 31, 2011, the average quarterly balances of outstanding derivative financial instruments were as follows:

| | COY | CYE | DSU | FRB | ARK |
|--|---------------|---------------|---------------|--------------|------------|
| Financial futures contracts: | | | | | |
| Average number of contracts sold | 258 | 287 | | | |
| Average notional value of contracts sold | \$ 15,386,310 | \$ 17,077,605 | | | |
| Foreign currency exchange contracts: | | | | | |
| Average number of contracts US dollars purchased | 11 | 12 | 6 | 5 | 1 |
| Average number of contracts US dollars sold | 1 | 1 | 2 | 2 | |
| Average US dollar amounts purchased | \$ 24,078,160 | \$ 25,287,882 | \$ 27,543,683 | \$ 7,596,105 | \$ 488,671 |
| Average US dollar amounts sold | \$ 296,270 | \$ 334,147 | \$ 1,092,311 | \$ 690,866 | |
| Options: | | | | | |
| Average number of option contracts purchased | 387 | 422 | | 11 | |
| Average number of option contracts written | 206 | 225 | | | |
| Average notional value of option contracts purchased | \$ 2,533,929 | \$ 2,752,314 | | \$ 10,371 | |
| Average notional value of option contracts written | \$ 267,800 | \$ 292,500 | | | |
| Average number of swaption contracts purchased | 1 | 1 | | | |
| Average number of swaption contracts written | 3 | 3 | | | |
| Average notional value of swaption contracts purchased | \$ 5,000,000 | \$ 5,000,000 | | | |
| Average notional value of swaption contracts written | \$ 15,712,500 | \$ 17,350,000 | | | |
| Credit default swaps: | | | | | |
| Average number of contracts buy protection | 8 | 6 | 1 | | 1 |
| Average number of contracts sell protection | 9 | 9 | | | |
| Average notional value buy protection | \$ 4,630,000 | \$ 3,422,500 | \$ 125,000 | | \$ 100,000 |
| Average notional value sell protection | \$ 3,221,806 | \$ 3,345,491 | | | |
| Interest rate swaps: | | | | | |
| Average number of contracts receives fixed rate | 2 | 2 | | | |
| Average notional value receives fixed rate | \$ 2,665,000 | \$ 2,910,000 | | | |

3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. (PNC) and Barclays Bank PLC (Barclays) are the largest stockholders of BlackRock, Inc. (BlackRock). Due to the ownership structure, PNC is an affiliate for 1940 Act purposes, but Barclays is not.

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Fund s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Manager a monthly fee at the following annual rates of each Fund s average daily net assets, plus the proceeds of any outstanding borrowings used for leverage:

| | |
|-----|-------|
| COY | 0.50% |
| CYE | 0.60% |
| DSU | 0.60% |
| FRB | 0.75% |
| ARK | 0.50% |

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds, however, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with each Fund s investment in other affiliated investment companies, if any. These amounts are shown as fees waived by advisor in the Statements of Operations.

The Manager entered into a sub-advisory agreement with BlackRock Financial Management, Inc. (BFM), an affiliate of the Manager. The Manager pays BFM, for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

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Certain officers and/or directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for compensation paid to the Funds' Chief Compliance Officer.

4. Investments:

Purchases and sales of investments, including paydowns and excluding short-term securities, for the six months ended August 31, 2011, were as follows:

| | Purchases | Sales |
|-----|------------------|----------------|
| COY | \$ 132,750,784 | \$ 125,211,717 |
| CYE | \$ 146,438,044 | \$ 148,324,330 |
| DSU | \$ 211,312,209 | \$ 201,506,164 |
| FRB | \$ 68,024,767 | \$ 76,487,670 |
| ARK | \$ 109,264,614 | \$ 106,828,536 |

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Notes to Financial Statements (continued)

