

BLACKROCK CORPORATE HIGH YIELD FUND III INC  
Form N-Q  
July 29, 2010  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-08497

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock Corporate High Yield Fund III, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055.

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

Date of fiscal year end: 02/28/2011

Date of reporting period: 05/31/2010

Item 1 – Schedule of Investments

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Schedule of Investments May 31, 2010 (Unaudited)

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

Common Stocks	Shares	Value
<b>Auto Components 0.3%</b>		
Lear Corp. (a)	11,750	\$ 795,123
<b>Building Products 0.1%</b>		
Masonite Worldwide Holdings (a)	6,623	296,379
<b>Capital Markets 0.2%</b>		
E*Trade Financial Corp. (a)	296,000	438,080
<b>Chemicals 0.4%</b>		
LyondellBasell Industries NV, Class A (a)	23,189	503,502
LyondellBasell Industries NV, Class B (a)	18,484	327,167
Solutia, Inc. (a)	12,000	181,800
Wellman Holdings, Inc. (a)	1,522	76
		1,012,545
<b>Communications Equipment 0.6%</b>		
Loral Space & Communications Ltd. (a)	38,763	1,548,194
<b>Construction Materials 0.0%</b>		
Nortek, Inc. (a)	2,145	96,525
<b>Diversified Financial Services 0.0%</b>		
Citigroup, Inc. (a)	1	4
<b>Electrical Equipment 0.0%</b>		
Medis Technologies Ltd. (a)	70,784	2,832
SunPower Corp., Class B (a)	778	9,017
		11,849
<b>Hotels, Restaurants &amp; Leisure 0.0%</b>		
Buffets Restaurants Holdings, Inc. (a)	1,099	6,814
<b>Household Durables 0.5%</b>		
Beazer Homes USA, Inc. (a)	164,500	817,565
Pulte Group, Inc. (a)	30,000	334,200
		1,151,765
<b>Machinery 0.1%</b>		
Accuride Corp. (a)	90,983	122,827

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<b>Media 0.6%</b>		
Charter Communications, Inc. (a)	2,918	105,048
Gannett Co., Inc.	44,700	694,638
Gray Television, Inc. (a)	162,000	484,380
Sinclair Broadcast Group, Inc., Class A (a)	50,000	331,750
		1,615,816

<b>Paper &amp; Forest Products 0.4%</b>		
Ainsworth Lumber Co. Ltd. (a)	122,117	427,015
Ainsworth Lumber Co. Ltd. (a)(b)	140,415	490,999
Western Forest Products, Inc. (a)	158,023	51,053
Western Forest Products, Inc. (a)(b)	45,762	14,784
		983,851

Common Stocks	Shares	Value
<b>Software 0.5%</b>		
HMH Holdings/EduMedia (a)	146,824	\$ 917,650
TiVo, Inc. (a)	26,525	239,786
		1,157,436
<b>Wireless Telecommunication Services 0.2%</b>		
FiberTower Corp. (a)	76,542	292,390
SBA Communications Corp., Class A (a)	8,452	279,170
		571,560
<b>Total Common Stocks 3.9%</b>		9,808,768

Corporate Bonds	Par (000)		
<b>Aerospace &amp; Defense 0.3%</b>			
Bombardier, Inc., 7.75%, 3/15/20 (b)	USD 200		202,500
Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17 (b)	540		534,600
			737,100

<b>Airlines 2.0%</b>			
American Airlines, Inc., 10.50%, 10/15/12 (b)	390		400,237
American Airlines Pass-Through Trust, Series 2001-02, 7.86%, 4/01/13	400		404,000

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Continental Airlines, Inc.:		
Series 1997-4-B, 6.90%, 7/02/18 (c)	522	511,437
Series 2001-1-C, 7.03%, 12/15/12	302	299,016
Delta Air Lines, Inc., Series B, 9.75%, 12/17/16	1,100	1,190,750
United Air Lines, Inc., 12.75%, 7/15/12	2,100	2,231,250
		5,036,690

**Auto Components 1.4%**

Allison Transmission, Inc. (b):		
11.00%, 11/01/15	230	240,350
11.25%, 11/01/15 (d)	177	183,195
Delphi International Holdings Unsecured, 12.00%, 10/06/14	91	91,104
The Goodyear Tire & Rubber Co., 8.63%, 12/01/11	552	567,180
Icahn Enterprises LP:		
4.00%, 8/15/13 (e)(f)	255	216,750
8.00%, 1/15/18 (b)	2,470	2,321,800
		3,620,379

**Portfolio Abbreviations**

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

CAD	Canadian Dollar
EUR	Euro
FKA	Formerly Known As
GBP	British Pound
USD	US Dollar

## Schedule of Investments (continued)

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

Corporate Bonds		Par (000)		Value
<b>Biotechnology 0.3%</b>				
QHP Pharma, 10.25%, 3/15/15 (b)	USD	680	\$	689,074
<b>Building Products 1.0%</b>				
Associated Materials LLC, 9.88%, 11/15/16		720		774,000
Building Materials Corp. of America, 7.00%, 2/15/20 (b)		620		613,800
Ply Gem Industries, Inc., 11.75%, 6/15/13		1,090		1,117,250
				2,505,050
<b>Capital Markets 0.6%</b>				
E*Trade Financial Corp. (e)(g):				
3.39%, 8/31/19 (b)		244		349,225
Series A, 3.64%, 8/31/19		7		10,019
MU Finance Plc, 8.75%, 2/01/17 (b)	GBP	422		561,454
Marsico Parent Co., LLC, 10.63%, 1/15/16 (b)	USD	963		544,095
Marsico Parent Holdco, LLC, 3.13%, 7/15/16 (b)(d)		263		64,547
Marsico Parent Superholdco, LLC, 3.63%, 1/15/18 (b)(d)		279		54,380
				1,583,720
<b>Chemicals 4.1%</b>				
American Pacific Corp., 9.00%, 2/01/15		880		861,300
CF Industries, Inc.:				
6.88%, 5/01/18		440		440,550
7.13%, 5/01/20		780		786,825
Georgia Gulf Corp., 9.00%, 1/15/17 (b)		230		233,450
Hexion Finance Escrow LLC, 8.88%, 2/01/18 (b)		1,015		938,875
Hexion U.S. Finance Corp., 9.75%, 11/15/14		660		630,300
Huntsman International LLC (b):				
6.88%, 11/15/13	EUR	280		322,984
5.50%, 6/30/16	USD	435		378,450
8.63%, 3/15/20		395		372,288
Ineos Finance Plc, 9.00%, 5/15/15 (b)		420		417,900

