

BLACKROCK CORPORATE HIGH YIELD FUND III INC  
Form N-CSRS  
February 06, 2008

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

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-08497

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 05/31/2008

Date of reporting period: 06/01/2007 - 11/30/2007

Item 1 - Report to Stockholders

EQUITIES      FIXED INCOME      REAL ESTATE  
LIQUIDITY      ALTERNATIVES      BLACKROCK SOLUTIONS

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

BLACKROCK

SEMI-ANNUAL REPORT  
NOVEMBER 30, 2007 | (UNAUDITED)

NOT FDIC INSURED  
MAY LOSE VALUE  
NO BANK GUARANTEE

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## A Letter to Shareholders

Dear Shareholder

The November reporting period was fairly tumultuous for financial markets, culminating in mixed results for some of the major benchmark indexes:

| Total Returns as of November 30, 2007  | 6-month | 1 |
|--|---------|---|
| U.S. equities (S&P 500 Index)  | -2.33%  |   |
| Small cap U.S. equities (Russell 2000 Index)                                     | -8.82   |   |
| International equities (MSCI Europe, Australasia, Far East Index)                | +2.82   |   |
| Fixed income (Lehman Brothers U.S. Aggregate Bond Index)                         | +5.32   |   |
| Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)                   | +2.40   |   |
| High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index) | -2.84   |   |

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

Subprime mortgage woes dominated headlines for much of 2007, but intensified in the summer and fall, spawning a widespread liquidity and credit crisis with ramifications across global markets. The Federal Reserve Board (the "Fed") stepped in to inject liquidity into the markets and bolster investor confidence, cutting the federal funds rate by 0.50% in September, 0.25% in October and 0.25% in December, which brought the target short-term interest rate to 4.25%. In taking action, the central bankers, who had long deemed themselves inflation fighters, were seeking to stem the fallout from the credit crunch and forestall a wider economic unraveling.

Amid the volatility throughout 2007, equity markets displayed surprising resilience. To some extent, the credit turmoil dampened corporate merger-and-acquisition (M&A) activity, a key source of strength for equity markets. Still, market fundamentals generally held firm, dividend payouts and share buybacks continued, and valuations remained attractive. As the returns indicate, the most recent six months were more trying, reflecting the slowing U.S. economy, a troubled housing market and a more difficult corporate earnings backdrop. Overall, large cap stocks outperformed small caps as investors grew increasingly risk averse. International markets fared better than their U.S. counterparts, benefiting from generally stronger economies.

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In fixed income markets, mixed economic signals and the credit woes resulted in a flight to quality. Investors shunned bonds associated with the housing and credit markets in favor of higher-quality Treasury issues. The yield on 10-year Treasury issues, which touched 5.30% in June (its highest level in five years), fell to 3.97% by period-end, while prices correspondingly rose. Meanwhile, the tax-exempt bond market has been challenged by a combination of record-setting supply, economic uncertainty and concerns around the credit worthiness of bond insurers. This brought municipal bond prices to relatively attractive levels and, as such, demand generally held firm.

As you navigate market volatility, we encourage you to review your investment goals with your financial professional and to make portfolio changes, as needed. For more market insight and commentary from BlackRock investment professionals, we invite you to visit [www.blackrock.com/funds](http://www.blackrock.com/funds). As always, we thank you for entrusting BlackRock with your investment assets, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

/s/ Rob Kapito

Rob Kapito  
President, BlackRock Advisors, LLC

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THIS PAGE NOT PART OF YOUR FUND REPORT

Fund Summary as of November 30, 2007

### Investment Objective

BlackRock Corporate High Yield Fund III, Inc. (CYE) seeks to provide shareholders with current income by investing primarily in a diversified portfolio of fixed income securities that are rated in the lower rating categories of the established rating services (Ba or lower by Moody's Investors Service, Inc. or BB or lower by Standard & Poor's Corporation) or are unrated securities of comparable quality.

### Fund Information

|   |                  |
|---|------------------|
| Symbol on New York Stock Exchange .....                         | CYE              |
| Initial Offering Date .....                                     | January 30, 1998 |
| Yield on Closing Market Price as of November 30, 2007 (\$7.19)* | 10.01%           |
| Current Monthly Distribution per share of Common Stock** .....  | \$.060           |
| Current Annualized Distribution per share of Common Stock** ..  | \$.720           |
| Leverage as of November 30, 2007*** .....                       | 24%              |

\* 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.

\*\* The distribution is not constant and is subject to change. A portion of the distribution may be deemed a tax return of capital or net realized gain at fiscal year end.

\*\*\* As a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Fund's market price and net asset

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value per share:

|                       | 11/30/07 | 5/31/07 | Change   | High   | Low    |
|-----------------------|----------|---------|----------|--------|--------|
| Market Price .....    | \$7.19   | \$8.53  | (15.71%) | \$8.73 | \$6.32 |
| Net Asset Value ..... | \$8.13   | \$8.99  | (9.57%)  | \$9.00 | \$7.99 |

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

Portfolio Composition

| Asset Mix                          | 11/30/07 | 5/31/07 |
|------------------------------------|----------|---------|
| Corporate Bonds .....              | 92%      | 95%     |
| Floating Rate Loan Interests ..... | 5        | 2       |
| Common Stocks .....                | 2        | 2       |
| Preferred Stocks .....             | 1        | 1       |
| Warrants .....                     | --*      | --*     |
| Options .....                      | --*      | --      |
| Other Interests .....              | --*      | --*     |
| Rights .....                       | --*      | --      |

\* Amount is less than 1%.

Credit Quality Allocations\*

| Credit Rating        | 11/30/07 | 5/31/07 |
|----------------------|----------|---------|
| BBB/Baa .....        | 1%       | 1%      |
| BB/Ba .....          | 23       | 22      |
| B/B .....            | 49       | 55      |
| CCC/Caa .....        | 21       | 16      |
| NR (Not Rated) ..... | 3        | 3       |
| Other ** .....       | 3        | 3       |

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

\*\* Includes portfolio holdings in common stocks, preferred stocks, warrants, rights, options and other interests.

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Schedule of Investments as of November 30, 2007 (Unaudited) (in U.S. dollars)

| Face Amount                 | Corporate Bonds   | Value        |
|-----------------------------|---|--------------|
| Aerospace & Defense -- 4.7% |   |              |
| \$1,947,000                 | Alliant Techsystems, Inc., 2.75%<br>due 9/15/2011 (b) (i) | \$ 2,626,016 |
| 1,425,000                   | DRS Technologies, Inc., 6.875%<br>due 11/01/2013          | 1,407,188    |
| 975,000                     | Esterline Technologies Corp., 7.75%<br>due 6/15/2013      | 992,062      |
| 615,000                     | Hawker Beechcraft Acquisition Co. LLC, 8.875%             |              |

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|                           |   |            |
|---------------------------|---|------------|
|                           | due 4/01/2015 (g) (i)   | 593,335    |
|                           | L-3 Communications Corp.:   |            |
| 1,425,000                 | 7.625% due 6/15/2012  | 1,462,406  |
| 1,625,000                 | 5.875% due 1/15/2015  | 1,560,000  |
| 1,380,000                 | 3% due 8/01/2035 (b) (i)  | 1,712,925  |
| 1,375,000                 | Series B, 6.375% due 10/15/2015                                     | 1,361,250  |
| 470,000                   | TransDigm, Inc., 7.75% due 7/15/2014                                | 474,700    |
| 1,950,000                 | Vought Aircraft Industries, Inc., 8% due 7/15/2011                  | 1,891,500  |
|                           |   | -----      |
|                           |   | 14,081,382 |
| =====                     |   |            |
| Airlines -- 0.5%          |   |            |
|                           | Continental Airlines, Inc. (m):                                     |            |
| 987,344                   | Series 1997-4-B, 6.90% due 7/02/2018                                | 947,851    |
| 35,716                    | Series 1998-1-C, 6.541% due 9/15/2009                               | 35,448     |
| 419,800                   | Series 2001-1-C, 7.033% due 12/15/2012                              | 407,469    |
|                           |   | -----      |
|                           |   | 1,390,768  |
| =====                     |   |            |
| Auto Components -- 1.1%   |   |            |
| 1,235,000                 | Allison Transmission, 11.25%<br>due 11/01/2015 (g) (i)              | 1,155,387  |
|                           | The Goodyear Tire & Rubber Co.:                                     |            |
| 290,000                   | 7.857% due 8/15/2011  | 295,800    |
| 692,000                   | 8.625% due 12/01/2011 (i)   | 723,140    |
| 1,285,000                 | Lear Corp., 8.75% due 12/01/2016                                    | 1,182,200  |
|                           |   | -----      |
|                           |   | 3,356,527  |
| =====                     |   |            |
| Automobiles -- 0.4%       |   |            |
| 785,000                   | Ford Capital BV, 9.50% due 6/01/2010                                | 739,862    |
| 700,000                   | Ford Motor Co., 8.90% due 1/15/2032                                 | 546,000    |
|                           |   | -----      |
|                           |   | 1,285,862  |
| =====                     |   |            |
| Beverages -- 0.5%         |   |            |
| 1,500,000                 | Constellation Brands, Inc., 8.125%<br>due 1/15/2012                 | 1,492,500  |
| =====                     |   |            |
| Biotechnology -- 0.4%     |   |            |
| 1,140,000                 | Angiotech Pharmaceuticals, Inc., 8.874%<br>due 12/01/2013 (d)       | 1,083,000  |
| =====                     |   |            |
| Building Products -- 1.4% |   |            |
|                           | Goodman Global Holding Co., Inc.:                                   |            |
| 699,000                   | 8.36% due 6/15/2012 (d)   | 698,126    |
| 1,350,000                 | 7.875% due 12/15/2012   | 1,383,750  |
| 500,000                   | Masonite International Corp., 11%<br>due 4/06/2015                  | 398,750    |
| 1,970,000                 | Momentive Performance Materials, Inc., 11.50%<br>due 12/01/2016 (i) | 1,748,375  |
|                           |   | -----      |
|                           |   | 4,229,001  |
| =====                     |   |            |
| Capital Markets -- 1.0%   |   |            |
| 1,520,000                 | E*Trade Financial Corp., 12.50% due 11/27/2017                      | 1,476,571  |
| 1,073,000                 | Marsico Parent Co., LLC, 10.625%<br>due 1/15/2016 (i)               | 1,073,000  |
| 368,000                   | Marsico Parent Holdco., LLC, 12.50% due<br>7/15/2016 (g) (i)        | 368,000    |
| 245,000                   | Marsico Parent Superholdco, LLC, 14.50%<br>due 1/15/2018 (g) (i)    | 231,011    |