Transactions in options written for the six months ended August 31, 2011 were as follows:

| | Option Contracts | Calls Swaptions Notional (000) | Premiums Received | Option Contracts | Puts Swaptions Notional (000) | Premiums Received |
|--|---------------------|---|----------------------|---------------------|--|----------------------|
| COY | | | | | | |
| Outstanding options, beginning of period | | | | | | |
| Options written | | \$ 28,650 | \$ 362,930 | 1,370 | \$ 44,090 | \$ 703,379 |
| Options expired | | (14,000) | (189,800) | | (27,315) | (202,987) |
| Options closed | | | | (958) | | (71,886) |
| Outstanding options, end of period | | \$ 14,650 | \$ 173,130 | 412 | \$ 16,775 | \$ 428,506 |
| CYE | | | | | | |
| Outstanding options, beginning of period | | | | | | |
| Options written | | \$ 30,650 | \$ 399,230 | 1,442 | \$ 35,100 | \$ 710,754 |
| Options expired | | (14,000) | (189,800) | | (17,050) | (161,400) |
| Options closed | | | | (992) | | (73,096) |
| Outstanding options, end of period | | \$ 16,650 | \$ 209,430 | 450 | \$ 18,050 | \$ 476,258 |

5. Capital Loss Carryforwards:

As of February 28, 2011, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| Expires February 28, | COY | CYE | DSU | FRB | ARK |
|----------------------|---------------|---------------|----------------|---------------|----------------|
| 2012 | \$ 6,647,369 | \$ 1,938,881 | \$ 17,223,475 | | \$ 22,345,071 |
| 2013 | | | 21,126,025 | | |
| 2014 | | | 20,233,987 | \$ 100,255 | 4,906,362 |
| 2015 | | | 3,578,574 | 1,315,945 | 1,585,622 |
| 2016 | 454,146 | 363,401 | | | |
| 2017 | 23,362,415 | 24,709,530 | 56,690,782 | 12,168,927 | 27,675,242 |
| 2018 | 36,323,237 | 33,834,777 | 148,062,952 | 38,830,450 | 60,685,648 |
| 2019 | | | 16,301,990 | | 9,564,345 |
| Total | \$ 66,787,167 | \$ 60,846,589 | \$ 283,217,785 | \$ 52,415,577 | \$ 126,762,290 |

Under the recently enacted Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Funds after February 28, 2011 will not be subject to expiration. In addition, any such losses must be utilized prior to the losses incurred in pre-enactment taxable years.

Notes to Financial Statements (continued)

6. Borrowings:

On March 4, 2010, the Funds entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The Funds have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

| | Commitment Amounts |
|-----|-------------------------------|
| COY | \$ 90,000,000 |
| CYE | \$ 95,000,000 |
| DSU | \$ 150,000,000 |
| FRB | \$ 58,000,000 |
| ARK | \$ 91,000,000 |

Advances were made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 1.0% above the Fed Funds rate or (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above 7-day, 30-day, 60-day or 90-day LIBOR.

Effective March 3, 2011, the SSB Agreement was renewed for 364 days. The SSB Agreement allows for the following maximum commitment amounts:

| | Commitment Amounts |
|-----|-------------------------------|
| COY | \$ 126,600,000 |
| CYE | \$ 138,000,000 |
| DSU | \$ 224,500,000 |
| FRB | \$ 72,500,000 |
| ARK | \$ 117,500,000 |

Advances were made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 0.80% above the Fed Funds rate or (ii) 0.80% above the Overnight LIBOR or (b) 0.80% above 7-day, 30-day, 60-day or 90-day LIBOR. In addition, the Funds pay a facility fee and a commitment fee based upon SSB's total commitment to the Funds. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Funds as of August 31, 2011 are shown in the Statements of Assets and Liabilities as loan payable.

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

For the six months ended August 31, 2011 the Funds' daily weighted average interest rates under the revolving line of credit agreements were as follows:

| | |
|-----|-------|
| COY | 0.96% |
| CYE | 0.96% |
| DSU | 0.96% |
| FRB | 0.96% |
| ARK | 0.96% |

7. Commitments:

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into unfunded floating rate loan interests and bridge loan commitments (commitments). Bridge loan commitments may obligate the Fund to furnish temporary financing to a borrower until permanent financing can be arranged. At August 31, 2011, COY and CYE had outstanding bridge loan commitments of \$1,650,000 and \$1,790,000, respectively. In connection with either of these commitments, the Funds earn a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is included in interest income in the Statements of Operations, is recognized ratably over the commitment period. The unrecognized commitment fee income is recorded on the Statements of Assets and Liabilities as deferred income. Unfunded floating rate loan interests are marked-to-market daily, and any unrealized appreciation or depreciation is included in