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Innophos, Inc., 8.88%, 8/15/14	825	845,625
LBI Escrow Corp., 8.00%, 11/01/17 (b)	2,095	2,131,662
MacDermid, Inc., 9.50%, 4/15/17 (b)	1,260	1,263,150
Wellman Holdings, Inc., Subordinate Note (e): (Second Lien), 10.00%, 1/29/19	844	734,280
(Third Lien), 5.00%, 1/29/19 (d)	270	105,121
		10,462,760

Corporate Bonds	Par (000)	Value
<b>Commercial Banks 0.1%</b>		
Glitnir Banki HF (a)(h): 4.15%, 4/20/10 (b)	USD 111	\$ 30,803
6.38%, 9/25/12 (b)	500	138,750
Series EMTN, 5.07%, 1/27/10 EUR	50	17,334
Series EMTN, 3.00%, 6/30/10	45	16,290
Series GMTN, 4.38%, 2/05/10	50	17,333
		220,510
<b>Commercial Services &amp; Supplies 2.6%</b>		
ACCO Brands Corp., 10.63%, 3/15/15	USD 250	270,625
Garda World Security Corp., 9.75%, 3/15/17 (b)	400	411,000
International Lease Finance Corp., 8.63%, 9/15/15 (b)	235	216,200
RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)	585	629,606
Scientific Games International, Inc., 9.25%, 6/15/19	580	598,850
Waste Services, Inc., 9.50%, 4/15/14	3,000	3,075,000
West Corp., 11.00%, 10/15/16	1,290	1,302,900
		6,504,181
<b>Construction Materials 0.9%</b>		
Nortek, Inc., 11.00%, 12/01/13	2,275	2,365,514
<b>Consumer Finance 0.5%</b>		
Credit Acceptance Corp., 9.13%, 2/01/17 (b)	680	686,800
Ford Motor Credit Co. LLC: 3.05%, 1/13/12 (f)	215	206,400
7.80%, 6/01/12	200	203,980
8.00%, 12/15/16	180	180,350
		1,277,530

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<b>Containers &amp; Packaging 4.6%</b>			
Ball Corp., 6.75%, 9/15/20		525	510,563
Berry Plastics Corp.:			
8.88%, 9/15/14		615	590,400
8.25%, 11/15/15		135	132,638
9.50%, 5/15/18 (b)		790	707,050
Berry Plastics Holding Corp.,			
8.88%, 9/15/14		1,950	1,872,000
Crown European Holdings SA,			
6.25%, 9/01/11	EUR	75	92,496
Graphic Packaging International,			
Inc., 9.50%, 6/15/17	USD	840	873,600
Impress Holdings BV, 2.47%,			
9/15/13 (b)(f)		420	388,500
Owens-Brockway Glass Container,			
Inc.:			
8.25%, 5/15/13		1,000	1,012,500
6.75%, 12/01/14	EUR	155	191,158
Packaging Dynamics Finance			
Corp., 10.00%, 5/01/16 (b)		1,090	933,312
Pregis Corp., 12.38%, 10/15/13		1,200	1,182,000

## Schedule of Investments (continued)

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

Corporate Bonds		Par (000)	Value
<b>Containers &amp; Packaging (concluded)</b>			
Rock-Tenn Co., 8.20%, 8/15/11	EUR	2,000	\$ 2,080,000
Smurfit Kappa Acquisitions (b):			
7.25%, 11/15/17		495	595,288
7.75%, 11/15/19		470	570,990
			11,732,495
<b>Diversified Consumer Services 1.1%</b>			
Service Corp. International, 7.00%, 6/15/17	USD	3,000	2,910,000
<b>Diversified Financial Services 9.7%</b>			
Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16		390	393,900
CIT Group, Inc.:			
7.00%, 5/01/16		3,076	2,791,911
7.00%, 5/01/17		5,280	4,765,272
Citigroup, Inc., 4.75%, 5/19/15		360	355,558
FCE Bank Plc:			
7.88%, 2/15/11	GBP	700	1,019,899
7.13%, 1/16/12	EUR	1,800	2,197,816
7.13%, 1/15/13		1,050	1,269,174
GMAC, Inc.:			
7.25%, 3/02/11	USD	184	184,690
6.88%, 9/15/11		500	500,000
6.88%, 8/28/12		600	592,500
7.50%, 12/31/13		280	273,000
2.74%, 12/01/14 (f)		394	323,667
6.75%, 12/01/14		940	895,350
8.30%, 2/12/15 (b)		2,160	2,168,100
8.00%, 3/15/20 (b)		2,240	2,172,800
Leucadia National Corp., 8.13%, 9/15/15		1,325	1,354,812
Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b)		1,460	1,445,400
Reynolds Group Issuer, Inc. (b):			
7.75%, 10/15/16	EUR	400	485,949
8.50%, 5/15/18	USD	1,375	1,306,250
			24,496,048
<b>Diversified Telecommunication Services 4.4%</b>			
Broadview Networks Holdings, Inc., 11.38%, 9/01/12		1,035	993,600
GCI, Inc., 8.63%, 11/15/19 (b)		1,200	1,164,000
ITC Deltacom, Inc., 10.50%, 4/01/16 (b)		540	518,400



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New Communications Holdings, Inc. (b):

7.88%, 4/15/15	630	625,275
8.25%, 4/15/17	800	792,000
8.50%, 4/15/20	350	344,750

Nordic Telephone Co. Holdings

ApS, 8.88%, 5/01/16 (b)	215	220,375
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Qwest Communications International, Inc.:

7.50%, 2/15/14	2,020	1,989,700
8.00%, 10/01/15 (b)	600	601,500
Series B, 7.50%, 2/15/14	1,730	1,704,050