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|  |  |            |
|--|--|------------|
|  |  | -----      |
|  |  | 3,148,582  |
| =====                                  |  |            |
| Chemicals -- 2.4%                      |  |            |
| 880,000                                | American Pacific Corp., 9% due 2/01/2015       | 891,000    |
|  | Hexion U.S. Finance Corp.:                     |            |
| 625,000                                | 9.369% due 11/15/2014 (d)                      | 637,500    |
| 525,000                                | 9.75% due 11/15/2014                           | 564,375    |
| 820,000                                | Ineos Group Holdings Plc, 8.50%                |            |
|  | due 2/15/2016 (i)                              | 738,000    |
| 825,000                                | Innophos, Inc., 8.875% due 8/15/2014           | 820,875    |
| 455,000                                | Key Plastics LLC, 11.75% due 3/15/2013 (i)     | 364,000    |
| 1,700,000                              | MacDermid, Inc., 9.50% due 4/15/2017 (i)       | 1,542,750  |
| 675,000                                | NOVA Chemicals Corp., 7.863%                   |            |
|  | due 11/15/2013 (d)                             | 648,000    |
| 724,000                                | Nalco Finance Holdings, Inc., 10.065%          |            |
|  | due 2/01/2014 (a)                              | 658,840    |
| 550,000                                | Terra Capital, Inc. Series B, 7% due 2/01/2017 | 543,125    |
|  |  | -----      |
|  |  | 7,408,465  |
| =====                                  |  |            |
| Commercial Services & Supplies -- 5.5% |  |            |
| 1,425,000                              | Ashtead Capital, Inc., 9% due 8/15/2016 (i)    | 1,254,000  |
| 3,000,000                              | Corrections Corp. of America, 7.50%            |            |
|  | due 5/01/2011                                  | 3,037,500  |
| 570,000                                | DI Finance Series B, 9.50% due 2/15/2013       | 595,650    |
| 1,385,000                              | PNA Intermediate Holding Corp., 11.869%        |            |
|  | due 2/15/2013 (d) (g) (i)                      | 1,274,200  |
| 2,465,000                              | Quebecor World, Inc., 9.75% due 1/15/2015 (i)  | 1,959,675  |
|  | Sally Holdings LLC:                            |            |
| 210,000                                | 9.25% due 11/15/2014                           | 208,950    |
| 1,109,000                              | 10.50% due 11/15/2016                          | 1,103,455  |
| 700,000                                | US Investigations Services, Inc., 10.50%       |            |
|  | due 11/01/2015 (i)                             | 651,000    |
| 3,000,000                              | Waste Services, Inc., 9.50% due 4/15/2014      | 3,000,000  |
|  | West Corp.:                                    |            |
| 750,000                                | 9.50% due 10/15/2014                           | 738,750    |
| 2,850,000                              | 11% due 10/15/2016                             | 2,850,000  |
|  |  | -----      |
|  |  | 16,673,180 |
| =====                                  |  |            |
| Communications Equipment -- 1.4%       |  |            |
| 1,750,000                              | Dycom Industries, Inc., 8.125%                 |            |
|  | due 10/15/2015                                 | 1,745,625  |
| 2,585,000                              | Nortel Networks Ltd., 9.493%                   |            |
|  | due 7/15/2011 (d) (i)                          | 2,513,913  |
|  |  | -----      |
|  |  | 4,259,538  |
| =====                                  |  |            |
| Computers & Peripherals -- 0.4%        |  |            |
| 1,250,000                              | Viasystems, Inc., 10.50% due 1/15/2011         | 1,250,000  |
| =====                                  |  |            |
| Construction Materials -- 0.4%         |  |            |
| 420,000                                | Nortek, Inc., 8.50% due 9/01/2014              | 340,200    |
| 1,000,000                              | Texas Industries, Inc., 7.25% due 7/15/2013    | 970,000    |
|  |  | -----      |
|  |  | 1,310,200  |
| =====                                  |  |            |
| Containers & Packaging -- 5.9%         |  |            |
|  | Berry Plastics Holding Corp.:                  |            |
| 1,370,000                              | 8.875% due 9/15/2014                           | 1,322,050  |
| 1,915,000                              | 9.569% due 9/15/2014 (d)                       | 1,838,400  |



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|  |  |           |
|--|--|-----------|
|  | due 12/31/2013   | 1,654,125 |
| 420,000  | NSG Holdings LLC, 7.75%  |           |
|  | due 12/15/2025 (i) (m)   | 414,750   |
| 1,200,000  | Sierra Pacific Resources, 8.625%                               |           |
|  | due 3/15/2014  | 1,278,002 |
| 2,006,967  | Tenaska Alabama Partners LP, 7%                                |           |
|  | due 6/30/2021 (i) (m)  | 2,067,244 |
|  |  | -----     |
|  |  | 7,289,121 |
| =====  |  |           |
| Electrical Equipment -- 0.6%                       |  |           |
| 380,000  | Belden, Inc., 7% due 3/15/2017                                 | 373,350   |
| 1,025,000  | Coleman Cable, Inc., 9.875% due 10/01/2012                     | 973,750   |
| 551,000  | UCAR Finance, Inc., 10.25% due 2/15/2012                       | 567,530   |
|  |  | -----     |
|  |  | 1,914,630 |
| =====  |  |           |
| Electronic Equipment & Instruments -- 1.2% NXP BV: |  |           |
| 1,315,000  | 7.993% due 10/15/2013 (d)                                      | 1,242,675 |
| 949,000  | 9.50% due 10/15/2015   | 863,590   |
| 1,565,000  | Sanmina-SCI Corp., 8.125% due 3/01/2016                        | 1,385,025 |
|  |  | -----     |
|  |  | 3,491,290 |
| =====  |  |           |
| Energy Equipment & Services -- 1.9%                |  |           |
|  | Compagnie Generale de Geophysique-Veritas:                     |           |
| 215,000  | 7.50% due 5/15/2015  | 216,612   |
| 320,000  | 7.75% due 5/15/2017  | 321,600   |
| 720,000  | North American Energy Partners, Inc., 8.75%<br>due 12/01/2011  | 723,600   |
| 2,000,000  | Ocean RIG ASA, 9.24% due 4/04/2011 (d)                         | 1,970,000 |
| 2,690,000  | SemGroup LP, 8.75% due 11/15/2015 (i)                          | 2,568,950 |
|  |  | -----     |
|  |  | 5,800,762 |
| =====  |  |           |
| Food & Staples Retailing -- 1.8%                   |  |           |
| 800,000  | AmeriQual Group LLC, 9.50% due 4/01/2012 (i)                   | 624,000   |
| 2,000,000  | National Beef Packing Co. LLC, 10.50%<br>due 8/01/2011         | 1,935,000 |
|  | Rite Aid Corp.:  |           |
| 570,000  | 9.375% due 12/15/2015 (i)                                      | 493,050   |
| 2,555,000  | 7.50% due 3/01/2017  | 2,299,500 |
|  |  | -----     |
|  |  | 5,351,550 |
| =====  |  |           |
| Food Products -- 1.0%                              |  |           |
| 3,024,000  | Del Monte Corp., 8.625% due 12/15/2012                         | 3,054,240 |
| =====  |  |           |
| Gas Utilities -- 0.5%                              |  |           |
| 1,320,000  | El Paso Performance-Linked Trust, 7.75%<br>due 7/15/2011 (i)   | 1,382,345 |
| =====  |  |           |
| Health Care Equipment & Supplies -- 1.9%           |  |           |
| 600,000  | The Cooper Cos., Inc., 7.125% due 2/15/2015                    | 582,000   |
| 5,300,000  | ReAble Therapeutics Finance LLC, 10.875%<br>due 11/15/2014 (i) | 5,101,250 |
|  |  | -----     |
|  |  | 5,683,250 |
| =====  |  |           |
| Health Care Providers & Services -- 5.3%           |  |           |
| 1,020,000  | Accellent, Inc., 10.50% due 12/01/2013                         | 902,700   |
| 1,075,000  | Community Health Systems, Inc. Series WI,                      |           |



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|                                       |   |            |
|---------------------------------------|---|------------|
|                                       | 8.875% due 7/15/2015  | 1,085,750  |
|                                       | Omnicare, Inc.:   |            |
| 725,000                               | 6.75% due 12/15/2013  | 667,000    |
| 800,000                               | Series OCR, 3.25% due 12/15/2035 (b)                                  | 601,000    |
|                                       | Tenet Healthcare Corp.:   |            |
| 4,215,000                             | 6.50% due 6/01/2012   | 3,709,200  |
| 2,260,000                             | 9.875% due 7/01/2014  | 2,130,050  |
| 3,000,000                             | US Oncology, Inc., 9% due 8/15/2012                                   | 2,955,000  |
| 1,550,000                             | United Surgical Partners International, Inc.,<br>8.875% due 5/01/2017 | 1,511,250  |
|                                       | Universal Hospital Services, Inc. (i):                                |            |
| 310,000                               | 8.288% due 6/01/2015 (d)  | 305,350    |
| 330,000                               | 8.50% due 6/01/2015 (g)   | 315,823    |
| 2,000,000                             | Vanguard Health Holding Co. II, LLC, 9%<br>due 10/01/2014             | 1,895,000  |
|                                       |   | -----      |
|                                       |   | 16,078,123 |
| =====                                 |   |            |
| Hotels, Restaurants & Leisure -- 7.6% |   |            |
|                                       | American Real Estate Partners LP:                                     |            |
| 185,000                               | 7.125% due 2/15/2013  | 172,975    |
| 1,265,000                             | 7.125% due 2/15/2013 (i)  | 1,182,775  |
| 1,350,000                             | Caesars Entertainment, Inc., 7.875%<br>due 3/15/2010                  | 1,377,000  |
| 785,000                               | French Lick Resorts & Casino LLC, 10.75%<br>due 4/15/2014 (i)         | 565,200    |
|                                       | Galaxy Entertainment Finance Co. Ltd. (i):                            |            |
| 300,000                               | 10.409% due 12/15/2010 (d)  | 307,500    |
| 550,000                               | 9.875% due 12/15/2012   | 577,500    |
| 2,000,000                             | Great Canadian Gaming Corp., 7.25%<br>due 2/15/2015 (i)               | 1,960,000  |