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the Statements of Assets and Liabilities and Statements of Operations. As of August 31, 2011, the Funds had the following unfunded floating rate loan interests:

| Borrower | Unfunded Floating Rate Loan Interest | Value of Underlying Floating Rate Loan Interest | Unrealized Depreciation |
|-------------------------------|---|--|------------------------------------|
| DSU | | | |
| Reynolds Group Holdings, Inc. | 5.25% | \$ 2,395,325 | \$ (79,684) |
| FRB | | | |
| Reynolds Group Holdings, Inc. | 5.25% | \$ 1,437,195 | \$ (47,810) |
| Horizon Lines, LLC | 8.00% | \$ 51,268 | \$ (438) |
| ARK | | | |
| Reynolds Group Holdings, Inc. | 5.25% | \$ 1,101,850 | \$ (36,655) |

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Notes to Financial Statements (concluded)

8. Market and Credit Risk:

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments. The Funds manage counterparty credit risk by entering into transactions only with counter-parties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Funds' Statements of Assets and Liabilities, less any collateral held by the Funds.

9. Capital Share Transactions:

Each Fund is authorized to issue 200 million shares, par value \$0.10 per share, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

For the six months ended August 31, 2011 and the year ended February 28, 2011, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

| | Six Months Ended August 31, 2011 | Year Ended February 28, 2011 |
|-----|--|---------------------------------|
| COY | 38,458 | 40,744 |
| CYE | | 23,432 |
| DSU | 111,020 | 114,520 |
| FRB | 15,006 | 42,733 |
| ARK | 55,454 | 63,426 |

10. Subsequent Events:

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

The Funds paid a net investment income dividend in the following amounts per share on September 30, 2011 to shareholders of record on September 15, 2011:

| | Common Dividend Per Share |
|-----|------------------------------|
| COY | \$ 0.0510 |
| CYE | \$ 0.0500 |
| DSU | \$ 0.0270 |
| FRB | \$ 0.0730 |
| ARK | \$ 0.0250 |

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors (each, a Board, collectively, the Boards, and the members of which are referred to as Board Members) of BlackRock Corporate High Yield Fund, Inc. (COY), BlackRock Corporate High Yield Fund III, Inc. (CYE), BlackRock Debt Strategies Fund, Inc. (DSU), BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) and BlackRock Senior High Income Fund, Inc. (ARK and together with COY, CYE, DSU, and FRB, each a Fund, and, collectively, the Funds) met on April 14, 2011 and May 12-13, 2011 to consider the approval of each Fund's investment advisory agreement (each, an Advisory Agreement) with BlackRock Advisors, LLC (the Manager), each Fund's investment advisor. The Board of each Fund also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement) between the Manager and BlackRock Financial Management, Inc. (the Sub-Advisor), with respect to each Fund. The Manager and the Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the Agreements.

Activities and Composition of the Board

Each Board consists of eleven individuals, nine of whom are not interested persons of such Fund as defined in the Investment Company Act of 1940 (the 1940 Act) (the Independent Board Members). The Board Members are responsible for the oversight of the operations of the Funds and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Board is an Independent Board Member. Each Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member) and is chaired by an Independent Board Member. Each Board also established an *ad hoc* committee, the Joint Product Pricing Committee, which consisted of Independent Board Members and the directors/trustees of the boards of certain other BlackRock-managed funds, who were not interested persons of their respective funds.

The Agreements

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Funds by BlackRock, its personnel and its affiliates, including investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services, risk oversight, compliance program and assistance in meeting applicable legal and regulatory requirements.

The Boards, acting directly and through their respective committees, considered at each of their meetings, and from time to time as appropriate, factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. Among the matters the Boards considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management's and portfolio managers' analysis of the reasons for any over performance or underperformance against their peers and/or benchmark, as applicable; (b) fees, including advisory and other amounts paid to BlackRock and its affiliates by the Funds for services such as call center and fund accounting; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Funds' investment objectives, policies and restrictions; (e) the Funds' compliance with its Code of Ethics and other compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of the Funds' valuation and liquidity procedures; (k) an analysis of contractual and actual management fee ratios for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; (l) BlackRock's compensation methodology for its investment professionals and the incentives it creates; and (m) periodic updates on BlackRock's business.