Corporate Bonds	Par (000)	Value
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**Diversified Telecommunication Services  
(concluded)**

Qwest Corp.:

7.63%, 6/15/15	USD 525	\$ 548,625
8.38%, 5/01/16	680	737,800

Windstream Corp., 8.13%,  
8/01/13

760	767,600
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11,007,675

**Electric Utilities 0.5%**

Intergen NV, 9.00%, 6/30/17 (b)	420	420,000
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NSG Holdings LLC, 7.75%,  
12/15/25 (b)

1,030	921,850
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1,341,850

**Electronic Equipment, Instruments & Components 0.1%**

Jabil Circuit, Inc., 7.75%, 7/15/16	295	301,638
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**Energy Equipment & Services 1.6%**

Compagnie Generale de Geophysique-  
Veritas:

7.50%, 5/15/15	215	208,550
7.75%, 5/15/17	320	304,000

Expro Finance Luxembourg SCA,  
8.50%, 12/15/16 (b)

1,835	1,779,950
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Global Geophysical Services, Inc.,  
10.50%, 5/01/17 (b)

310	297,600
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North American Energy Alliance  
LLC, 10.88%, 6/01/16 (b)

665	679,962
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Parker Drilling Co., 9.13%,  
4/01/18 (b)

210	199,500
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Thermon Industries, Inc., 9.50%,  
5/01/17 (b)

555	549,450
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4,019,012

**Food & Staples Retailing 0.7%**

AmeriQual Group LLC, 9.50%,  
4/01/12 (b)

800	728,000
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Rite Aid Corp.:  
9.75%, 6/12/16

410	435,113
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10.25%, 10/15/19

670	681,725
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1,844,838

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**Food Products 0.7%**

B&G Foods, Inc., 7.63%, 1/15/18	220	219,450
Reddy Ice Corp., 11.25%, 3/15/15 (b)	440	444,400
Smithfield Foods, Inc., 10.00%, 7/15/14 (b)	780	835,088
TreeHouse Foods, Inc., 7.75%, 3/01/18	160	163,600

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1,662,538

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**Health Care Equipment & Supplies 1.3%**

DJO Finance LLC: 10.88%, 11/15/14	1,670	1,736,800
10.88%, 11/15/14 (b)	600	624,000

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BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

MAY 31, 2010

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## Schedule of Investments (continued)

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

Corporate Bonds	Par (000)	Value
<b>Health Care Equipment &amp; Supplies (concluded)</b>		
Hologic, Inc., 2.00%, 12/15/37 (e)(i)	USD 955	\$ 815,331
		3,176,131
<b>Health Care Providers &amp; Services 4.2%</b>		
American Renal Holdings, 8.38%, 5/15/18 (b)	280	272,300
HCA, Inc.:		
9.13%, 11/15/14	1,785	1,878,713
8.50%, 4/15/19	1,020	1,065,900
7.25%, 9/15/20	2,315	2,309,212
Omnicare, Inc., 7.75%, 6/01/20	270	270,675
Tenet Healthcare Corp. (b):		
9.00%, 5/01/15	1,799	1,888,950
10.00%, 5/01/18	644	705,985
8.88%, 7/01/19	2,014	2,112,182
		10,503,917
<b>Health Care Technology 1.1%</b>		
IMS Health, Inc., 12.50%, 3/01/18 (b)	2,405	2,759,737
<b>Hotels, Restaurants &amp; Leisure 2.0%</b>		
Harrah's Operating Co., Inc., 11.25%, 6/01/17	660	691,350
Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/10 (a)(h)	1,550	744,000
Little Traverse Bay Bands of Odawa Indians, 10.25%, 2/15/14 (a)(b)(h)	1,290	427,312
MGM Mirage:		
13.00%, 11/15/13	110	125,400
10.38%, 5/15/14 (b)	255	270,938
11.13%, 11/15/17 (b)	820	887,650
San Pasqual Casino, 8.00%, 9/15/13 (b)	975	926,250
Scientific Games Corp., 0.75%, 12/01/24 (e)(i)	280	278,600
Travelport LLC:		
5.16%, 9/01/14 (f)	160	148,800
9.88%, 9/01/14	210	209,475
Tropicana Entertainment LLC, Series WI, 9.63%, 12/15/14 (a)(h)	305	412

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Virgin River Casino Corp., 9.00%, 1/15/12 (a)(h)	940	423,000
		5,133,187

**Household Durables 3.3%**

Beazer Homes USA, Inc.:		
6.88%, 7/15/15	380	333,450
8.13%, 6/15/16	315	288,225
12.00%, 10/15/17	1,345	1,492,950
9.13%, 6/15/18	1,770	1,663,800
K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16	1,725	1,763,812

Corporate Bonds	Par (000)	Value
<b>Household Durables (concluded)</b>		
KB Home, 9.10%, 9/15/17	USD 215	\$ 217,688
Standard Pacific Corp.:		
9.25%, 4/15/12	135	137,700
6.25%, 4/01/14	365	341,275
7.00%, 8/15/15	265	243,800
10.75%, 9/15/16	1,225	1,329,125
8.38%, 5/15/18	605	579,287
		8,391,112

**IT Services 1.2%**

Alliance Data Systems Corp., 1.75%, 8/01/13 (e)	1,645	1,721,081
First Data Corp., 9.88%, 9/24/15	1,600	1,288,000
		3,009,081

**Independent Power Producers & Energy Traders 3.2%**

The AES Corp., 8.75%, 5/15/13 (b)	450	456,750
AES Eastern Energy LP, Series 99-B, 9.67%, 1/02/29	610	663,375
Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b)	1,260	1,272,600
Energy Future Holdings Corp.:		
10.88%, 11/01/17	955	701,925
12.00%, 11/01/17 (d)	879	560,048
10.00%, 1/15/20 (b)	2,425	2,412,875
NRG Energy, Inc., 7.25%, 2/01/14	2,115	2,088,563
		8,156,136

**Industrial Conglomerates 2.5%**

Sequa Corp. (b):		
11.75%, 12/01/15	2,340	2,340,000
13.50%, 12/01/15 (d)	3,954	4,028,149
		6,368,149