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Schedule of Investments (continued) (in U.S. dollars)

| Face<br>Amount                            | Corporate Bonds   | Value      |
|---|---|------------|
| =====                                     |   |            |
| Hotels, Restaurants & Leisure (concluded) |   |            |
| \$ 595,000                                | Greektown Holdings, LLC, 10.75%<br>due 12/01/2013 (i)                   | \$ 580,125 |
| 1,550,000                                 | Inn of the Mountain Gods Resort & Casino,<br>12% due 11/15/2010         | 1,621,687  |
| 245,000                                   | Landry's Restaurants, Inc., 9.50%<br>due 12/15/2014                     | 241,325    |
| 1,290,000                                 | Little Traverse Bay Bands of Odawa Indians,<br>10.25% due 2/15/2014 (i) | 1,302,900  |
| 2,025,000                                 | Penn National Gaming, Inc., 6.875%<br>due 12/01/2011                    | 2,019,938  |
| 1,340,000                                 | Pinnacle Entertainment, Inc., 7.50%<br>due 6/15/2015 (i)                | 1,239,500  |
| 975,000                                   | San Pasqual Casino, 8% due 9/15/2013 (i)                                | 960,375    |
| 910,000                                   | Shingle Springs Tribal Gaming Authority, 9.375%<br>due 6/15/2015 (i)    | 891,800    |
|   | Station Casinos, Inc.:  |            |

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|  |  |            |
|--|--|------------|
| 1,225,000  | 6.50% due 2/01/2014  | 992,250    |
| 1,625,000  | 7.75% due 8/15/2016  | 1,527,500  |
| 410,000  | 6.625% due 3/15/2018   | 310,575    |
| 370,000  | Travelport LLC, 9.749% due 9/01/2014 (d)   | 362,600    |
| 2,060,000  | Tropicana Entertainment LLC Series WI, 9.625%<br>due 12/15/2014                    | 1,431,700  |
| 1,800,000  | Universal City Florida Holding Co. I, 9.661%<br>due 5/01/2010 (d)                  | 1,818,000  |
| 400,000  | Virgin River Casino Corp., 9% due 1/15/2012  | 348,000    |
| 1,200,000  | Wynn Las Vegas LLC, 6.625% due 12/01/2014  | 1,164,000  |
|  |  | -----      |
|  |  | 22,955,225 |
| =====  |  |            |
| Household Durables -- 1.3%                           |  |            |
| 1,575,000  | American Greetings Corp., 7.375%<br>due 6/01/2016                                  | 1,512,000  |
| 1,015,000  | Jarden Corp., 7.50% due 5/01/2017  | 913,500    |
| 1,600,000  | Standard-Pacific Corp., 9.25% due 4/15/2012  | 560,000    |
| 895,000  | The Yankee Candle Company, Inc., 9.75%<br>due 2/15/2017                            | 825,638    |
|  |  | -----      |
|  |  | 3,811,138  |
| =====  |  |            |
| Household Products -- 0.2%                           |  |            |
| 700,000  | Church & Dwight Co., Inc., 6% due 12/15/2012                                       | 682,500    |
| =====  |  |            |
| IT Services -- 2.0%                                  |  |            |
| 1,720,000  | First Data Corp., 9.875% due 9/24/2015 (i)<br>SunGard Data Systems, Inc.:          | 1,599,600  |
| 2,180,000  | 9.125% due 8/15/2013   | 2,218,150  |
| 2,105,000  | 10.25% due 8/15/2015   | 2,168,150  |
|  |  | -----      |
|  |  | 5,985,900  |
| =====  |  |            |
| Independent Power Producers & Energy Traders -- 3.7% |  |            |
| 1,309,000  | The AES Corp., 8.75% due 5/15/2013 (i)   | 1,361,360  |
| 3,000,000  | Energy Future Holding Corp., 11.25% due<br>11/01/2017 (g) (i)<br>NRG Energy, Inc.: | 2,902,070  |
| 1,625,000  | 7.25% due 2/01/2014  | 1,588,437  |
| 1,475,000  | 7.375% due 2/01/2016   | 1,445,500  |
|  | Texas Competitive Electric Holdings Co. LLC (i):                                   |            |
| 3,200,000  | 10.25% due 11/01/2015  | 3,080,000  |
| 960,000  | 10.50% due 11/01/2016 (g)  | 904,800    |
|  |  | -----      |
|  |  | 11,282,167 |
| =====  |  |            |
| Insurance -- 0.7%                                    |  |            |
| 1,700,000  | Alliant Holdings I, Inc., 11% due 5/01/2015 (i)                                    | 1,615,000  |
| 680,000  | USI Holdings Corp., 8.744%<br>due 11/15/2014 (d) (i)                               | 608,600    |
|  |  | -----      |
|  |  | 2,223,600  |
| =====  |  |            |
| Leisure Equipment & Products -- 0.5%                 |  |            |
| 1,750,000  | Quiksilver, Inc., 6.875% due 4/15/2015   | 1,553,125  |
| =====  |  |            |
| Machinery -- 1.9%                                    |  |            |
| 1,280,000  | AGY Holding Corp., 11% due 11/15/2014 (i)  | 1,235,200  |
| 555,000  | Accuride Corp., 8.50% due 2/01/2015<br>RBS Global, Inc.:                           | 477,300    |
| 470,000  | 9.50% due 8/01/2014  | 465,300    |

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|                |   |           |
|----------------|---|-----------|
| 755,000        | 11.75% due 8/01/2016  | 755,000   |
| 560,000        | 8.875% due 9/01/2016  | 543,200   |
| 2,230,000      | Terex Corp., 8% due 11/15/2017                                    | 2,241,150 |
|                |   | -----     |
|                |   | 5,717,150 |
| =====          |   |           |
| Marine -- 1.3% |   |           |
| 1,472,000      | Navios Maritime Holdings, Inc., 9.50%<br>due 12/15/2014           | 1,512,480 |
| 2,325,000      | Teekay Shipping Corp., 8.875% due 7/15/2011                       | 2,447,063 |
|                |   | -----     |
|                |   | 3,959,543 |
| =====          |   |           |
| Media -- 18.6% |   |           |
| 1,340,000      | Affinion Group, Inc., 11.50% due 10/15/2015                       | 1,336,650 |
| 1,850,000      | Allbritton Communications Co., 7.75%<br>due 12/15/2012            | 1,831,500 |
| 225,000        | American Media Operations, Inc. Series B,<br>10.25% due 5/01/2009 | 200,250   |
| 1,125,000      | Barrington Broadcasting Group LLC, 10.50%<br>due 8/15/2014        | 1,141,875 |
| 510,000        | Bonten Media Acquisition Co., 9%<br>due 6/01/2015 (g) (i)         | 428,150   |
| 2,000,000      | CMP Susquehanna Corp., 9.875%<br>due 5/15/2014                    | 1,680,000 |
| 2,275,000      | CSC Holdings, Inc. Series B, 7.625%<br>due 4/01/2011              | 2,229,500 |
|                | Cablevision Systems Corp., Series B:<br>9.644% due 4/01/2009 (d)  | 527,800   |
| 520,000        | 8% due 4/15/2012  | 452,437   |
| 475,000        |   |           |
| 1,600,000      | Cadmus Communications Corp., 8.375%<br>due 6/15/2014              | 1,456,000 |
| 4,985,000      | Charter Communications Holdings I, LLC, 11%<br>due 10/01/2015     | 4,333,588 |
| 2,920,000      | Charter Communications Holdings II, LLC,<br>10.25% due 9/15/2010  | 2,883,500 |
| 1,367,000      | Dex Media West LLC, 9.875% due 8/15/2013                          | 1,419,971 |
| 1,975,000      | Echostar DBS Corp., 7.125% due 2/01/2016                          | 2,056,469 |
|                | Harland Clarke Holdings Corp.:                                    |           |
| 420,000        | 9.50% due 5/15/2015   | 361,200   |
| 350,000        | 9.619% due 5/15/2015 (d)  | 294,000   |
| 2,010,000      | Idearc, Inc., 8% due 11/15/2016                                   | 1,879,350 |
|                | Intelsat Bermuda Ltd.:  |           |
| 240,000        | 11.409% due 6/15/2013 (d)   | 246,300   |
| 680,000        | 8.886% due 1/15/2015 (d)  | 680,850   |
| 700,000        | 11.25% due 6/15/2016  | 724,500   |
| 1,125,000      | Intelsat Corp., 9% due 6/15/2016                                  | 1,141,875 |
| 2,150,000      | Intelsat Subsidiary Holding Co. Ltd., 8.625%<br>due 1/15/2015     | 2,166,125 |
| 1,113,000      | Liberty Media Corp., 0.75% due 3/30/2023 (b)                      | 1,181,171 |
| 2,425,000      | Mediacom LLC, 9.50% due 1/15/2013                                 | 2,255,250 |
| 280,000        | Network Communications, Inc., 10.75%<br>due 12/01/2013            | 280,000   |
| 3,000,000      | Nielsen Finance LLC, 10% due 8/01/2014                            | 3,052,500 |
| 2,193,000      | PanAmSat Corp., 9% due 8/15/2014                                  | 2,225,895 |
| 2,975,000      | Paxson Communications Corp., 8.493%<br>due 1/15/2012 (d) (i)      | 2,922,938 |
| 808,850        | ProtoStar I Ltd., 12.50% due 10/15/2012 (b) (d) (i)               | 849,293   |