Board Considerations in Approving the Agreements

The Approval Process: Prior to the April 14, 2011 meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with BlackRock to review periodically the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April meeting included (a) information independently compiled and prepared by Lipper, Inc. (Lipper) on Fund fees and expenses and the investment performance of the Funds as compared with a peer group of funds as determined by Lipper and, with respect to DSU, FRB and ARK, a customized peer group selected by BlackRock (collectively, Peers); (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates and significant shareholders; (c) a general analysis provided by BlackRock concerning investment management fees (a combination of the advisory fee and the administration fee, if any) charged to other clients, such as institutional clients and open-end funds, under similar investment

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mandates, as applicable; (d) the impact of economies of scale; (e) a summary of aggregate amounts paid by each Fund to BlackRock and (f) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

At an in-person meeting held on April 14, 2011, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April 14, 2011 meeting, and as a culmination of the Boards' year-long deliberative process, the Boards presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the May 12-13, 2011 Board meeting.

At an in-person meeting held on May 12-13, 2011, each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund and the Sub-Advisory Agreement between the Manager and the Sub-Advisor with respect to its Fund, each for a one-year term ending June 30, 2012. In approving the continuation of the Agreements, the Boards considered: (a) the nature,

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Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

extent and quality of the services provided by BlackRock; (b) the investment performance of the Funds and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Funds; (d) economies of scale; (e) fall-out benefits to BlackRock as a result of its relationship with the Funds; and (f) other factors deemed relevant by the Board Members.

The Boards also considered other matters they deemed important to the approval process, such as services related to the valuation and pricing of Fund portfolio holdings, direct and indirect benefits to BlackRock and its affiliates and significant shareholders from their relationship with Funds and advice from independent legal counsel with respect to the review process and materials submitted for the Boards' review. The Boards noted the willingness of BlackRock personnel to engage in open, candid discussions with the Boards. The Boards did not identify any particular information as controlling, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of the Funds. Throughout the year, the Boards compared Fund performance to the performance of a comparable group of closed-end funds and/or the performance of a relevant benchmark, if any. The Boards met with BlackRock's senior management personnel responsible for investment operations, including the senior investment officers. Each Board also reviewed the materials provided by its Fund's portfolio management team discussing Fund performance and the Fund's investment objective, strategies and outlook.

The Boards considered, among other factors, the number, education and experience of BlackRock's investment personnel generally and their Funds' portfolio management teams, investments by portfolio managers in the funds they manage, BlackRock's portfolio trading capabilities, BlackRock's use of technology, BlackRock's commitment to compliance, BlackRock's credit analysis capabilities, BlackRock's risk analysis capabilities and BlackRock's approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards engaged in a review of BlackRock's compensation structure with respect to their Funds' portfolio management teams and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to advisory services, the Boards considered the quality of the administrative and non-investment advisory services provided to the Funds. BlackRock and its affiliates provide the Funds with certain services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In addition to investment advisory services, BlackRock and its affiliates provide the Funds with other services, including (i) preparing disclosure documents, such as the prospectus and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of the Funds; (iii) assisting with daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; and (viii) performing other administrative functions necessary for the operation of the Funds, such as tax reporting, fulfilling regulatory filing requirements and call center services. The Boards reviewed the structure and duties of BlackRock's fund administration, accounting, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Fund and BlackRock: The Boards, including the Independent Board Members, also reviewed and considered the performance history of their Funds. In preparation for the April 14, 2011 meeting, the Boards worked with BlackRock and Lipper to develop a template for, and was provided with reports independently prepared by Lipper, which included a comprehensive analysis of each Fund's performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper's rankings. In connection with its review, each Board received and reviewed information regarding the investment performance of its Fund as compared to funds in that Fund's applicable Lipper category and, with respect to DSU, FRB and ARK, a customized peer group selected by BlackRock. The Boards were provided with a description of the methodology used by Lipper to select peer funds. The Boards and each Board's Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of the Funds throughout the year.

The Board of each of COY and CYE noted that, in general, its respective Fund performed better than its Peers in that the Fund's performance was at or above the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported.

The Board of DSU noted that the Fund performed below the median of its Customized Lipper Peer Group in the three- and five-year periods reported, but that the Fund performed at or above the median of its Customized Lipper Peer Group in the one-year period reported. The Board of DSU and BlackRock reviewed and discussed the reasons for the Fund's underperformance during the three- and five-year periods compared with its Peers. The Board of DSU was informed that, among other things, the primary factor impacting relative performance over the three- and five-year periods was 2008 performance. Performance in 2008 was impacted by the Fund's credit positioning, which was biased towards lower

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credit ratings, higher yield and higher beta credits.