**Insurance 0.9%**

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Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)	1,700	1,693,625
USI Holdings Corp., 4.31%, 11/15/14 (b)(f)	680	544,000
		2,237,625
<b>Internet &amp; Catalog Retail 0.1%</b>		
NetFlix, Inc., 8.50%, 11/15/17	210	216,825
<b>Leisure Equipment &amp; Products 0.6%</b>		
Brunswick Corp., 11.25%, 11/01/16 (b)	995	1,114,400
Easton-Bell Sports, Inc., 9.75%, 12/01/16 (b)	280	289,100
		1,403,500
<b>Life Sciences Tools &amp; Services 0.3%</b>		
Bio-Rad Laboratories, Inc., 8.00%, 9/15/16	175	181,781
Patheon, Inc., 8.63%, 4/15/17 (b)	585	585,000
		766,781

## Schedule of Investments (continued)

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

Corporate Bonds	Par (000)	Value
<b>Machinery 1.8%</b>		
AGY Holding Corp., 11.00%, 11/15/14	USD 980	\$ 784,000
Accuride Corp., 7.50%, 2/26/20 (d)(e)	9	23,945
Navistar International Corp.: 3.00%, 10/15/14 (e)	1,900	2,346,500
8.25%, 11/01/21	1,000	1,000,000
Titan International, Inc., 5.63%, 1/15/17 (b)(e)	240	298,200
		4,452,645
<b>Marine 0.7%</b>		
Horizon Lines, Inc., 4.25%, 8/15/12 (e)	2,230	1,839,750
<b>Media 13.2%</b>		
Affinion Group, Inc.: 10.13%, 10/15/13	2,445	2,487,787
10.13%, 10/15/13	765	778,388
CCH II LLC, 13.50%, 11/30/16	543	622,069
CCO Holdings LLC (b): 7.88%, 4/30/18	470	461,188
8.13%, 4/30/20	470	465,300
CMP Susquehanna Corp., 3.20%, 5/15/14 (b)	160	3,200
CSC Holdings, Inc., 8.50%, 4/15/14 (b)	390	405,600
Catalina Marketing Corp., 10.50%, 10/01/15 (b)(d)	610	634,400
Charter Communications Operating, LLC, 10.00%, 4/30/12 (b)	500	521,875
Clear Channel Worldwide Holdings, Inc. (b): Series A, 9.25%, 12/15/17	835	845,437
Series B, 9.25%, 12/15/17	4,240	4,314,200
Cox Enterprises, Inc.: Loan Close 2, 12.00%, 8/15/18	630	630,000
Loan Close 3, 12.00%, 8/15/18	735	735,000
Shares Loan, 12.00%, 8/15/18	735	735,000
DISH DBS Corp., 7.00%, 10/01/13	90	91,350
Gannett Co., Inc., 8.75%, 11/15/14 (b)	600	630,000
Gray Television, Inc., 10.50%, 6/29/15 (b)	710	670,950
Harland Clarke Holdings Corp.: 6.00%, 5/15/15 (f)	350	279,125
9.50%, 5/15/15	420	374,850

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Intelsat Corp., 9.25%, 6/15/16		2,450		2,511,250
Intelsat Subsidiary Holding Co. Ltd., 8.88%, 1/15/15 (b)		260		261,300
Liberty Global, Inc., 4.50%, 11/15/16 (b)(e)		470		536,388
Liberty Media Corp., 3.13%, 3/30/23 (e)		1,113		1,175,606
Lighthouse International Co. SA: 8.00%, 4/30/14	EUR	546		422,113

Corporate Bonds		Par (000)		Value
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**Media (concluded)**

Lighthouse International Co. SA (concluded):				
8.00%, 4/30/14 (b)	EUR	177	\$	136,839
Lions Gate Entertainment, Inc., 10.25%, 11/01/16 (b)	USD	370		372,775
Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b)		150		148,500
McClatchy Co., 11.50%, 2/15/17 (b)		1,260		1,266,300
Nexstar Broadcasting, Inc., 8.88%, 4/15/17 (b)		440		435,600
Nielsen Finance LLC:				
11.63%, 2/01/14		180		192,600
10.00%, 8/01/14		1,890		1,920,712
ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(e)(h)		850		807,410
Rainbow National Services LLC (b):				
8.75%, 9/01/12		440		444,400
10.38%, 9/01/14		1,582		1,653,190
Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b)	EUR	648		747,478
TL Acquisitions, Inc., 10.50%, 1/15/15 (b)	USD	1,735		1,574,512
UPC Germany GmbH (b):				
8.13%, 12/01/17		600		588,000
8.13%, 12/01/17	EUR	566		685,882
9.63%, 12/01/19		570		692,478
UPC Holding BV, 9.88%, 4/15/18 (b)	USD	500		505,000
Unitymedia GmbH, 9.63%, 12/01/19	EUR	111		137,575
Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)		488		575,911
				33,477,538

**Metals & Mining 5.0%**

AK Steel Corp., 7.63%, 5/15/20	USD	535		528,312
Aleris International, Inc. (a)(h):				
9.00%, 12/15/14		1,035		2,588
10.00%, 12/15/16		800		5,480
Drummond Co., Inc.:				
9.00%, 10/15/14 (b)		875		870,625
7.38%, 2/15/16		225		214,313
FMG Finance Property Ltd. (b):				
10.00%, 9/01/13		535		573,119

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10.63%, 9/01/16		1,180	1,298,000
Foundation PA Coal Co., 7.25%, 8/01/14		1,975	1,999,687
GoldCorp., Inc., 2.00%, 8/01/14 (b)(e)		190	222,538
McJunkin Red Man Corp., 9.50%, 12/15/16 (b)		1,245	1,207,650
Murray Energy Corp., 10.25%, 10/15/15 (b)		845	840,775
New World Resources NV: 7.38%, 5/15/15	EUR	445	510,584

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BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

MAY 31, 2010

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## Schedule of Investments (continued)

