

MSC INDUSTRIAL DIRECT CO INC  
 Form 4  
 January 26, 2017

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**PELLER PHILIP**

2. Issuer Name and Ticker or Trading Symbol  
**MSC INDUSTRIAL DIRECT CO INC [MSM]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
**01/24/2017**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

**C/O MSC INDUSTRIAL DIRECT CO., INC., 75 MAXESS ROAD**

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**MELVILLE, NY US 11747**

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount or Price		
Class A Common Stock, \$0.001 par value	01/24/2017		S		1,772	D	
					\$ 101		
Class A Common Stock, \$0.001 par value					9,358	I	See Footnote (1)

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 3, 4, and 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

PELLER PHILIP  
C/O MSC INDUSTRIAL DIRECT CO., INC.  
75 MAXESS ROAD  
MELVILLE, NY US 11747

X

## Signatures

/s/ Philip Peller                      01/26/2017

\_\_Signature of                      Date  
Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents shares held in a trust, of which the Reporting Person's spouse is the sole beneficiary. The reporting person disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. SIZE="1">\$11,542      \$75,505    \$24,345,465

<sup>1</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of February 28, 2013 was \$(852,956).

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

	<b>Credit Contracts</b>
<b>Assets/Liabilities:</b>	
Opening Balance, as of February 29, 2012	\$ 237,861
Transfers into Level 3 <sup>3</sup>	
Transfers out of Level 3 <sup>3</sup>	(10,105)
Accrued discounts/premiums	
Net realized gain (loss)	
Net change in unrealized appreciation/depreciation <sup>4</sup>	(227,756)
Purchases	
Issues <sup>5</sup>	
Sales	
Settlements <sup>6</sup>	
<b>Closing Balance, as of February 28, 2013</b>	

<sup>3</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>4</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations.

<sup>5</sup> Issues represent upfront cash received on certain derivative financial instruments.

<sup>6</sup> Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (concluded)****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the value of certain of the Fund's Level 3 investments as of February 28, 2013. The table does not include Level 3 investments with values derived utilizing third party pricing information without adjustment. A significant change in third party pricing information could result in a significantly lower or higher value of such Level 3 investments. The value of Level 3 investments derived using third party pricing information is \$13,595,149.

	Value	Valuation Techniques	Unobservable Inputs <sup>1</sup>	Range of Unobservable Inputs Utilized
<b>Assets:</b>				
Common Stocks	\$ 4,184,095	Market Comparable Companies	EBITDA Multiple	6.56x
	225,035	Restructure terms <sup>3</sup>	Enterprise Value/Oil Barrel Multiple	CAD <sup>2</sup> 0.44x
Corporate Bonds	1,121,631	Market Comparable Companies	Yield	12.10%
	639,846	Discounted Cash Flow	Yield	12%
	425	Estimated Final Distribution	Recovery Rate	0.05%
	1,813,100	Cost <sup>4</sup>	N/A	
Floating Rate Loan Interests	690,679	Discounted Cash Flow	Yield	9.50%
	2,000,000	Cost <sup>4</sup>	N/A	
Warrants	41,520	Discounted Vendor Price	Distribution Rate	0.51639
	33,985	Black-Scholes	Implied Volatility	90%
<b>Total</b>	<b>\$ 10,750,316</b>			

<sup>1</sup> A change to the unobservable input may result in a significant change to the value of the investment as follows:

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
EBITDA Multiple	Increase	Decrease
Enterprise Value/Oil Barrel Multiple	Increase	Decrease
Yield	Decrease	Increase
Recovery Rate	Increase	Decrease
Distribution Rate	Decrease	Increase
Implied Volatility	Increase	Decrease

<sup>2</sup> Canadian Dollar.

<sup>3</sup> Investment is valued based on the company's financial restructuring plan.

<sup>4</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

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See Notes to Consolidated Financial Statements.