The Board of FRB noted that the Fund performed below the median of its Customized Lipper Peer Group in each of the one-, three- and five-year periods reported. The Board of FRB and BlackRock reviewed and discussed the reasons for the Fund's underperformance during these periods compared with its Peers. The Board of FRB was informed that, among other things, in general the Fund's portfolio management team runs a conservative investment style that is biased towards the higher credit tiers and higher quality credits in terms of cash flow, asset quality, collateral, and loan structure. The Fund's portfolio management team believes this leads to superior risk-adjusted performance over longer periods but can cause the Fund to trail the average fund in up markets such as 2009 and 2010.

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

The Board of ARK noted that the Fund performed below the median of its Customized Lipper Peer Group in each of the one-, three- and five-year periods reported. The Board of ARK and BlackRock reviewed and discussed the reasons for the Fund's underperformance during these periods compared with its Peers. The Board of ARK was informed that, among other things, a major factor impacting performance over the three- and five-year periods was the Fund's performance in 2008. Performance in 2008 was impacted by the Fund's credit positioning, which was biased towards lower credit ratings, higher yield and higher beta credits.

The Board of each of DSU, FRB and ARK discussed with BlackRock its strategy for improving the respective Fund's performance and BlackRock's commitment to providing the resources necessary to assist the Fund's portfolio managers and to improve the Fund's performance.

The Boards noted that BlackRock has made changes to the organization of the overall fixed income group management structure designed to result in a strengthened leadership team.

C. Consideration of the Advisory/Management Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Fund: Each Board, including the Independent Board Members, reviewed its Fund's contractual management fee ratio compared with the other funds in its Lipper category. It also compared the Fund's total expense ratio, as well as actual management fee ratio, to those of other funds in its Lipper category. The Boards considered the services provided and the fees charged by BlackRock to other types of clients with similar investment mandates, including separately managed institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition and profitability with respect to the services it provided the Funds. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Funds. The Boards reviewed BlackRock's profitability with respect to the Funds and other funds the Boards currently oversee for the year ended December 31, 2010 compared to available aggregate profitability data provided for the years ended December 31, 2009, and December 31, 2008. The Boards reviewed BlackRock's profitability with respect to other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, expense allocations and business mix, and the difficulty of comparing profitability as a result of those factors.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Boards considered BlackRock's overall operating margin, in general, compared to the operating margin for leading investment management firms whose operations include advising closed-end funds, among other product types. That data indicates that operating margins for BlackRock, in general and with respect to its registered funds, are generally consistent with margins earned by similarly situated publicly traded competitors. In addition, the Boards considered, among other things, certain third party data comparing BlackRock's operating margin with that of other publicly-traded asset management firms. That third party data indicates that larger asset bases do not, in themselves, translate to higher profit margins.

In addition, the Boards considered the cost of the services provided to the Funds by BlackRock, and BlackRock's and its affiliates' profits relating to the management of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Boards reviewed BlackRock's methodology in allocating its costs to the management of the Funds. The Boards also considered whether BlackRock has the financial resources necessary to attract and retain high-quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Boards.

The Board of each Fund noted that its respective Fund's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was lower than or equal to the median contractual management fee ratio paid by the Fund's Peers, in each case before taking into account any expense reimbursements or fee waivers.

D. Economies of Scale: Each Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of its Fund increase. Each Board also considered the extent to which its Fund benefits from such economies and whether there should be changes in the advisory fee rate or structure in order to enable the Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of the Fund. Based on the *ad hoc* Joint Product Pricing Committees and the Boards' review and consideration of this issue, the Boards concluded that closed-end funds are typically priced at scale at a fund's inception; therefore, the implementation of breakpoints was not necessary.

The Boards noted that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering. The Boards noted that only one closed-end fund in the Fund Complex has breakpoints in its

advisory fee structure.

E. Other Factors Deemed Relevant by the Board Members: The Boards, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates and significant shareholders may derive from their respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including securities lending services. The Boards also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that BlackRock's funds may invest in affiliated ETFs without any offset against the management fees payable by the funds to BlackRock.