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Schedule of Investments (continued)

(in U.S. dollars)

| Face<br>Amount                      | Corporate Bonds   | Value               |
|-------------------------------------|---|---------------------|
| Media (concluded)                   |   |                     |
| \$ 950,000                          | Quebecor Media, Inc., 7.75% due 3/15/2016                     | \$ 885,875          |
|                                     | R.H. Donnelley Corp.:   |                     |
| 800,000                             | 8.875% due 10/15/2017 (i)                                     | 754,000             |
| 1,400,000                           | Series A-2, 6.875% due 1/15/2013                              | 1,277,500           |
| 735,000                             | Series A-3, 8.875% due 1/15/2016                              | 694,575             |
| 1,232,000                           | Rainbow National Services LLC, 10.375%<br>due 9/01/2014 (i)   | 1,330,560           |
| 2,475,000                           | Salem Communications Corp., 7.75%<br>due 12/15/2010           | 2,462,625           |
| 696,000                             | Sinclair Broadcast Group, Inc., 8%<br>due 3/15/2012           | 709,920             |
| 500,000                             | Sirius Satellite Radio, Inc., 9.625%<br>due 8/01/2013         | 483,750             |
| 3,970,000                           | TL Acquisitions, Inc., 10.50% due 1/15/2015 (i)               | 3,870,750           |
| 800,000                             | Windstream Regatta Holdings, Inc., 11%<br>due 12/01/2017 (i)  | 808,000             |
| 1,125,000                           | Young Broadcasting, Inc., 10% due 3/01/2011                   | 900,000             |
|                                     |   | -----<br>56,416,492 |
| Metals & Mining -- 4.8%             |   |                     |
| 2,300,000                           | Aleris International, Inc., 9% due 12/15/2014 (g)             | 1,881,290           |
| 200,000                             | Blaze Recycling & Metals LLC, 10.875%<br>due 7/15/2012 (i)    | 183,000             |
|                                     | FMG Finance Pty Ltd. (i):                                     |                     |
| 535,000                             | 10% due 9/01/2013   | 588,500             |
| 770,000                             | 10.625% due 9/01/2016   | 885,500             |
| 1,975,000                           | Foundation PA Coal Co., 7.25% due 8/01/2014                   | 1,900,937           |
|                                     | Freeport-McMoRan Copper & Gold, Inc.:                         |                     |
| 1,150,000                           | 8.394% due 4/01/2015 (d)                                      | 1,170,125           |
| 3,465,000                           | 8.375% due 4/01/2017  | 3,742,200           |
| 1,018,000                           | Indalex Holding Corp. Series B, 11.50%<br>due 2/01/2014       | 928,925             |
| 1,975,000                           | Novelis, Inc., 7.25% due 2/15/2015                            | 1,841,688           |
|                                     | Ryerson, Inc. (i):  |                     |
| 400,000                             | 12.574% due 11/01/2014 (d)                                    | 385,000             |
| 670,000                             | 12% due 11/01/2015  | 657,438             |
| 520,000                             | Steel Dynamics, Inc., 7.375%<br>due 11/01/2012 (i)            | 516,100             |
|                                     |   | -----<br>14,680,703 |
| Multi-Utilities -- 0.7%             |   |                     |
| 1,327,000                           | CenterPoint Energy, Inc. Series B, 3.75%<br>due 5/15/2023 (b) | 2,118,224           |
| Multiline Retail -- 0.3%            |   |                     |
| 875,000                             | Neiman Marcus Group, Inc., 9%<br>due 10/15/2015 (g)           | 897,327             |
| Oil, Gas & Consumable Fuels -- 5.0% |   |                     |

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|   |  |            |
|---|--|------------|
| 510,000                                       | Berry Petroleum Co., 8.25% due 11/01/2016                  | 516,375    |
| 1,550,000                                     | Chaparral Energy, Inc., 8.50% due 12/01/2015               | 1,371,750  |
| 1,710,000                                     | Compton Petroleum Finance Corp., 7.625%<br>due 12/01/2013  | 1,598,850  |
| 695,000                                       | Copano Energy LLC, 8.125% due 3/01/2016                    | 695,000    |
| 2,494,504                                     | Corral Finans AB, 6.743% due 4/15/2010 (g) (i)             | 2,496,578  |
| 2,800,000                                     | EXCO Resources, Inc., 7.25% due 1/15/2011                  | 2,723,000  |
| 2,000,000                                     | Encore Acquisition Co., 6.25% due 4/15/2014                | 1,850,000  |
| 1,220,000                                     | Forest Oil Corp., 7.25% due 6/15/2019 (i)                  | 1,207,800  |
| 380,000                                       | KCS Energy, Inc., 7.125% due 4/01/2012                     | 365,750    |
| 1,725,000                                     | OPTI Canada, Inc., 8.25% due 12/15/2014 (i)                | 1,699,125  |
| 780,000                                       | Sabine Pass LNG LP, 7.50% due 11/30/2016                   | 737,100    |
|   |  | -----      |
|   |  | 15,261,328 |
| =====   |  |            |
| Paper & Forest Products -- 4.3%               |  |            |
|   | Abitibi-Consolidated, Inc.:                                |            |
| 2,000,000                                     | 9.194% due 6/15/2011 (d)                                   | 1,582,500  |
| 515,000                                       | 6% due 6/20/2013   | 352,775    |
| 195,000                                       | 8.85% due 8/01/2030  | 138,450    |
| 1,000,000                                     | Ainsworth Lumber Co. Ltd., 8.948%<br>due 10/01/2010 (d)    | 700,000    |
| 840,000                                       | Bowater Canada Finance Corp., 7.95%<br>due 11/15/2011      | 657,300    |
| 2,825,000                                     | Bowater, Inc., 8.694% due 3/15/2010 (d)                    | 2,486,000  |
| 2,750,000                                     | Domtar Corp., 7.125% due 8/15/2015                         | 2,653,750  |
|   | NewPage Corp.:   |            |
| 1,450,000                                     | 11.161% due 5/01/2012 (d)                                  | 1,522,500  |
| 1,180,000                                     | 12% due 5/01/2013  | 1,233,100  |
| 885,000                                       | Norske Skog Canada Ltd. Series D, 8.625%<br>due 6/15/2011  | 734,550    |
| 1,035,000                                     | Verso Paper Holdings LLC Series B, 9.125%<br>due 8/01/2014 | 1,028,531  |
|   |  | -----      |
|   |  | 13,089,456 |
| =====   |  |            |
| Personal Products -- 0.5%                     |  |            |
| 1,400,000                                     | Chattem, Inc., 7% due 3/01/2014                            | 1,358,000  |
| =====   |  |            |
| Pharmaceuticals -- 0.9%                       |  |            |
| 2,000,000                                     | Elan Finance Plc, 8.869% due 11/15/2011 (d)                | 1,960,000  |
| 930,000                                       | PTS Acquisition Corp., 9.50%<br>due 4/15/2015 (g) (i)      | 846,300    |
|   |  | -----      |
|   |  | 2,806,300  |
| =====   |  |            |
| Real Estate Investment Trusts (REITs) -- 0.4% |  |            |
| 1,175,000                                     | FelCor Lodging LP, 8.50% due 6/01/2011                     | 1,236,687  |
| =====   |  |            |
| Real Estate Management & Development -- 2.2%  |  |            |
| 3,025,000                                     | Forest City Enterprises, Inc., 7.625%<br>due 6/01/2015     | 2,941,812  |
|   | Realogy Corp. (i):   |            |
| 1,510,000                                     | 10.50% due 4/15/2014                                       | 1,136,275  |
| 2,390,000                                     | 11% due 4/15/2014 (g)                                      | 1,667,025  |
| 1,610,000                                     | 12.375% due 4/15/2015                                      | 1,054,550  |
|   |  | -----      |
|   |  | 6,799,662  |
| =====   |  |            |
| Road & Rail -- 1.4%                           |  |            |
|   | Avis Budget Car Rental LLC:                                |            |
| 2,800,000                                     | 7.369% due 5/15/2014 (d)                                   | 2,590,000  |

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|  |   |           |
|--|---|-----------|
| 600,000  | 7.625% due 5/15/2014  | 576,000   |
| 241,000  | Britannia Bulk Plc, 11% due 12/01/2011                      | 249,736   |
| 1,400,000  | St. Acquisition Corp., 12.50% due 5/15/2017 (i)             | 742,000   |
|  |   | -----     |
|  |   | 4,157,736 |
| =====  |   |           |
| Semiconductors & Semiconductor Equipment -- 1.8% |   |           |
|  | Amkor Technology, Inc.:                                     |           |
| 280,000  | 7.75% due 5/15/2013   | 263,200   |
| 1,530,000  | 9.25% due 6/01/2016   | 1,533,825 |
| 3,020,000  | Freescale Semiconductor, Inc., 9.125%<br>due 12/15/2014 (g) | 2,634,950 |
| 1,215,000  | Spansion, Inc., 8.249% due 6/01/2013 (d) (i)                | 1,105,650 |
|  |   | -----     |
|  |   | 5,537,625 |
| =====  |   |           |
| Software -- 0.2%                                 |   |           |
| 637,406  | BMS Holdings, Inc., 12.40%<br>due 2/15/2012 (d) (g) (i)     | 591,742   |
| =====  |   |           |
| Specialty Retail -- 4.3%                         |   |           |
| 350,000  | Asbury Automotive Group, Inc., 7.625%<br>due 3/15/2017      | 316,750   |