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ANNUAL REPORT

FEBRUARY 28, 2013

**Table of Contents****Consolidated Schedule of Investments** February 28, 2013**BlackRock Debt Strategies Fund, Inc. (DSU)**

(Percentages shown are based on Net Assets)

	<b>Par (000)</b>	<b>Value</b>
<b>Asset-Backed Securities</b>		
ACAS CLO Ltd. (a)(b):		
Series 2012-1A, Class D, 5.58%, 9/20/23	USD 1,000	\$ 1,005,000
Series 2013-1A, Class D, 1.00%, 4/20/25 (c)	500	477,500
Anchorage Capital CLO Ltd., Series 2012-1A, Class B, 3.16%, 1/13/25 (a)(b)	1,500	1,438,350
Apidos CDO, Series 2012-11A, Class D, 4.74%, 1/17/23 (a)(b)	550	550,825
Atrium CDO Corp., Series 9A, Class D, 3.96%, 2/28/24 (a)(b)	750	725,250
Carlyle Global Market Strategies, Series 2013-1A, Class C, 4.00%, 2/14/25 (a)(b)	250	250,000
Carlyle Global Market Strategies CLO Ltd., Series 2012-4A, Class D, 4.89%, 1/20/25 (a)(b)	600	600,900
Cavalry CLO Ltd., Series 2A, Class D, 4.38%, 1/17/24 (a)(b)	500	486,750
CFIP CLO Ltd., Series 2013-1A, Class D, 4.04%, 4/20/24 (a)(b)	1,000	949,500
CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16 (b)	625	630,125
Fraser Sullivan CLO VII Ltd., Series 2012-7A, Class C, 4.30%, 4/20/23 (a)(b)	765	764,992
Goldentree Loan Opportunities VI Ltd., Series 2012-6A, Class D, 4.50%, 4/17/22 (a)(b)	1,250	1,242,875
Highbridge Loan Management Ltd., Series 2012-1A, Class C, 5.71%, 9/20/22 (a)(b)	1,200	1,207,200
ING Investment Management (a)(b):		
Series 2012-2A, Class D, 4.85%, 10/15/22	1,275	1,278,187
Series 2012-4A, Class C, 4.73%, 10/15/23	600	604,992
LCM IX LP, Series 9A, Class E, 4.51%, 7/14/22 (a)(b)	1,000	889,900
LCM XI LP, Series 11A, Class D2, 4.25%, 4/19/22 (a)(b)	1,300	1,287,000
Octagon Investment Partners XIV Ltd., Series 2012-1A, Class C, 4.56%, 1/15/24 (a)(b)	750	727,500
OZLM Funding Ltd. (a)(b):		
Series 2012-2A, Class C, 5.08%, 10/30/23	500	504,650
Series 2013-3A, Class C, 4.15%, 1/22/25	500	488,850
Symphony CLO IX LP, Series 2012-9A, Class D, 4.55%, 4/16/22 (a)(b)	1,075	1,068,228
Symphony CLO X Ltd., Series 2012-10A, Class D, 5.55%, 7/23/23 (a)(b)	1,200	1,215,000
West CLO Ltd., Series 2012-1A, Class C, 5.05%, 10/30/23 (a)(b)	1,145	1,159,782
<b>Total Asset-Backed Securities</b> 4.1%		19,553,356

	<b>Shares</b>	
<b>Common Stocks (d)</b>		
<b>Chemicals</b> 0.0%		
GEO Specialty Chemicals, Inc.	339,340	222,268
<b>Containers &amp; Packaging</b> 0.1%		
Smurfit Kappa Plc	36,342	563,629
<b>Diversified Financial Services</b> 1.1%		
Kcad Holdings I Ltd.	756,012,055	5,103,081
<b>Electrical Equipment</b> 0.0%		
Medis Technologies Ltd.	286,757	3
<b>Hotels, Restaurants &amp; Leisure</b> 0.0%		
HRP PIK Corp., Class B	5,000	
<b>Metals &amp; Mining</b> 0.1%		
Euramax International	2,337	484,990