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

Corporate Bonds	Par (000)	Value
<b>Metals &amp; Mining (concluded)</b>		
New World Resources NV (concluded):		
7.88%, 5/01/18 (b)	EUR 210	\$ 241,465
Novelis, Inc.:		
7.25%, 2/15/15	USD 1,515	1,420,009
11.50%, 2/15/15	430	466,550
Ryerson, Inc.:		
7.72%, 11/01/14 (f)	400	372,500
12.00%, 11/01/15	265	269,638
Steel Dynamics, Inc., 7.38%, 11/01/12	400	409,000
United States Steel Corp., 7.38%, 4/01/20	520	508,300
Vedanta Resources Plc, 9.50%, 7/18/18 (b)	640	652,800
		12,613,933
<b>Multiline Retail 1.3%</b>		
Dollar General Corp.:		
10.63%, 7/15/15	68	74,120
11.88%, 7/15/17 (d)	2,661	3,020,235
Saks, Inc., 9.88%, 10/01/11	295	309,750
		3,404,105
<b>Oil, Gas &amp; Consumable Fuels 6.2%</b>		
Arch Coal, Inc., 8.75%, 8/01/16 (b)		
	55	56,100
Atlas Energy Operating Co. LLC:		
12.13%, 8/01/17	500	555,000
10.75%, 2/01/18	260	275,600
Berry Petroleum Co., 8.25%, 11/01/16	510	499,800
Bill Barrett Corp., 9.88%, 7/15/16	240	248,400
Chesapeake Energy Corp., 2.25%, 12/15/38 (e)	800	579,000
Coffeyville Resources LLC, 9.00%, 4/01/15 (b)	295	292,050
Connacher Oil and Gas Ltd. (b):		
11.75%, 7/15/14	175	182,875
10.25%, 12/15/15	1,145	1,099,200
Consol Energy, Inc., 8.25%, 4/01/20 (b)	1,990	2,032,287
Crosstex Energy LP, 8.88%, 2/15/18 (b)	1,110	1,093,350
	897	926,152

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Denbury Resources, Inc., 8.25%, 2/15/20		
Linn Energy LLC, 8.63%, 4/15/20 (b)	790	782,100
Massey Energy Co., 6.88%, 12/15/13	945	907,200
Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)	1,870	1,879,350
OPTI Canada, Inc., 9.00%, 12/15/12 (b)	1,340	1,346,700
Patriot Coal Corp., 8.25%, 4/30/18	420	411,600
Petrohawk Energy Corp.: 10.50%, 8/01/14	555	586,913

Corporate Bonds	Par (000)	Value
<b>Oil, Gas &amp; Consumable Fuels (concluded)</b>		
Petrohawk Energy Corp. (concluded): 7.88%, 6/01/15	USD 460	\$ 445,625
Range Resources Corp., 8.00%, 5/15/19	400	412,000
Sabine Pass LNG LP, 7.50%, 11/30/16	390	323,700
Teekay Corp., 8.50%, 1/15/20	660	666,600
		<u>15,601,602</u>

<b>Paper &amp; Forest Products 3.7%</b>		
Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(d)	1,106	1,020,707
Boise Paper Holdings LLC (b): 9.00%, 11/01/17	330	348,562
8.00%, 4/01/20	165	166,238
Clearwater Paper Corp., 10.63%, 6/15/16 (b)	390	428,025
Georgia-Pacific LLC, 8.25%, 5/01/16 (b)	1,600	1,664,000
Glatfelter, 7.13%, 5/01/16 (b)	210	199,500
NewPage Corp.: 10.00%, 5/01/12	785	456,281
11.38%, 12/31/14	4,435	4,146,725
Verso Paper Holdings LLC, 11.50%, 7/01/14 (b)	840	896,700
		<u>9,326,738</u>

<b>Pharmaceuticals 0.6%</b>		
Angiotech Pharmaceuticals, Inc., 4.29%, 12/01/13 (f)	1,050	819,000
Elan Finance Plc, 8.88%, 12/01/13	105	105,262
Novasep Holding SAS, 9.63%, 12/15/16 (b)	EUR 630	711,253
		<u>1,635,515</u>

**Real Estate Management & Development 0.5%**

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Forest City Enterprises, Inc., 7.63%, 6/01/15	USD	1,425	1,303,875
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**Road & Rail 0.5%**

Avis Budget Car Rental LLC, 9.63%, 3/15/18 (b)		510	510,000
Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b)		820	787,200

1,297,200

**Semiconductors & Semiconductor Equipment 0.2%**

Advanced Micro Devices, Inc., 8.13%, 12/15/17 (b)		430	421,938
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**Software 0.0%**

BMS Holdings, Inc., 7.89%, 2/15/12 (b)(d)(f)		456	9,120
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**Specialty Retail 1.8%**

Asbury Automotive Group, Inc., 7.63%, 3/15/17		350	325,500
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## Schedule of Investments (continued)

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

Corporate Bonds	Par (000)	Value
<b>Specialty Retail (concluded)</b>		
General Nutrition Centers, Inc., 10.75%, 3/15/15	USD 595	\$ 599,463
Group 1 Automotive, Inc., 2.25%, 6/15/36 (e)(i)	1,055	859,825
Hillman Group, Inc., 10.88%, 6/01/18 (b)	530	530,000
Limited Brands, Inc., 8.50%, 6/15/19	785	836,025
Sonic Automotive, Inc., 9.00%, 3/15/18	370	372,775
United Auto Group, Inc., 7.75%, 12/15/16	1,025	966,062
		4,489,650
<b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>		
Quiksilver, Inc., 6.88%, 4/15/15	1,350	1,181,250
<b>Tobacco 0.1%</b>		
Vector Group Ltd., 11.00%, 8/15/15 (b)	325	325,813
<b>Wireless Telecommunication Services 5.0%</b>		
Cricket Communications, Inc.:		
10.00%, 7/15/15	1,890	1,937,250
7.75%, 5/15/16	220	223,300
Digicel Group Ltd. (b):		
8.88%, 1/15/15	800	774,000
9.13%, 1/15/15 (d)	1,783	1,738,425
8.25%, 9/01/17	770	754,600
10.50%, 4/15/18	500	506,250
FiberTower Corp., 9.00%, 1/01/16	284	238,668
iPCS, Inc., 2.47%, 5/01/13 (f)	815	749,800
MetroPCS Wireless, Inc., 9.25%, 11/01/14	2,405	2,477,150
NII Holdings, Inc., 2.75%, 8/15/25 (e)	210	208,950
Nextel Communications, Inc.:		
Series E, 6.88%, 10/31/13	1,170	1,120,275
Series F, 5.95%, 3/15/14	110	101,475
Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)	275	247,500
Sprint Capital Corp., 6.88%, 11/15/28	1,790	1,487,937