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Schedule of Investments (continued) (in U.S. dollars)

| Face<br>Amount                              | Corporate Bonds  | Value        |
|---|--|--------------|
| =====                                       |  |              |
| Specialty Retail -- (concluded)             |  |              |
|   | AutoNation, Inc.:  |              |
| \$2,875,000                                 | 7.243% due 4/15/2013 (d)                                 | \$ 2,702,500 |
| 775,000                                     | 7% due 4/15/2014   | 732,375      |
| 310,000                                     | Beverages & More, Inc., 9.25%<br>due 3/01/2012 (i)       | 313,875      |
| 865,000                                     | Buffets, Inc., 12.50% due 11/01/2014                     | 413,037      |
|   | General Nutrition Centers, Inc.:                         |              |
| 1,760,000                                   | 10.009% due 3/15/2014 (g)                                | 1,672,000    |
| 1,420,000                                   | 10.75% due 3/15/2015                                     | 1,370,300    |
| 900,000                                     | Group 1 Automotive, Inc., 2.25%<br>due 6/15/2036 (b) (k) | 634,500      |
|   | Michaels Stores, Inc.:                                   |              |
| 1,700,000                                   | 10% due 11/01/2014                                       | 1,674,500    |
| 2,110,000                                   | 11.375% due 11/01/2016                                   | 2,009,775    |
| 1,110,000                                   | United Auto Group, Inc., 7.75%<br>due 12/15/2016         | 1,054,500    |
|   |  | -----        |
|   |  | 12,894,112   |
| =====                                       |  |              |
| Textiles, Apparel & Luxury Goods -- 0.6%    |  |              |
| 2,000,000                                   | Levi Strauss & Co., 8.875% due 4/01/2016                 | 1,950,000    |
| =====                                       |  |              |
| Wireless Telecommunication Services -- 6.3% |  |              |
| 1,650,000                                   | Centennial Cellular Operating Co. LLC, 10.125%           |              |

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|           |  |             |
|-----------|--|-------------|
|           | due 6/15/2013  | 1,724,250   |
| 1,370,000 | Centennial Communications Corp., 10.981%             |             |
|           | due 1/01/2013 (d)                                    | 1,400,825   |
|           | Cricket Communications, Inc.:                        |             |
| 670,000   | 9.375% due 11/01/2014                                | 623,100     |
| 1,610,000 | 9.375% due 11/01/2014 (i)                            | 1,497,300   |
|           | Digicel Group Ltd. (i):                              |             |
| 850,000   | 8.875% due 1/15/2015                                 | 760,750     |
| 2,283,000 | 9.125% due 1/15/2015 (g)                             | 2,043,285   |
| 1,200,000 | Dobson Communications Corp., 9.493%                  |             |
|           | due 10/15/2012 (d)                                   | 1,224,000   |
| 620,000   | iPCS, Inc., 7.036% due 5/01/2013 (d)                 | 576,600     |
| 3,680,000 | MetroPCS Wireless, Inc., 9.25%                       |             |
|           | due 11/01/2014                                       | 3,486,800   |
| 2,400,000 | Nordic Telephone Co. Holdings ApS, 8.875%            |             |
|           | due 5/01/2016 (i)                                    | 2,436,000   |
|           | Orascom Telecom Finance SCA:                         |             |
| 210,000   | 7.875% due 2/08/2014                                 | 193,200     |
| 380,000   | 7.875% due 2/08/2014 (i)                             | 349,600     |
| 2,600,000 | Rural Cellular Corp., 8.25% due 3/15/2012            | 2,697,500   |
|           |  | -----       |
|           |  | 19,013,210  |
| -----     |  |             |
|           | Total Corporate Bonds                                |             |
|           | (Cost -- \$373,090,097) -- 117.6%                    | 356,602,152 |
| =====     |  |             |
| -----     |  |             |
|           | Floating Rate Loan Interests (1)                     |             |
| =====     |  |             |
| -----     |  |             |
|           | Chemicals -- 0.4%                                    |             |
| 2,830,000 | Wellman, Inc. Second Lien Term Loan, 11.661%         |             |
|           | due 2/10/2010  | 1,238,125   |
| =====     |  |             |
|           | Containers & Packaging -- 0.3%                       |             |
| 869,116   | Berry Plastics Corp. Term Loan B, 12.244%            |             |
|           | due 6/15/2014  | 738,749     |
| =====     |  |             |
|           | Health Care Providers & Services -- 0.5%             |             |
| 1,539,215 | Rotech Healthcare, Inc. Term Loan B, 10.832%         |             |
|           | due 9/26/2011  | 1,446,862   |
| =====     |  |             |
|           | Hotels, Restaurants & Leisure -- 0.8%                |             |
| 2,550,012 | Travelport, Inc. Term Loan, 12.198%                  |             |
|           | due 3/22/2012  | 2,380,011   |
| =====     |  |             |
|           | Household Products -- 0.2%                           |             |
|           | Spectrum Brands, Inc.:                               |             |
| 24,970    | Letter of Credit, 4.566% due 4/15/2013               | 24,083      |
| 498,274   | Term Loan B-1, 8.665% - 9.249%                       |             |
|           | due 4/15/2013  | 480,585     |
|           |  | -----       |
|           |  | 504,668     |
| =====     |  |             |
|           | Independent Power Producers & Energy Traders -- 1.3% |             |
|           | TXU Corp.:   |             |
| 3,500,000 | Term Loan 3, 8.622% due 10/10/2014                   | 3,439,545   |
| 500,000   | Term Loan B 2, 8.396% due 10/14/2029                 | 490,625     |
|           |  | -----       |
|           |  | 3,930,170   |

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|  |  |            |
|--|--|------------|
| =====  |  |            |
| Machinery -- 0.1%                                |  |            |
| 372,697  | Rexnord Corp. Payment In Kind Term Loan,<br>12.58% due 3/02/2013     | 327,973    |
| =====  |  |            |
| Media -- 1.4%                                    |  |            |
| 400,000  | Affinion Group, Inc. Term Loan, 11.678%<br>due 3/01/2012             | 380,000    |
| 2,700,000  | Catalina Marketing Group Term Loan, 8.981%<br>due 10/09/2017         | 2,524,500  |
| 1,500,000  | New Vision First Lien Term Loan, 11.63%<br>due 10/26/2014            | 1,455,000  |
|  |  | -----      |
|  |  | 4,359,500  |
| =====  |  |            |
| Oil, Gas & Consumable Fuels -- 0.3%              |  |            |
| 1,000,000  | SandRidge Energy, Inc. Term Loan, 8.625%<br>due 3/01/2015            | 997,500    |
| =====  |  |            |
| Paper & Forest Products -- 0.6%                  |  |            |
| 1,960,000  | Verso Paper Holdings LLC Term Loan B,<br>11.161% due 2/01/2013       | 1,869,350  |
| =====  |  |            |
| Specialty Retail -- 0.2%                         |  |            |
| 797,985  | Michaels Stores, Inc. Term Loan B,<br>6.938% - 7.625% due 10/31/2013 | 731,063    |
| -----  |  |            |
|  | Total Floating Rate Loan Interests<br>(Cost -- \$20,652,393) -- 6.1% | 18,523,971 |
| =====  |  |            |
| =====  |  |            |
| Shares   |  |            |
| Held   | Common Stocks  |            |
| =====  |  |            |
| Communications Equipment -- 0.9%                 |  |            |
| 82,907   | Loral Space & Communications Ltd. (c)                                | 2,838,736  |
| =====  |  |            |
| Electrical Equipment -- 0.3%                     |  |            |
| 70,784   | Medis Technologies Ltd. (c)  | 903,912    |
| =====  |  |            |
| Paper & Forest Products -- 0.1%                  |  |            |
| 203,785  | Western Forest Products, Inc. (c)                                    | 285,313    |
| =====  |  |            |
| Semiconductors & Semiconductor Equipment -- 1.1% |  |            |
| 98,040   | Cypress Semiconductor Corp. (c)                                      | 3,256,889  |
| -----  |  |            |
|  | Total Common Stocks<br>(Cost -- \$8,251,141) -- 2.4%                 | 7,284,850  |
| =====  |  |            |
| =====  |  |            |
| Preferred Stocks                                 |  |            |
| =====  |  |            |
| Capital Markets -- 0.0%                          |  |            |
| 72   | Marsico Parent Superholdco, LLC (i)                                  | 67,886     |
| =====  |  |            |
| Oil, Gas & Consumable Fuels -- 0.8%              |  |            |



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43 EXCO Resources, Inc., 7% (b)

473,000

BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

NOVEMBER 30, 2007

9

Schedule of Investments (concluded)

(in U.S. dollars)

| Shares<br>Held                              | Preferred Stocks                          | Value        |
|---|---|--------------|
| =====                                       |   |              |
| Oil, Gas & Consumable Fuels (concluded)     |   |              |
| 175   | EXCO Resources, Inc., 11%                 | \$ 1,925,000 |
|   |   | -----        |
|   |   | 2,398,000    |
| -----                                       |   |              |
| Total Preferred Stocks                      |   |              |
| (Cost -- \$2,247,885) -- 0.8%               |   | 2,465,886    |
| =====                                       |   |              |
| -----                                       |   |              |
| Warrants (h)                                |   |              |
| =====                                       |   |              |
| Health Care Providers & Services -- 0.0%    |   |              |
| 32,042                                      | HealthSouth Corp. (expires 1/16/2014)     | 25,634       |
| -----                                       |   |              |
| Paper & Forest Products -- 0.0%             |   |              |
| 700   | MDP Acquisitions Plc (expires 10/01/2013) | 90,699       |
| -----                                       |   |              |
| Wireless Telecommunication Services -- 0.2% |   |              |
| 825   | American Tower Corp. (expires 8/01/2008)  | 526,350      |
| -----                                       |   |              |
| Total Warrants                              |   |              |
| (Cost -- \$53,675) -- 0.2%                  |   | 642,683      |
| =====                                       |   |              |
| -----                                       |   |              |
| Rights                                      |   |              |
| =====                                       |   |              |
| Electrical Equipment -- 0.0%                |   |              |
| 7,078                                       | Medis Technologies Ltd. (n)               | 0            |
| -----                                       |   |              |
| Total Rights -- (Cost -- \$0) -- 0.0%       |   | 0            |
| =====                                       |   |              |
| -----                                       |   |              |
| Beneficial<br>Interest                      | Other Interests (e)                       | Value        |
| =====                                       |   |              |
| Media -- 0.0%                               |   |              |
| \$ 750,000                                  | Adelphia Escrow                           | \$ 75        |
| 940,601                                     | Adelphia Recovery Trust                   | 94           |