	<b>Shares</b>	<b>Value</b>
<b>Common Stocks (d)</b>		
<b>Paper &amp; Forest Products</b> 1.3%		
Ainsworth Lumber Co. Ltd.	1,545,197	\$ 4,899,679
NewPage Corp.	9,120	775,200
Western Forest Products, Inc. (b)	211,149	255,938
		5,930,817
<b>Semiconductors &amp; Semiconductor Equipment</b> 0.0%		
SunPower Corp.	1,707	20,040
<b>Software</b> 0.2%		

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Bankruptcy Management Solutions, Inc.	1,870	19
HMH Holdings/EduMedia	52,041	954,073
		954,092
<b>Specialty Retail 0.0%</b>		
Movie Gallery, Inc.	503,737	5
<b>Total Common Stocks 2.8%</b>		13,278,925

	<b>Par (000)</b>	
<b>Corporate Bonds</b>		
<b>Aerospace &amp; Defense 1.0%</b>		
Bombardier, Inc., 4.25%, 1/15/16 (b)	USD 980	1,016,750
DigitalGlobe, Inc., 5.25%, 2/01/21 (b)	831	824,767
Huntington Ingalls Industries, Inc., 7.13%, 3/15/21	715	779,350
Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17	1,364	1,505,515
Meccanica Holdings USA, Inc., 6.25%, 7/15/19 (b)	405	416,170
		4,542,552

<b>Airlines 0.4%</b>		
American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23	381	395,983
Continental Airlines Pass-Through Trust, Series 2012-3, Class C, 6.13%, 4/29/18	1,485	1,481,288
Delta Air Lines Pass-Through Trust, Series 2009-1, Class B, 9.75%, 2/17/16	170	188,214
		2,065,485

<b>Auto Components 1.5%</b>		
Continental Rubber of America Corp., 4.50%, 9/15/19 (b)	150	153,000
Delphi Corp., 6.13%, 5/15/21	250	272,500
Icahn Enterprises LP:		
7.75%, 1/15/16	220	229,075
8.00%, 1/15/18	4,035	4,322,494
Jaguar Land Rover Automotive Plc (FKA Jaguar Land Rover Plc):		
8.25%, 3/15/20	GBP 392	666,759
5.63%, 2/01/23 (b)	USD 425	434,563
Titan International, Inc., 7.88%, 10/01/17	940	1,008,150
Venture Holdings Co. LLC (d)(e):		
12.00%, 7/01/49	4,450	
Series B, 9.50%, 7/01/05	1,800	
		7,086,541

<b>Beverages 0.2%</b>		
Constellation Brands, Inc.:		
7.25%, 5/15/17	57	64,624
6.00%, 5/01/22	323	352,878
Crown European Holdings SA:		
7.13%, 8/15/18	EUR 52	73,489
7.13%, 8/15/18 (b)	244	344,835
Refresco Group BV, 7.38%, 5/15/18	213	290,679
		1,126,505