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				12,565,580
<b>Total Corporate Bonds</b>	<b>99.0%</b>			250,387,035

**Floating Rate Loan Interests (f)**

**Aerospace & Defense 0.0%**

Pedalgreen Ltd., Loan Facility, 9.57%, 11/30/15 (d)	GBP	4		4,730
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**Auto Components 1.0%**

Affinion Group Holdings, Inc., Loan, 7.89%, 3/01/12	USD	436		410,666
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<b>Floating Rate Loan Interests (f)</b>		<b>Par (000)</b>		<b>Value</b>
<b>Auto Components (concluded)</b>				
Allison Transmission, Inc., Term Loan, 3.01% - 3.10%, 8/07/14	USD	2,239	\$	2,030,581
Dana Holding Corp., Term Advance, 4.53% - 4.73%, 1/30/15		170		163,696
				2,604,943

**Automobiles 1.4%**

Ford Motor Co., Tranche B-1 Term Loan, 3.31% - 3.34%, 12/15/13		3,853		3,587,325
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**Building Products 1.3%**

CPG International I, Inc., Term Loan, 5.30%, 2/28/11		3,242		3,241,960
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**Capital Markets 0.1%**

Marsico Parent Co., LLC, Term Loan, 5.31% - 5.38%, 12/15/14		379		249,481
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**Chemicals 0.3%**

PQ Corp., Term Loan (First Lien), 3.59% - 3.61%, 7/30/14		737		669,635
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**Commercial Services & Supplies 0.5%**

International Lease Finance Corp.: Term Loan 1, 6.75%, 2/23/15		750		732,375
Term Loan 2, 7.00%, 3/05/16		550		535,150
				1,267,525

**Construction & Engineering 0.8%**

Safway Services, LLC, Last Out Term Loan, 15.63%, 12/14/17		2,000		2,000,000
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**Consumer Finance 1.8%**

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American General Finance Corp., Term Loan, 7.25%, 4/16/16	4,250	4,114,000
Chrysler Financial Corp., Term Loan (Second Lien), 6.84%, 8/02/13	500	493,482
		<hr/> 4,607,482

**Diversified Telecommunication Services 1.7%**

Wind Finance SL SA, Euro Facility (Second Lien), 7.65%, 12/17/14	EUR 3,460	4,208,768
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**Food & Staples Retailing 0.5%**

Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15	USD 1,246	1,263,144
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**Health Care Providers & Services 0.2%**

Harden Healthcare, Term Loan A, 8.50%, 2/22/15	498	487,773
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**Hotels, Restaurants & Leisure 1.2%**

Travelport LLC (FKA Travelport, Inc.), Loan, 8.44%, 3/27/12	3,263	3,067,608
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BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

MAY 31, 2010

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## Schedule of Investments (continued)

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

Floating Rate Loan Interests (f)	Par (000)	Value
<b>IT Services 0.2%</b>		
First Data Corp.:		
Initial Tranche B-1 Term Loan, 3.03% - 3.09%, 9/24/14	USD 346	\$ 291,881
Initial Tranche B-3 Term Loan, 3.03% - 3.04%, 9/24/14	410	345,141
		637,022
<b>Independent Power Producers &amp; Energy Traders 1.0%</b>		
Texas Competitive Electric Holdings Co., LLC (TXU):		
Initial Tranche B-1 Term Loan, 3.79% - 3.80%, 10/10/14	216	165,610
Initial Tranche B-2 Term Loan, 3.79% - 4.07%, 10/10/14	256	196,317
Initial Tranche B-3 Term Loan, 3.79% - 3.80%, 10/10/14	2,814	2,149,219
		2,511,146
<b>Media 1.8%</b>		
Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14		
	1,719	1,727,972
HMH Publishing Co., Ltd., Tranche A Term Loan, 5.53%, 6/12/14	964	883,316
Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13	1,200	1,260,000
Protostar Ltd., Debtor in Possession Term Loan, 18.00%, 6/30/10	149	148,672
Worldcolor Press Inc. and Worldcolor (USA) Corp. (FKA Quebecor World, Inc.), Advance, 9.00%, 7/23/12	497	501,021
		4,520,981
<b>Multiline Retail 0.1%</b>		
The Neiman Marcus Group, Inc., Term Loan, 2.25% - 2.28%, 4/06/13		
	258	235,199

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<b>Oil, Gas &amp; Consumable Fuels 1.5%</b>		
Tronox Worldwide LLC:		
Tranche B-1 Term Loan, 9.00%, 6/24/10	1,261	1,265,118
Tranche B-2 Term Loan 9.00%, 6/24/10	339	339,882
Turbo Beta Ltd., Dollar Facility, 14.50%, 3/15/18	2,307	2,076,211
		3,681,211

<b>Paper &amp; Forest Products 0.3%</b>		
Verso Paper Finance Holdings LLC, Loan, 6.60% - 7.35%, 2/01/13 (d)		
	1,318	856,441

Floating Rate Loan Interests (f)	Par (000)	Value
<b>Real Estate Management &amp; Development 0.2%</b>		
Realogy Corp.:		
Initial Term B Loan, 3.29%, 10/10/13	USD 399	\$ 336,229
Synthetic Letter of Credit, 3.35%, 10/10/13	128	107,925
		444,154

<b>Specialty Retail 0.2%</b>		
Claire's Stores, Inc., Term Loan B, 3.04%, 5/29/14		
	138	115,671
Michaels Stores, Inc., Term Loan B-1, 2.56% - 2.81%, 10/31/13	355	322,537
		438,208