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|                        |   |  |               |
|------------------------|---|--|---------------|
| -----                  |   | Total Other Interests (Cost -- \$3,075) -- 0.0%      | 169           |
| =====                  |   |  |               |
| -----                  |   |  |               |
| -----                  |   | Short-Term Securities                                |               |
| =====                  |   |  |               |
| 3,743,377              | BlackRock Liquidity Series, LLC<br>Cash Sweep Series, 4.75% (f) (j)       |  | 3,743,377     |
| -----                  |   |  |               |
|                        | Total Short-Term Securities<br>(Cost -- \$3,743,377) -- 1.3%              |  | 3,743,377     |
| =====                  |   |  |               |
| -----                  |   |  |               |
| Number of<br>Contracts | Options Purchased   |  |               |
| =====                  |   |  |               |
| -----                  |   | Call Options Purchased -- 0.0%                       |               |
| 19                     | Marsico Parent Superholdco, LLC,<br>expiring December 2019 at \$1,000 (i) |  | 18,578        |
| -----                  |   |  |               |
|                        | Total Options Purchased<br>(Premiums Paid -- \$18,578) -- 0.0%            |  | 18,578        |
| =====                  |   |  |               |
| -----                  |   | Total Investments (Cost -- \$408,060,221*) -- 128.4% | 389,281,666   |
| -----                  |   | Liabilities in Excess of Other Assets -- (28.4%)     | (86,033,390)  |
| -----                  |   | Net Assets -- 100.0%                                 | \$303,248,276 |
| =====                  |   |  |               |

\* The cost and unrealized appreciation (depreciation) of investments as of November 30, 2007, as computed for federal income tax purposes, were as follows:

|                                     |                 |
|-------------------------------------|-----------------|
| Aggregate cost .....                | \$ 408,463,677  |
|                                     | =====           |
| Gross unrealized appreciation ..... | \$ 5,883,266    |
| Gross unrealized depreciation ..... | (25,065,277)    |
|                                     | -----           |
| Net unrealized depreciation .....   | \$ (19,182,011) |
|                                     | =====           |

- (a) Represents a step bond; the interest rate shown reflects the effective yield at the time of purchase.
- (b) Convertible security.
- (c) Non-income producing security.
- (d) Floating rate security.
- (e) "Other interests" represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (f) Represents the current yield as of November 30, 2007.
- (g) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares.
- (h) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.

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

| Affiliate  | Net Activity | Interest Income |
|--|--------------|-----------------|
| BlackRock Liquidity Series LLC,<br>Cash Sweep Series | \$2,173,671  | \$107,827       |

- (k) Represents a step bond.
- (l) Floating rate loan interests in which the Fund invests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally (i) the lending rate offered by one or more major European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more major U.S. banks or (iii) the certificate of deposit rate.
- (m) Subject to principal paydowns.
- (n) The rights may be exercised until January 7, 2008.
- o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets.
- o Swaps outstanding as of November 30, 2007 were as follows:

|  | Notional Amount | Unrealized Depreciation |
|--|-----------------|-------------------------|
| Sold credit default protection on Ford Motor Company and receive 3.80% |                 |                         |
| Broker, JPMorgan Chase<br>Expires March 2010                           | \$3,000,000     | \$ (111,486)            |
| Sold credit default protection on Ford Motor Company and receive 3.80% |                 |                         |
| Broker, UBS Warburg<br>Expires March 2010                              | \$1,000,000     | (37,162)                |
| Sold credit default protection on Ford Motor Company and receive 5.00% |                 |                         |
| Broker, Goldman Sachs & Co.<br>Expires June 2010                       | \$4,000,000     | (68,517)                |
| Total  |                 | \$ (217,165)            |

See Notes to Financial Statements.

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Statement of Assets and Liabilities

As of November 30, 2007 (Unaudited)

|   |                |
|---|----------------|
| =====   |                |
| Assets  |                |
| -----   |                |
| Investments in unaffiliated securities, at value                |                |
| (identified cost -- \$404,298,266) .....                        | \$ 385,519,711 |
| Investments in affiliated securities, at value                  |                |
| (identified cost -- \$3,743,377) .....                          | 3,743,377      |
| Options purchased, at value (premiums paid -- \$18,578) .....   | 18,578         |
| Cash .....  | 100,000        |
| Receivables:  |                |
| Interest .....  | 8,407,687      |
| Securities sold .....   | 3,872,300      |
| Swaps .....   | 72,359         |
| Dividends .....   | 13,331         |
| Prepaid expenses and other assets .....                         | 65,163         |
|   | -----          |
| Total assets .....  | 401,812,506    |
|   | -----          |
| =====   |                |
| Liabilities   |                |
| -----   |                |
| Loans .....   | 93,700,000     |
| Unrealized depreciation on swaps .....                          | 217,165        |
| Payables:   |                |
| Securities purchased .....                                      | 4,123,674      |
| Investment adviser .....  | 206,419        |
| Dividends to shareholders .....                                 | 119,069        |
| Interest on loans .....   | 107,918        |
| Other affiliates .....  | 2,257          |
| Accrued expenses and other liabilities .....                    | 87,728         |
|   | -----          |
| Total liabilities .....   | 98,564,230     |
|   | -----          |
| =====   |                |
| Net Assets  |                |
| -----   |                |
| Net Assets .....  | \$ 303,248,276 |
|   | =====          |
| =====   |                |
| Capital   |                |
| -----   |                |
| Common Stock, \$.10 par value, 200,000,000 shares authorized .. | \$ 3,731,650   |
| Paid-in capital in excess of par .....                          | 540,794,598    |
| Undistributed investment income -- net .....                    | 4,991,406      |
| Accumulated realized capital losses -- net .....                | (227,273,658)  |
| Unrealized depreciation -- net .....                            | (18,995,720)   |
|   | -----          |
| Total -- Equivalent to \$8.13 per share based on 37,316,497     |                |
| shares of capital stock outstanding (market price -- \$7.19)    | \$ 303,248,276 |
|   | =====          |

See Notes to Financial Statements.

Statement of Operations

For the Six Months Ended November 30, 2007 (Unaudited)

=====

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Investment Income

|  |               |
|--|---------------|
| Interest (including \$107,827 from affiliates) ..... | \$ 17,859,296 |
| Dividends .....                                      | 228,739       |
| Other .....  | 23,101        |
| <hr/>  |               |
| Total income .....                                   | 18,111,136    |
| <hr/>  |               |

Expenses

|  |            |
|--|------------|
| Loan interest expense .....            | 2,794,745  |
| Investment advisory fees .....         | 1,250,889  |
| Borrowing costs .....                  | 87,219     |
| Accounting services .....              | 48,520     |
| Professional fees .....                | 37,663     |
| Printing and shareholder reports ..... | 22,628     |
| Pricing services .....                 | 19,101     |
| Transfer agent fees .....              | 14,175     |
| Custodian fees .....                   | 11,297     |
| Directors' fees and expenses .....     | 10,033     |
| Listing fees .....                     | 6,714      |
| Other .....                            | 14,130     |
| <hr/>                                  |            |
| Total expenses .....                   | 4,317,114  |
| <hr/>                                  |            |
| Investment income -- net .....         | 13,794,022 |
| <hr/>                                  |            |

Realized & Unrealized Gain (Loss) -- Net

|  |                 |
|--|-----------------|
| Realized gain (loss) on:                                       |                 |
| Investments -- net .....                                       | (957,235)       |
| Swaps -- net .....   | 196,044         |
| <hr/>  |                 |
| Total realized loss -- net .....                               | (761,191)       |
| <hr/>  |                 |
| Change in unrealized appreciation/depreciation on:             |                 |
| Investments -- net .....                                       | (31,387,902)    |
| Swaps -- net .....   | (442,187)       |
| <hr/>  |                 |
| Total change in unrealized appreciation/depreciation -- net .. | (31,830,089)    |
| <hr/>  |                 |
| Total realized and unrealized loss -- net .....                | (32,591,280)    |
| <hr/>  |                 |
| Net Decrease in Net Assets Resulting from Operations .....     | \$ (18,797,258) |
| <hr/>  |                 |

See Notes to Financial Statements.

BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

NOVEMBER 30, 2007

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Statements of Changes in Net Assets

For the Six  
Months Ended  
November 30,  
2007

For the  
Year Ended  
May 31,

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| Increase (Decrease) in Net Assets:                                     | (Unaudited)           | 2007                  |
|--|-----------------------|-----------------------|
| <b>Operations</b>  |                       |                       |
| Investment income -- net .....   | \$ 13,794,022         | \$ 26,588,400         |
| Realized gain (loss) -- net .....                                      | (761,191)             | 4,716,070             |
| Change in unrealized appreciation/depreciation -- net .....            | (31,830,089)          | 13,552,860            |
| <b>Net increase (decrease) in net assets resulting from operations</b> | <b>(18,797,258)</b>   | <b>44,857,340</b>     |
| <b>Dividends to Shareholders</b>                                       |                       |                       |
| Dividends to shareholders from investment income -- net .....          | (13,433,939)          | (25,076,680)          |
| <b>Net Assets</b>  |                       |                       |
| Total increase (decrease) in net assets .....                          | (32,231,197)          | 19,780,660            |
| Beginning of period .....  | 335,479,473           | 315,698,810           |
| <b>End of period*</b> .....  | <b>\$ 303,248,276</b> | <b>\$ 335,479,470</b> |
| * Undistributed investment income -- net .....                         | \$ 4,991,406          | \$ 4,631,320          |

See Notes to Financial Statements.