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Corporate Bonds</b>		
<b>Building Products 0.7%</b>		
Building Materials Corp. of America (b):		
7.00%, 2/15/20	USD 1,000	\$ 1,082,500
6.75%, 5/01/21	590	633,512
Momentive Performance Materials, Inc., 8.88%, 10/15/20	375	384,844
USG Corp., 9.75%, 1/15/18	980	1,152,725
		3,253,581
<b>Capital Markets 0.3%</b>		
E*Trade Financial Corp., 0.01%, 8/31/19 (b)(f)(g)	593	620,056
KKR Group Finance Co. LLC, 6.38%, 9/29/20 (b)	365	429,231
Nuveen Investments, Inc., 9.13%, 10/15/17 (b)	302	303,510
		1,352,797
<b>Chemicals 4.2%</b>		
Ashland, Inc., 3.88%, 4/15/18 (b)	475	482,125
Axiall Corp., 4.88%, 5/15/23 (b)	282	286,230
Celanese US Holdings LLC, 5.88%, 6/15/21	1,104	1,206,120
Ciech Group Financing AB, 9.50%, 11/30/19	EUR 130	184,996
Eagle Spinco, Inc., 4.63%, 2/15/21 (b)	USD 598	607,717
GEO Specialty Chemicals, Inc., 7.50%, 3/31/15 (b)(g)(h)	4,171	7,132,046
Huntsman International LLC:		
4.88%, 11/15/20	803	794,970
4.88%, 11/15/20	455	448,175
8.63%, 3/15/21	735	830,550
INEOS Finance Plc, 7.50%, 5/01/20 (b)	295	317,863
LyondellBasell Industries NV:		
5.00%, 4/15/19	562	626,630
6.00%, 11/15/21	368	432,400
5.75%, 4/15/24	1,775	2,063,437
NOVA Chemicals Corp., 8.63%, 11/01/19	570	646,950
Nufarm Australia Ltd., 6.38%, 10/15/19 (b)	225	238,500
Orion Engineered Carbons Bondco GmbH, 9.63%, 6/15/18 (b)	800	880,000
Rockwood Specialties Group, Inc., 4.63%, 10/15/20	940	972,900
Tronox Finance LLC, 6.38%, 8/15/20 (b)	1,569	1,559,194
US Coatings Acquisition, Inc./Flash Dutch 2 BV, 5.75%, 2/01/21	EUR 100	133,166
		19,843,969
<b>Commercial Banks 0.6%</b>		
CIT Group, Inc.:		
5.00%, 5/15/17	USD 620	659,525
6.63%, 4/01/18 (b)	160	181,600
5.50%, 2/15/19 (b)	1,430	1,555,125
5.00%, 8/15/22	390	417,300
		2,813,550
<b>Commercial Services &amp; Supplies 1.7%</b>		
ADS Waste Holdings, Inc., 8.25%, 10/01/20 (b)		
	206	221,450
ARAMARK Holdings Corp. (b):		
8.63%, 5/01/16 (h)	625	637,506
5.75%, 3/15/20 (c)	1,052	1,073,040
AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (b)	714	749,986
Brickman Group Holdings, Inc., 9.13%, 11/01/18 (b)	55	59,125
Catalent Pharma Solutions, Inc., 7.88%, 10/15/18 (b)	265	268,313
Clean Harbors, Inc., 5.25%, 8/01/20	427	439,810
Covanta Holding Corp., 6.38%, 10/01/22	800	867,468