<b>Total Floating Rate Loan Interests</b>	<b>40,584,736</b>
<b>16.1%</b>	

Other Interests (j)	Beneficial Interest (000)	
<b>Auto Components 1.9%</b>		
Delphi Debtor-in-Possession Holding Co. LLP, Class B Membership Interests		
	(k)	4,745,927
Lear Corp. Escrow	460	10,580
		4,756,507

<b>Media 0.0%</b>		
Adelphia Escrow	750	75
Adelphia Recovery Trust	941	3,762
		3,762



**Specialty Retail 0.0%**

Buffets, Inc.	575	58
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**Total Other Interests 1.9%**

4,760,402

**Preferred Securities****Preferred Stocks****Shares****Diversified Financial Services 1.2%**

Citigroup, Inc., 7.50% (e)	10,900	1,304,076
GMAC, Inc., 7.00% (b)	2,405	1,809,011
		3,113,087

**Household Durables 0.1%**

Beazer Homes USA, Inc., 7.50% (e)	10,132	269,916
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**Media 0.2%**

CMP Susquehanna Radio Holdings Corp., 0.00% (a)(b)	37,314	
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## Schedule of Investments (continued)

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

Preferred Stocks	Shares	Value
<b>Media (concluded)</b>		
TRA Global, Inc., 4.25% (a)	286,652	\$ 463,144
		<u>463,144</u>
<b>Real Estate Investment Trusts (REITs) 0.1%</b>		
MPG Office Trust, Inc., Series A, 7.63% (a)(e)	8,994	118,631
<b>Thriffs &amp; Mortgage Finance 0.0%</b>		
Fannie Mae, Series O, 0.00% (a)	30,000	37,500
Freddie Mac, Series Z, 8.38% (a)	75,961	79,759
		<u>117,259</u>
<b>Total Preferred Securities 1.6%</b>		<u>4,082,037</u>
<b>Warrants (l)</b>		
<b>Containers &amp; Packaging 0.0%</b>		
MDP Acquisitions Plc (expires 10/01/13)	700	27,867
<b>Health Care Providers &amp; Services 0.0%</b>		
HealthSouth Corp. (expires 1/16/14)	32,042	
<b>Hotels, Restaurants &amp; Leisure 0.0%</b>		
Buffets Restaurants Holdings, Inc. (expires 4/29/14)	485	5
<b>Media 0.0%</b>		
CMP Susquehanna Radio Holdings Corp. (expires 3/26/19) (b)	42,640	1
New Vision Holdings LLC: (expires 9/30/14)	3,424	34
(expires 9/30/14)	19,023	190
		<u>225</u>
<b>Oil, Gas &amp; Consumable Fuels 0.0%</b>		
Turbo Cayman Ltd. (no expiration)	1	

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<b>Software 0.0%</b>	
HMH Holdings/EduMedia (expires 3/09/17)	11,225

<b>Total Warrants 0.0%</b>	28,097
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<b>Total Long-Term Investments (Cost \$318,927,002) 122.5%</b>	309,651,075
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Short-Term Securities	Shares	Value
BlackRock Liquidity Funds, TempFund, Institutional Class, 0.16% (m)(n)	1,963,008	\$ 1,963,008
<b>Total Short-Term Securities (Cost \$1,963,008) 0.8%</b>		1,963,008

Options Purchased	Contracts
<b>Over-the-Counter Call Options 0.0%</b>	
Marsico Parent Superholdco LLC, Strike Price USD 942.86, expires 12/01/19, Broker Goldman Sachs Bank USA	19
<b>Total Options Purchased (Cost \$18,578) 0.0%</b>	3,990

<b>Total Investments (Cost \$320,908,588*) 123.3%</b>	311,618,073
<b>Liabilities in Excess of Other Assets (23.3)%</b>	(58,806,535)
<b>Net Assets 100.0%</b>	\$ 252,811,538

\* The cost and unrealized appreciation (depreciation) of investments as of May 31, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 322,081,932
Gross unrealized appreciation	\$ 12,844,524
Gross unrealized depreciation	(23,308,383)
Net unrealized depreciation	\$ (10,463,859)

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- (a) Non-income producing security.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) All or a portion of security has been pledged as collateral in connection with swaps.
- (d) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (e) Convertible security.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) 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.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Amount is less than \$1,000.
- (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.

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BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

MAY 31, 2010

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## Schedule of Investments (continued)

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

- (m) 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 May 31, 2010	Income
BlackRock Liquidity Funds, TempFund, Institutional Class	3,276,755	(1,313,747)	1,963,008	\$ 649

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

Foreign currency exchange contracts as of May 31, 2010 were as follows:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
EUR	565,000	USD	700,989	Citibank NA	7/14/10	\$ (7,289)
EUR	163,000	USD	205,210	Citigroup	7/14/10	(5,080)
USD	16,155,718	EUR	12,873,000	BNP Paribas	7/14/10	350,399
GBP	656,000	USD	973,635	Citibank NA	7/28/10	(24,819)
USD	573,789	CAD	575,000	Citibank NA	7/28/10	27,515
USD	266,571	GBP	175,000	Citibank NA	7/28/10	13,457
USD	2,798,133	GBP	1,808,500	Royal Bank of Scotland	7/28/10	182,383
<b>Total</b>						<b>\$ 536,566</b>

Financial futures contracts sold as of May 31, 2010 were as follows:

Contracts	Issue	Expiration Date	Notional Value	Unrealized Depreciation
23	S&P Index	June 2010	\$ 6,248,375	\$ (10,500)

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Credit default swaps on single-name issues buy protection outstanding as of May 31, 2010 were as follows:

Issuer	Pay Fixed Rate	Counterparty	Expiration	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Wells Fargo & Co.	1.00%	JPMorgan Chase Bank NA	June 2011	USD 4,250	\$ 6
K. Hovnanian Enterprises, Inc.	5.00%	Goldman Sachs International	December 2011	USD 510	5,535
K. Hovnanian Enterprises, Inc.	5.00%	Goldman Sachs Bank USA	December 2013	USD 1,000	(11,131)
Louisiana-Pacific Corp.	5.00%	JPMorgan Chase Bank NA	March 2014	USD 500	(121,425)
Brunswick Corp.	5.00%	Goldman Sachs Bank USA	September 2014	USD 200	(17,815)
Centex Corp.	1.00%	Deutsche Bank AG	September 2014	USD 188	2,043
Boston Scientific Corp.	1.00%	Goldman Sachs Bank USA	December 2014	USD 525	17,844
<b>Total</b>					<b>\$ (124,943)</b>