Statement of Cash Flows

For the Six Months Ended November 30, 2007 (Unaudited)

|   |                     |
|---|---------------------|
| <b>Cash Provided by Operating Activities</b>  |                     |
| Net decrease in net assets resulting from operations .....  | \$ (18,797,258)     |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: |                     |
| Decrease in receivables .....   | 1,063,870           |
| Decrease in other liabilities .....   | (116,650)           |
| Realized and unrealized loss -- net .....   | 32,999,740          |
| Amortization of premium and discount .....  | (31,300)            |
| Proceeds from sales and paydowns of long-term securities .....  | 110,193,860         |
| Purchases of long-term securities .....   | (74,387,640)        |
| Net purchases of short-term securities .....  | (2,171,880)         |
| <b>Cash provided by operating activities</b> .....  | <b>48,752,750</b>   |
| <b>Cash Used for Financing Activities</b>   |                     |
| Cash receipts from borrowings .....   | 33,000,000          |
| Cash payments on borrowings .....   | (69,000,000)        |
| Dividends paid to shareholders .....  | (13,440,920)        |
| <b>Cash used for financing activities</b> .....   | <b>(49,440,920)</b> |

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Cash

|                                   |           |
|-----------------------------------|-----------|
| Net decrease in cash .....        | (688,17   |
| Cash at beginning of period ..... | 788,17    |
| Cash at end of period .....       | \$ 100,00 |

Cash Flow Information

|                              |             |
|------------------------------|-------------|
| Cash paid for interest ..... | \$ 2,825,81 |
|------------------------------|-------------|

See Notes to Financial Statements.

12 BLACKROCK CORPORATE HIGH YIELD FUND III, INC. NOVEMBER 30, 2007

Financial Highlights

The following per share data and ratios have been derived from information provided in the financial statements.

|  | For the Six<br>Months Ended<br>November 30,<br>2007<br>(Unaudited) | 2007 | 2006 | For the<br>M |
|--|--|------|------|--------------|
|--|--|------|------|--------------|

Per Share Operating Performance

|   |         |         |         |    |
|---|---------|---------|---------|----|
| Net asset value, beginning of period .....  | \$ 8.99 | \$ 8.46 | \$ 8.46 | \$ |
| Investment income -- net** .....  | .37     | .71     | .72     |    |
| Realized and unrealized gain (loss) -- net .....  | (.87)   | .49     | .02     |    |
| Total from investment operations .....  | (.50)   | 1.20    | .74     |    |
| Less dividends from investment income -- net ...  | (.36)   | (.67)   | (.74)   |    |
| Recovery of previously expensed offering costs<br>resulting from issuance of Common Stock ..... | --      | --      | --      |    |
| Net asset value, end of period .....  | \$ 8.13 | \$ 8.99 | \$ 8.46 | \$ |
| Market price per share, end of period .....   | \$ 7.19 | \$ 8.53 | \$ 7.36 | \$ |

Total Investment Return\*\*\*

|  |           |        |         |
|--|-----------|--------|---------|
| Based on net asset value per share ..... | (5.17%)@  | 15.51% | 9.78%   |
| Based on market price per share .....    | (11.61%)@ | 25.98% | (3.59%) |

Ratios to Average Net Assets

|  |       |       |       |
|--|-------|-------|-------|
| Expenses, excluding interest expense ..... | .95%* | 1.04% | 1.00% |
|--|-------|-------|-------|

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|  |           |           |           |     |
|--|-----------|-----------|-----------|-----|
| Expenses .....   | 2.70%*    | 3.38%     | 2.49%     |     |
| Investment income -- net .....   | 8.63%*    | 8.25%     | 8.45%     |     |
| =====  |           |           |           |     |
| Leverage   |           |           |           |     |
| -----  |           |           |           |     |
| Amount of borrowings outstanding, end of period<br>(in thousands) .....            | \$ 93,700 | \$129,700 | \$141,000 | \$1 |
| Average amount of borrowings outstanding during<br>the period (in thousands) ..... | \$ 97,051 | \$134,704 | \$109,144 | \$1 |
| Average amount of borrowings outstanding per<br>share during the period** .....    | \$ 2.60   | \$ 3.61   | \$ 2.93   | \$  |
| =====  |           |           |           |     |
| Supplemental Data  |           |           |           |     |
| -----  |           |           |           |     |
| Net assets, end of period (in thousands) .....                                     | \$303,248 | \$335,479 | \$315,699 | \$3 |
| Portfolio turnover .....   | 18%       | 62%       | 56%       |     |
| =====  |           |           |           |     |

\* Annualized.

\*\* Based on average shares outstanding.

\*\*\* Total investment returns based on market value, which can be significantly greater or lesser than net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

+ Amount is less than \$.01 per share.

@ Aggregate total investment return.

See Notes to Financial Statements.

BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

NOVEMBER 30, 2007

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### Notes to Financial Statements (Unaudited)

#### 1. Significant Accounting Policies:

BlackRock Corporate High Yield Fund III, Inc., (the "Fund") is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Fund's financial statements are prepared in conformity with U.S. generally accepted accounting principles, which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common Stock on a daily basis. The Fund's Common Stock shares are listed on the New York Stock Exchange ("NYSE") under the symbol CYE. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments -- Debt securities are traded primarily in the over-the-counter ("OTC") markets and are valued at the last available bid price in the OTC market or on the basis of values obtained by a pricing service. Floating rate loan interests are valued at the mean between the last available



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bid and asked prices from one or more brokers or dealers as obtained by a pricing service. Pricing services use valuation matrixes that incorporate both dealer-supplied valuations and valuation models. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general direction of the Board of Directors. Such valuations and procedures will be reviewed periodically by the Board of Directors of the Fund. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Effective September 4, 2007, 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 and previously were valued at the last sales price as of the close of options trading on applicable exchanges. Options traded in the OTC market are valued at the last asked price (options written) or the last bid price (options purchased). Swap agreements are valued based upon quoted fair valuations received daily by the Fund from a pricing service or counterparty. Valuation of short-term investment vehicles is generally based on the net asset value of the underlying investment vehicle or amortized cost. Repurchase agreements are valued at cost plus accrued interest. Investments in open-end investment companies are valued at their net asset value each business day. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund.

Equity securities held by the Fund that are traded on stock exchanges or the NASDAQ Global Market are valued at the last sale price or official close price on the exchange, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price for long positions, and at the last available asked price for short positions. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange designated as the primary market by or under the authority of the Board of Directors of the Fund. Long positions traded in the OTC markets, NASDAQ Capital Market or Bulletin Board are valued at the last available bid price obtained from one or more dealers or pricing services approved by the Board of Directors of the Fund. Short positions traded in the OTC markets are valued at the last available asked price. Portfolio securities that are traded both in the OTC markets and on a stock exchange are valued according to the broadest and most representative market.

Generally, trading in foreign securities is substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the net asset value of the Fund's shares are determined as of such times. Foreign currency exchange rates will generally be determined as of the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined and the close of business on the NYSE that may not be reflected in the computation of the Fund's net asset value. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such securities, those securities will be valued at their fair value as determined in good faith by the Fund's Board of Directors or by BlackRock Advisors, LLC (the "Manager"), an indirect, wholly owned subsidiary of BlackRock, Inc., using a pricing service and/or procedures approved by the Fund's Board of Directors.

(b) Derivative financial instruments -- The Fund may engage in various portfolio investment strategies both to increase the return of the Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract due to an unfavorable change in the price of the underlying security, or index, or if the counterparty does not perform under the contract. The counterparty for certain instruments may pledge cash or securities as collateral.

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- o Options -- The Fund may write and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

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### Notes to Financial Statements (continued)

- o Financial futures contracts -- The Fund may purchase or sell financial futures contracts and options on such financial futures contracts. Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits, and maintains as collateral, such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.
- o Swaps -- The Fund may enter into swap agreements, which are OTC contracts in which the Fund and a counterparty agree to make periodic net payments on a specified notional amount. The net payments can be made for a set period of time or may be triggered by a predetermined credit event. The net periodic payments may be based on a fixed or variable interest rate; the change in market value of a specified security, basket of securities, or index; or the return generated by a security. These periodic payments received or made by the Fund are recorded in the accompanying Statement of Operations as realized gains or losses, respectively. Gains or losses are also realized upon termination of the swap agreements. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). Risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms and the possible lack of liquidity with respect to the swap agreements.

(c) Foreign currency transactions -- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing when recognized. Assets and liabilities denominated in foreign currencies are valued at the exchange rate at the end of the period. Foreign currency transactions are the result of settling (realized) or valuing (unrealized) assets or liabilities expressed in foreign currencies to U.S. dollars. Realized and unrealized gains or losses from investments include the effects of foreign exchange rates on investments. The Fund invests in foreign securities, which may involve a number of risk factors and special considerations not present with investments in securities of U.S. corporations.

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(d) Income taxes -- It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(e) Security transactions and investment income -- Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis. The Fund amortizes all premiums and discounts on debt securities.

(f) Dividends and distributions -- Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

(g) Securities lending -- The Fund may lend securities to financial institutions that provide cash or securities issued or guaranteed by the U.S. government as collateral, which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. Where the Fund receives securities as collateral for the loaned securities, it collects a fee from the borrower. The Fund typically receives the income on the loaned securities but does not receive the income on the collateral. Where the Fund receives cash collateral, it may invest such collateral and retain the amount earned on such investment, net of any amount rebated to the borrower. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within five business days. The Fund may pay reasonable finder's, lending agent, administrative and custodial fees in connection with its loans. In the event that the borrower defaults on its obligation to return borrowed securities because of insolvency or for any other reason, the Fund could experience delays and costs in gaining access to the collateral. The Fund also could suffer a loss where the value of the collateral falls below the market value of the borrowed securities, in the event of borrower default or in the event of losses on investments made with cash collateral.