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EC Finance Plc, 9.75%, 8/01/17	EUR	60	85,187
The Geo Group, Inc., 7.75%, 10/15/17	USD	850	911,625
HDTFS, Inc. (b):			
5.88%, 10/15/20		305	317,200
6.25%, 10/15/22		425	456,875
		<b>Par</b>	
		<b>(000)</b>	<b>Value</b>
<b>Corporate Bonds</b>			
<b>Commercial Services &amp; Supplies (concluded)</b>			
Mead Products LLC/ACCO Brands Corp., 6.75%, 4/30/20 (b)	USD	212	\$ 224,455
Mobile Mini, Inc., 7.88%, 12/01/20		640	712,000
Verisure Holding AB:			
8.75%, 9/01/18	EUR	290	408,898
8.75%, 12/01/18		149	198,417
West Corp., 8.63%, 10/01/18	USD	315	335,475
			7,966,830
<b>Communications Equipment 0.6%</b>			
Avaya, Inc.:			
9.75%, 11/01/15		288	283,320
7.00%, 4/01/19 (b)		485	463,175
Zayo Group LLC/Zayo Capital, Inc.:			
8.13%, 1/01/20		1,000	1,117,500
10.13%, 7/01/20		1,020	1,195,950
			3,059,945
<b>Construction Materials 1.0%</b>			
Buzzi Unicem SpA, 6.25%, 9/28/18	EUR	106	148,864
HD Supply, Inc. (b):			
8.13%, 4/15/19 (i)	USD	2,080	2,342,600
7.50%, 7/15/20		1,860	1,862,325
11.50%, 7/15/20		340	391,850
HeidelbergCement AG, 7.50%, 4/03/20	EUR	46	72,367
			4,818,006
<b>Consumer Finance 0.1%</b>			
Ford Motor Credit Co. LLC:			
7.00%, 4/15/15	USD	280	309,505
6.63%, 8/15/17		148	172,834
			482,339
<b>Containers &amp; Packaging 1.4%</b>			
Ardagh Packaging Finance Plc:			
7.38%, 10/15/17	EUR	100	141,652
7.38%, 10/15/17		100	141,652
7.38%, 10/15/17 (b)		385	545,361
7.38%, 10/15/17 (b)	USD	873	950,479
9.13%, 10/15/20 (b)		300	327,000
Ball Corp., 6.75%, 9/15/20		625	689,062
Berry Plastics Corp.:			
4.18%, 9/15/14 (a)		495	495,000
8.25%, 11/15/15		655	682,641
9.75%, 1/15/21		210	242,550
Beverage Packaging Holdings Luxembourg II SA, 8.00%, 12/15/16	EUR	1,243	1,627,180
Crown Americas LLC/Crown Americas Capital Corp. III, 6.25%, 2/01/21	USD	69	75,210
Crown Americas LLC/Crown Americas Capital Corp. IV, 4.50%, 1/15/23 (b)		752	735,080
			6,652,867
<b>Distributors 0.1%</b>			
VWR Funding, Inc., 7.25%, 9/15/17 (b)		615	647,288
<b>Diversified Consumer Services 0.5%</b>			
313 Group, Inc. (b):			
6.38%, 12/01/19		403	392,925
8.75%, 12/01/20		880	869,000
Laureate Education, Inc., 9.25%, 9/01/19 (b)		1,025	1,114,688
ServiceMaster Co., 8.00%, 2/15/20		235	249,100
			2,625,713

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<b>Diversified Financial Services</b>	<b>3.5%</b>		
Aircastle Ltd., 6.25%, 12/01/19		261	281,228
Ally Financial, Inc.:			
7.50%, 12/31/13		90	94,500

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

		Par (000)	Value
<b>Corporate Bonds</b>			
<b>Diversified Financial Services (concluded)</b>			
Ally Financial, Inc. (concluded):			
8.30%, 2/12/15	USD	1,330	\$ 1,479,625
7.50%, 9/15/20		1,990	2,407,900
8.00%, 11/01/31		2,000	2,512,500
CNG Holdings, Inc., 9.38%, 5/15/20 (b)		490	483,263
Co-Operative Group Ltd., 5.63%, 7/08/20 (j)	GBP	240	381,568
DPL, Inc.:			
6.50%, 10/15/16	USD	50	52,500
7.25%, 10/15/21		130	139,425
Gala Group Finance Plc, 8.88%, 9/01/18	GBP	400	655,366
Reynolds Group Issuer, Inc.:			
7.13%, 4/15/19	USD	1,070	1,148,912
9.00%, 4/15/19		195	206,700
9.88%, 8/15/19		1,450	1,587,750
5.75%, 10/15/20		3,640	3,758,300
6.88%, 2/15/21		515	549,762
WMG Acquisition Corp., 6.00%, 1/15/21 (b)		656	678,960
			16,418,259
<b>Diversified Telecommunication Services 1.0%</b>			
Level 3 Communications, Inc., 8.88%, 6/01/19 (b)		520	561,600
Level 3 Financing, Inc.:			
8.13%, 7/01/19		2,902	3,163,180
7.00%, 6/01/20 (b)		340	357,000
OTE Plc, 7.25%, 2/12/15 (j)	EUR	104	136,456
Telenet Finance V Luxembourg SCA:			
6.25%, 8/15/22		119	159,244
6.75%, 8/15/24		222	302,875
			4,680,355
<b>Electric Utilities 0.1%</b>			
Mirant Mid Atlantic Pass-Through Trust, Series B, 9.13%, 6/30/17	USD	475	527,094
<b>Electrical Equipment 0.3%</b>			
Belden, Inc., 5.50%, 9/01/22 (b)		360	369,000
General Cable Corp., 5.75%, 10/01/22 (b)		670	686,750
Techem GmbH, 6.13%, 10/01/19	EUR	200	277,429
			1,333,179
<b>Energy Equipment &amp; Services 2.7%</b>			
Calfrac Holdings LP, 7.50%, 12/01/20 (b)	USD	1,680	1,688,400
Compagnie Générale de Géophysique, Veritas, 6.50%, 6/01/21		1,000	1,040,000
FTS International Services LLC/FTS International Bonds, Inc., 8.13%, 11/15/18 (b)		779	806,265
Gulfmark Offshore, Inc., 6.38%, 3/15/22		130	134,225
Hornbeck Offshore Services, Inc., 5.88%, 4/01/20		265	278,250
MEG Energy Corp. (b):			
6.50%, 3/15/21		1,135	1,197,425
6.38%, 1/30/23		775	802,125
Oil States International, Inc.:			
6.50%, 6/01/19		475	508,250
5.13%, 1/15/23 (b)		653	653,000
Peabody Energy Corp.:			
6.00%, 11/15/18		339	360,187
6.25%, 11/15/21		1,706	1,774,240
Precision Drilling Corp.:			
6.63%, 11/15/20		125	132,813