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Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (concluded)

In connection with its consideration of the Agreements, the Boards also received information regarding BlackRock's brokerage and soft dollar practices. The Boards received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Boards noted the competitive nature of the closed-end fund marketplace and that shareholders are able to sell their Fund shares in the secondary market if they believe that the Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

Conclusion

Each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund for a one-year term ending June 30, 2012 and the Sub-Advisory Agreement between the Manager and the Sub-Advisor, with respect to its Fund, for a one-year term ending June 30, 2012. As part of its approval, the Boards considered the detailed review of BlackRock's fee structure, as it applies to the Funds, conducted by the *ad hoc* Joint Product Pricing Committee. Based upon their evaluations of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of the Funds and their shareholders. In arriving at their decision to approve the Agreements, the Boards did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making these determinations. The contractual fee arrangements for the Funds reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. As a result, the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.

Officers and Directors

Richard E. Cavanagh, Chairman of the Board and Director
Karen P. Robards, Vice Chairperson of the Board,
Chairperson of the Audit Committee and Director
Paul L. Audet, Director
Michael J. Castellano, Director and Member of the Audit Committee
Frank J. Fabozzi, Director and Member of the Audit Committee
Kathleen F. Feldstein, Director
James T. Flynn, Director and Member of the Audit Committee
Henry Gabbay, Director
Jerrold B. Harris, Director
R. Glenn Hubbard, Director
W. Carl Kester, Director and Member of the Audit Committee
John M. Perlowski, President and Chief Executive Officer
Anne Ackerley, Vice President
Brendan Kyne, Vice President
Neal Andrews, Chief Financial Officer
Jay Fife, Treasurer
Brian Kindelan, Chief Compliance Officer and
Anti-Money Laundering Officer
Ira P. Shapiro, Secretary

Investment Advisor

BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisor

BlackRock Financial Management, Inc.
New York, NY 10055

Custodians

JPMorgan Chase Bank, N.A.¹
New York, NY 10017

State Street Bank and Trust Company²
Boston, MA 02111

The Bank of New York Mellon³
New York, NY 10286

Transfer Agents

BNY Mellon Shareowner Services³
Jersey City, NJ 07310

Computershare Trust Company, N.A.^{1,2}
Providence, RI 02940

Accounting Agent

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State Street Bank and Trust Company
Boston, MA 02116

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP
New York, NY 10036

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Boston, MA 02116

Address of the Funds

100 Bellevue Parkway
Wilmington, DE 19809

- ¹ For COY.
- ² For CYE and FRB.
- ³ For DSU and ARK.

Effective April 14, 2011, Michael J. Castellano became Director of the Funds and Member of the Audit Committee.

Effective July 28, 2011, Richard S. Davis resigned as Director of the Funds, and Paul L. Audet became Director of the Funds.

Additional Information

Proxy Results

The Annual Meeting of Shareholders was held on July 28, 2011 for shareholders of record on May 31, 2011, to elect director nominees for each Fund. There were no broker non-votes with regard to any of the Funds.

| | Paul L. Audet Votes | | | Michael J. Castellano Votes | | | Richard E. Cavanagh Votes | | |
|-----|------------------------|-----------|---------|--------------------------------|-----------|---------|------------------------------|-----------|---------|
| | Votes For | Withheld | Abstain | Votes For | Withheld | Abstain | Votes For | Withheld | Abstain |
| COY | 26,645,732 | 760,801 | 0 | 26,682,412 | 724,121 | 0 | 26,628,673 | 777,860 | 0 |
| CYE | 28,435,992 | 758,155 | 0 | 28,425,194 | 768,953 | 0 | 28,362,453 | 831,694 | 0 |
| DSU | 85,341,623 | 2,310,604 | 0 | 85,307,064 | 2,345,163 | 0 | 85,349,415 | 2,302,812 | 0 |
| FRB | 6,911,699 | 315,308 | 0 | 6,899,160 | 327,847 | 0 | 6,911,699 | 315,308 | 0 |
| ARK | 46,679,991 | 1,032,281 | 0 | 46,663,663 | 1,048,609 | 0 | 46,632,207 | 1,080,065 | 0 |