(h) Recent accounting pronouncements -- Effective June 29, 2007, the Fund implemented Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes -- an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. Management has evaluated the application of FIN 48 to the Fund, and has determined that the adoption of FIN 48 does not have a material impact on the Fund's financial statements. The Fund files U.S. and various state tax returns. No income tax returns are currently under examination. The statute of limitations on the Fund's tax returns remains open for the years ended May 31, 2004 through May 31, 2007.

BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

NOVEMBER 30, 2007

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Notes to Financial Statements (concluded)

In September 2006, Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value

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measurements. At this time, management is evaluating the implications of FAS 157 and its impact on the Fund's financial statements, if any, has not been determined.

In addition, in February 2007, Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159"), was issued and is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FAS 157. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. At this time, management is evaluating the implications of FAS 159 and its impact on the Fund's financial statements, if any, has not been determined.

### 2. Investment Advisory Agreement and Transactions with Affiliates:

The Fund has entered into an Investment Advisory Agreement with the Manager. Merrill Lynch & Co., Inc. ("Merrill Lynch") and The PNC Financial Services Group, Inc. are the principal owners of BlackRock, Inc.

The Manager is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .60% of the Fund's average daily net assets plus the proceeds of any outstanding principal borrowed. In addition, the Manager has entered into a sub-advisory agreement with BlackRock Financial Management, Inc., an affiliate of the Manager, under which the Manager pays the sub-adviser for services it provides a monthly fee at an annual rate equal to a percentage of the management fee paid by the Fund to the Manager.

The Fund has received an exemptive order from the Securities and Exchange Commission permitting it to lend portfolio securities to Merrill Lynch, Pierce, Fenner & Smith Incorporated, a wholly owned subsidiary of Merrill Lynch, or its affiliates. Pursuant to that order, the Fund has retained BlackRock Investment Management, LLC ("BIM"), an affiliate of the Manager, as the securities lending agent for a fee based on a share of the returns on investment of cash collateral. BIM may, on behalf of the Fund, invest cash collateral received by the Fund for such loans, among other things, in a private investment company managed by the Manager or in registered money market funds advised by the Manager or its affiliates.

For the six months ended November 30, 2007, the Fund reimbursed the Manager \$2,876 for certain accounting services.

Certain officers and/or directors of the Fund are officers and/or directors of BlackRock, Inc. or its affiliates.

### 3. Investments:

Purchases and sales (including paydowns) of investments, excluding short-term securities, for the six months ended November 30, 2007 were \$73,213,875 and \$110,552,300, respectively.

### 4. Capital Share Transactions:

The Fund is authorized to issue 200,000,000 shares of capital stock, par value \$.10, all of which were initially classified as Common Stock. The Board of Directors is authorized, however, to reclassify any unissued shares of capital

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stock without approval of the holders of Common Stock.

### 5. Short-Term Borrowings:

On May 18, 2007, the Fund renewed its revolving credit and security agreement funded by a commercial paper asset securitization program with Citicorp North America, Inc. ("Citicorp") as agent, certain secondary backstop lenders, and certain asset securitization conduits as lenders (the "Lenders"). The agreement was renewed for one year and has a maximum limit of \$160,000,000. Under the Citicorp program, the conduits will fund advances to the Fund through the issuance of highly rated commercial paper. As security for its obligations to the Lenders under the revolving securitization facility, the Fund has granted a security interest in substantially all of its assets to and in favor of the Lenders. The interest rate on the Fund's borrowings is based on the interest rate carried by the commercial paper plus a program fee. The Fund pays additional borrowing costs including a backstop commitment fee.

For the six months ended November 30, 2007, the average amount borrowed was approximately \$97,051,000, and the daily weighted average interest rate was 5.68%.

### 6. Capital Loss Carryforward:

On May 31, 2007, the Fund had a net capital loss carryforward of \$226,665,964, of which \$18,095,581 expires in 2008, \$34,200,029 expires in 2009, \$52,918,036 expires in 2010, \$119,513,437 expires in 2011 and \$1,938,881 expires in 2012. This amount will be available to offset like amounts of any future taxable gains.

### 7. Subsequent Event:

The Fund paid an ordinary income dividend in the amount of \$.060000 per share on December 18, 2007 to shareholders of record on December 13, 2007.

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### The Benefits and Risks of Leveraging

BlackRock Corporate High Yield Fund III, Inc. utilizes leverage through borrowings or issuance of short-term debt securities or shares of Preferred Stock. The concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by the Fund on its longer-term portfolio investments. Since the total assets of the Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Fund's Common Stock shareholders are the beneficiaries of the incremental yield.

Leverage creates risks for holders of Common Stock including the likelihood of greater net asset value and market price volatility. In addition, there is the risk that fluctuations in interest rates on borrowings (or in the dividend rates on any Preferred Stock, if the Fund were to issue Preferred Stock) may reduce the Common Stock's yield and negatively impact its net asset value and market price. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the 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, the Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Stock shareholders will be reduced.

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### Officers and Directors

G. Nicholas Beckwith, III, Director  
Richard E. Cavanagh, Director  
Richard S. Davis, Director  
Kent Dixon, Director  
Frank J. Fabozzi, Director  
Kathleen F. Feldstein, Director  
James T. Flynn, Director  
Henry Gabbay, Director  
Jerrold B. Harris, Director  
R. Glenn Hubbard, Director  
W. Carl Kester, Director  
Karen P. Robards, Director  
Robert S. Salomon, Jr., Director  
Roscoe S. Suddarth, Advisory Board Member  
Donald C. Burke, Fund President and Chief Executive Officer  
Anne F. Ackerley, Vice President  
Howard Surloff, Secretary  
Brian P. Kindelan, Chief Compliance Officer  
Neal J. Andrews, Chief Financial Officer  
Jay M. Fife, Treasurer

### Custodian

State Street Bank and Trust Company  
Boston, MA 02101

### Transfer Agent

Computershare Trust Company, N.A.  
Providence, RI 02940-3010

### Accounting Agent

State Street Bank and Trust Company  
Princeton, NJ 08540

### Independent Registered Public Accounting Firm

Deloitte & Touche LLP  
Princeton, NJ 08540

### Legal Counsel

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

BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

NOVEMBER 30, 2007

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### Additional Information

#### Proxy Results

During the six-month period ended November 30, 2007, the shareholders of BlackRock Corporate High Yield Fund III, Inc. voted on the following proposal, which was approved at an annual shareholders' meeting on August 16, 2007. This proposal was part of the reorganization of the Fund's Board of Directors that took effect on November 1, 2007. A description of the proposal and number of

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shares voted are as follows:

|                                |                           | Shares Voted<br>For | Shares Withheld<br>From Voting |
|--------------------------------|---------------------------|---------------------|--------------------------------|
| To elect the Fund's Directors: | G. Nicholas Beckwith, III | 26,796,937          | 1,035,585                      |
|                                | Richard E. Cavanagh       | 26,827,403          | 1,005,119                      |
|                                | Richard S. Davis          | 26,832,637          | 999,885                        |
|                                | Kent Dixon                | 26,815,721          | 1,016,801                      |
|                                | Frank J. Fabozzi          | 26,827,637          | 1,004,885                      |
|                                | Kathleen F. Feldstein     | 26,852,924          | 979,598                        |
|                                | James T. Flynn            | 26,827,047          | 1,005,475                      |
|                                | Henry Gabbay              | 26,828,335          | 1,004,187                      |
|                                | Jerrold B. Harris         | 26,796,841          | 1,035,681                      |
|                                | R. Glenn Hubbard          | 26,819,603          | 1,012,919                      |
|                                | W. Carl Kester            | 26,831,737          | 1,000,785                      |
|                                | Karen P. Robards          | 26,861,464          | 971,058                        |
|                                | Robert S. Salomon, Jr.    | 26,813,157          | 1,019,365                      |

### Availability of Quarterly Schedule of Investments

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

### Electronic Delivery

Electronic copies of most financial reports are available on the Fund's Web site. Shareholders can sign up for e-mail notifications of quarterly statements and annual and semi-annual reports by enrolling in the Fund's electronic delivery program.

### Shareholders Who Hold Accounts with Investment Advisers, Banks or Brokerages:

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

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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.

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

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

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

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

BLACKROCK CORPORATE HIGH YIELD FUND III, INC.

NOVEMBER 30, 2007

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This report, including the financial information herein, is transmitted to shareholders of BlackRock Corporate High Yield Fund III, Inc. for their information. It is not a prospectus. The Fund has leveraged its Common Stock to provide Common Stock shareholders with a potentially higher rate of return. Leverage creates risk for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of Common Stock shares, and the risk that fluctuations in short-term interest rates may reduce the Common Stock's yield. Past performance results shown in this report should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-441-7762; (2) at [www.blackrock.com](http://www.blackrock.com); and (3) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available (1) at [www.blackrock.com](http://www.blackrock.com) and (2) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

BlackRock Corporate High Yield Fund III, Inc.  
100 Bellevue Parkway  
Wilmington, DE 19809

BLACKROCK

#COYIII-11/07



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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 - Schedule of Investments - The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.
- Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable
- Item 10 - Submission of Matters to a Vote of Security Holders - The registrant's Nominating and Governance Committee will consider nominees to the Board recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations which include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.
- Item 11 - Controls and Procedures
  - 11(a) - The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities and Exchange Act of 1934, as amended.
  - 11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.
- Item 12 - Exhibits attached hereto
  - 12(a) (1) - Code of Ethics - Not Applicable to this semi-annual report
  - 12(a) (2) - Certifications - Attached hereto
  - 12(a) (3) - Not Applicable
  - 12(b) - Certifications - Attached hereto

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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 Corporate High Yield Fund III, Inc.

By: /s/ Donald C. Burke  
-----

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

Date: January 16, 2008

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

By: /s/ Donald C. Burke  
-----

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

Date: January 16, 2008

By: /s/ Neal J. Andrews  
-----

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

Date: January 16, 2008