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6.50%, 12/15/21		840	890,400
Rain CII Carbon LLC/CII Carbon Corp., 8.25%, 1/15/21 (b)		377	395,850
Seadrill Ltd., 5.63%, 9/15/17 (b)		1,783	1,805,287
Tervita Corp., 8.00%, 11/15/18 (b)		597	614,910
			13,081,627
		<b>Par</b>	<b>Value</b>
		<b>(000)</b>	
<b>Corporate Bonds</b>			
<b>Food &amp; Staples Retailing 0.2%</b>			
Bakkavor Finance 2 Plc, 8.25%, 2/15/18	GBP	192	\$ 295,643
Rite Aid Corp., 9.25%, 3/15/20	USD	435	487,200
			782,843
<b>Food Products 0.3%</b>			
Post Holdings, Inc., 7.38%, 2/15/22		545	588,600
Smithfield Foods, Inc., 6.63%, 8/15/22		554	602,475
			1,191,075
<b>Health Care Equipment &amp; Supplies 1.3%</b>			
Biomet, Inc. (b):			
6.50%, 8/01/20		1,211	1,280,632
6.50%, 10/01/20		2,593	2,670,790
DJO Finance LLC:			
8.75%, 3/15/18		295	325,606
7.75%, 4/15/18		770	766,150
9.88%, 4/15/18		350	373,625
Kinetic Concepts, Inc./KCI USA, Inc., 12.50%, 11/01/19 (b)		145	142,100
Teleflex, Inc., 6.88%, 6/01/19		475	516,563
			6,075,466
<b>Health Care Providers &amp; Services 3.7%</b>			
Aviv Healthcare Properties LP, 7.75%, 2/15/19		700	750,750
Care UK Health & Social Care Plc, 9.75%, 8/01/17	GBP	65	99,348
CHS/Community Health Systems, Inc.:			
5.13%, 8/15/18	USD	345	362,681
7.13%, 7/15/20		333	358,808
Crown Newco 3 Plc:			
7.00%, 2/15/18	GBP	194	303,873
7.00%, 2/15/18 (b)		108	169,166
DaVita HealthCare Partners, Inc., 5.75%, 8/15/22	USD	661	689,092
HCA, Inc.:			
6.50%, 2/15/20		1,900	2,128,000
7.88%, 2/15/20		1,245	1,380,394
7.25%, 9/15/20		380	421,800
5.88%, 3/15/22		1,905	2,052,637
4.75%, 5/01/23		581	579,548
Hologic, Inc., 6.25%, 8/01/20 (b)		977	1,030,735
IASIS Healthcare LLC, 8.38%, 5/15/19		522	537,660
inVentiv Health, Inc., 9.00%, 1/15/18 (b)		510	531,675
Omnicare, Inc., 7.75%, 6/01/20		1,310	1,454,100
Tenet Healthcare Corp.:			
6.25%, 11/01/18		516	571,470
8.88%, 7/01/19		2,305	2,604,650
6.75%, 2/01/20		340	363,800
4.50%, 4/01/21 (b)		576	568,080
Vanguard Health Holding Co. II LLC, 7.75%, 2/01/19 (b)		565	605,256
			17,563,523
<b>Health Care Technology 0.8%</b>			
IMS Health, Inc., 12.50%, 3/01/18 (b)		3,205	3,862,025
<b>Hotels, Restaurants &amp; Leisure 2.6%</b>			
Caesars Entertainment Operating Co., Inc.:			
10.00%, 12/15/18		104	68,640
9.00%, 2/15/20 (b)		106	104,675
Caesars Operating Escrow LLC:			
8.50%, 2/15/20		880	858,000
9.00%, 2/15/20 (b)		1,181	1,166,237
Carlson Wagonlit BV, 6.88%, 6/15/19 (b)		260	271,700