## Schedule of Investments (continued)

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

Credit default swaps on single-name issues sold protection outstanding as of May 31, 2010 were as follows:

Issuer	Receive Fixed Rate	Counterparty	Expiration	Credit Rating <sup>1</sup>	Notional Amount (000) <sup>2</sup>	Unrealized Appreciation (Depreciation)
Advanced Micro Devices, Inc.	5.00%	JPMorgan Chase Bank NA	March 2015	B-	USD 600	\$ 51
Realogy Corp.	5.00%	Credit Suisse International	March 2015	C	USD 100	(507)
Realogy Corp.	5.00%	JPMorgan Chase Bank NA	March 2015	C	USD 475	(22,785)
AK Steel Corp.	5.00%	Credit Suisse International	June 2015	BB	USD 700	(72,215)
AK Steel Corp.	5.00%	JPMorgan Chase Bank NA	June 2015	BB	USD 150	(16,592)
AK Steel Corp.	5.00%	Goldman Sachs International	June 2015	BB	USD 600	(44,912)
Levi Strauss & Co.	5.00%	Citibank NA	June 2015	B+	USD 235	(3,025)
NOVA Chemicals Corp.	5.00%	Goldman Sachs International	June 2015	B+	USD 375	(15,912)
United Rentals (North America), Inc.	5.00%	Credit Suisse International	June 2015	B	USD 500	(23,459)
United Rentals (North America), Inc.	5.00%	Goldman Sachs International	June 2015	B	USD 550	(16,135)
United Rentals (North America), Inc.	5.00%	Goldman Sachs International	June 2015	B	USD 150	(5,779)
<b>Total</b>						<b>\$ (221,270)</b>

<sup>1</sup> Using Standard & Poor's rating of the issuer.

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

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. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

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

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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, repayment 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)

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BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

MAY 31, 2010

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## Schedule of Investments (continued)

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

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

The following tables summarize the inputs used as of May 31, 2010 in determining the fair valuation of the Fund's investments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments in Securities:				
Long-Term Investments:				
Common Stocks	\$ 7,730,499	\$ 1,160,544	\$ 917,725	\$ 9,808,768
Corporate Bonds		246,272,586	4,114,449	250,387,035
Floating Rate Loan Interests		27,890,726	12,694,010	40,584,736
Other Interests			4,760,402	4,760,402
Preferred Stocks	1,772,382	1,846,511	463,144	4,082,037
Warrants		27,867	230	28,097
Short-Term Securities	1,963,008			1,963,008
<b>Liabilities:</b>				
Unfunded loan commitments			(47,602)	(47,602)
<b>Total</b>	\$ 11,465,889	\$ 277,198,234	\$ 22,902,358	\$ 311,566,481

Derivative Financial Instruments<sup>1</sup>

Valuation Inputs	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Credit contracts		\$ 25,479		\$ 25,479
Equity contracts		3,990		3,990
Foreign currency exchange contracts		573,754		573,754
<b>Liabilities:</b>				
Credit contracts		(371,692)		(371,692)
Foreign currency exchange contracts		(37,188)		(37,188)
Interest rate contracts	\$ (10,500)			(10,500)
<b>Total</b>	\$ (10,500)	\$ 194,343		\$ 183,843

<sup>1</sup> Derivative financial instruments are financial futures contracts, swaps, foreign currency exchange contracts and options. Financial futures contracts, swaps and foreign currency exchange contracts are shown at the unrealized appreciation/depreciation on the instrument and options are shown at market value.

## 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:

Assets/Liabilities	Common Stocks	Corporate Bonds	Floating Rate Loan Interests	Other Interests	Preferred Stocks	Unfunded Loan Commitments	Warrants	Total
Balance, as of February 28, 2010	\$ 79,746	\$ 4,246,019	\$ 21,135,986	\$ 4,699,133	\$ 1	\$ (115,579)	\$ 230	\$ 30,045,536
Accrued discounts/premiums		6,861	67,557					74,418
Net realized gain (loss)		9,734	(1,564,467)	349,894				(1,204,839)
Net change in unrealized appreciation/depreciation <sup>2</sup>	(4,595)	(148,654)	650,121	77,575	(1)	67,977		642,423
Purchases		466	(4,115,152)	(685,200)				(4,799,886)
Sales		23	159,012	319,000				478,035
Transfers in <sup>3</sup>	917,650		937,966		463,144			2,318,759
Transfers out <sup>3</sup>	(75,076)		(4,577,013)					(4,652,088)
<b>Balance, as of May 31, 2010</b>	<b>\$ 917,725</b>	<b>\$ 4,114,449</b>	<b>\$ 12,694,010</b>	<b>\$ 4,760,402</b>	<b>\$ 463,144</b>	<b>\$ (47,602)</b>	<b>\$ 230</b>	<b>\$ 22,902,358</b>

<sup>2</sup> The change in the unrealized appreciation/depreciation on the securities still held on May 31, 2010 was \$456,624.

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

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### Item 2 – Controls and Procedures

2(a) – The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13(a)-15(b) under the Securities Exchange Act of 1934, as amended.

2(b) – There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### Item 3 – Exhibits

Certifications – Attached hereto

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

BlackRock Corporate High Yield Fund III, Inc.

By: /s/ Anne F. Ackerley  
Anne F. Ackerley  
Chief Executive Officer of  
BlackRock Corporate High Yield Fund III, Inc.

Date: July 23, 2010

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/ Anne F. Ackerley  
Anne F. Ackerley  
Chief Executive Officer (principal executive officer) of  
BlackRock Corporate High Yield Fund III, Inc.

Date: July 23, 2010

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

Date: July 23, 2010