| | Frank J. Fabozzi Votes | | | Kathleen F. Feldstein Votes | | | James T. Flynn Votes | | |
|-----|---------------------------|-----------|---------|--------------------------------|-----------|---------|-------------------------|-----------|---------|
| | Votes For | Withheld | Abstain | Votes For | Withheld | Abstain | Votes For | Withheld | Abstain |
| COY | 26,600,086 | 806,447 | 0 | 26,519,271 | 887,262 | 0 | 26,562,238 | 844,295 | 0 |
| CYE | 28,407,163 | 786,984 | 0 | 28,299,553 | 894,594 | 0 | 28,394,193 | 799,954 | 0 |
| DSU | 85,351,279 | 2,300,948 | 0 | 85,218,368 | 2,433,859 | 0 | 85,156,466 | 2,495,761 | 0 |
| FRB | 6,899,160 | 327,847 | 0 | 6,895,914 | 331,093 | 0 | 6,894,536 | 332,471 | 0 |
| ARK | 46,530,202 | 1,182,070 | 0 | 46,640,428 | 1,071,844 | 0 | 46,531,898 | 1,180,374 | 0 |

| | Henry Gabbay Votes | | | Jerrold B. Harris Votes | | | R. Glenn Hubbard Votes | | |
|-----|-----------------------|-----------|---------|----------------------------|-----------|---------|---------------------------|-----------|---------|
| | Votes For | Withheld | Abstain | Votes For | Withheld | Abstain | Votes For | Withheld | Abstain |
| COY | 26,545,573 | 860,960 | 0 | 26,632,218 | 774,316 | 0 | 26,621,144 | 785,390 | 0 |
| CYE | 28,437,894 | 756,253 | 0 | 28,380,655 | 813,492 | 0 | 28,371,677 | 822,470 | 0 |
| DSU | 85,391,657 | 2,260,570 | 0 | 85,394,789 | 2,257,438 | 0 | 85,314,620 | 2,337,607 | 0 |
| FRB | 6,908,538 | 318,469 | 0 | 6,900,340 | 326,667 | 0 | 6,903,501 | 323,506 | 0 |
| ARK | 46,718,199 | 994,073 | 0 | 46,726,858 | 985,414 | 0 | 46,570,391 | 1,141,881 | 0 |

| | W. Carl Kester Votes | | | Karen P. Robards Votes | | |
|-----|-------------------------|-----------|---------|---------------------------|-----------|---------|
| | Votes For | Withheld | Abstain | Votes For | Withheld | Abstain |
| COY | 26,636,721 | 769,813 | 0 | 26,588,355 | 818,179 | 0 |
| CYE | 28,417,785 | 776,362 | 0 | 28,352,920 | 841,227 | 0 |
| DSU | 85,404,764 | 2,247,463 | 0 | 85,331,083 | 2,321,144 | 0 |
| FRB | 6,900,340 | 326,667 | 0 | 6,895,914 | 331,093 | 0 |
| ARK | 46,746,768 | 965,504 | 0 | 46,734,992 | 977,280 | 0 |

Dividend Policy

The Funds' dividend policy is to distribute all or a portion of their net investment income to their shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

Additional Information (continued)

General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund's offerings and the information contained in each Fund's Statement of Additional Information may have become outdated.

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

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

Electronic Delivery

Electronic copies of most financial reports are available on the Funds' website or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds' electronic delivery program.

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

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

Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 441-7762.

Availability of Quarterly Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. Each Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

Availability of Fund Updates

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BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the Closed-end Funds section of <http://www.blackrock.com>. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Funds.

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Additional Information (concluded)

BlackRock Privacy Principles

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

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

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

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

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

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

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- 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 – Investments
- (a) The registrant’s Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.
 - (b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.
- Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – Not Applicable to this semi-annual report
- Item 8 – Portfolio Managers of Closed-End Management Investment Companies
- (a) Not Applicable to this semi-annual report
 - (b) As of the date of this filing, there have been no changes in any of the portfolio managers identified in the most recent annual report on Form N-CSR.
- 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 – There have been no material changes to these procedures.
- Item 11 – Controls and Procedures
- (a) – The registrant’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant’s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the “1940 Act”)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
 - (b) – There were no changes in the registrant’s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant’s internal control over financial reporting.
- Item 12 – Exhibits attached hereto
- (a)(1) – Code of Ethics – Not Applicable to this semi-annual report
 - (a)(2) – Certifications – Attached hereto
 - (a)(3) – Not Applicable
 - (b) – Certifications – Attached hereto
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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 Senior High Income Fund, Inc.

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock Senior High Income Fund, Inc.

Date: November 4, 2011

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

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of
BlackRock Senior High Income Fund, Inc.

Date: November 4, 2011

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock Senior High Income Fund, Inc.

Date: November 4, 2011