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Choice Hotels International, Inc., 5.75%, 7/01/22		170	188,700
Cirsa Funding Luxembourg SA, 8.75%, 5/15/18	EUR	2,469	3,158,933
Diamond Resorts Corp., 12.00%, 8/15/18	USD	1,040	1,144,000

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BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

		Par (000)	Value
<b>Corporate Bonds</b>			
<b>Hotels, Restaurants &amp; Leisure (concluded)</b>			
Gategroup Finance Luxembourg SA, 6.75%, 3/01/19	EUR	235	\$ 316,008
HRP Myrtle Beach Holdings LLC, 14.50%, 4/01/14 (b)(d)(e)	USD	6,892	1
HRP Myrtle Beach Operations LLC (d)(e):			
12.50%, 4/01/13 (b)		5,000	1
14.50%, 4/01/14		5,000	1
Little Traverse Bay Bands of Odawa Indians, 9.00%, 8/31/20 (b)		609	584,640
Regal Entertainment Group, 5.75%, 2/01/25		189	185,220
Six Flags Entertainment Corp., 5.25%, 1/15/21 (b)		412	403,760
Station Casinos LLC:			
3.66%, 6/18/18		310	310,000
7.50%, 3/01/21 (b)		922	927,762
Travelport LLC, 4.91%, 9/01/14 (a)		1,770	1,610,700
Tropicana Entertainment LLC,			
9.63%, 12/15/14 (d)(e)		530	
The Unique Pub Finance Co. Plc, Series A3, 6.54%, 3/30/21	GBP	100	151,326
Wynn Las Vegas LLC, 5.38%, 3/15/22	USD	888	933,510
			12,383,814
<b>Household Durables 1.6%</b>			
Algeco Scotsman Global Finance Plc, 9.00%, 10/15/18	EUR	380	515,953
Ashton Woods USA LLC/Ashton Woods Finance Corp., 6.88%, 2/15/21 (b)	USD	366	367,830
Beazer Homes USA, Inc., 6.63%, 4/15/18		640	684,000
Brookfield Residential Properties, Inc., 6.50%, 12/15/20 (b)		655	694,300
K. Hovnanian Enterprises, Inc., 7.25%, 10/15/20 (b)		1,505	1,655,500
Libbey Glass, Inc., 6.88%, 5/15/20		175	187,688
Spie BondCo 3 SCA, 11.00%, 8/15/19	EUR	244	355,188
Standard Pacific Corp., 8.38%, 1/15/21	USD	1,685	2,000,937
United Rentals North America, Inc., 5.75%, 7/15/18		877	943,871
			7,405,267
<b>Household Products 0.2%</b>			
Ontex IV SA:			
7.50%, 4/15/18	EUR	100	135,777
9.00%, 4/15/19		217	290,387
Spectrum Brands Escrow Corp. (b):			
6.38%, 11/15/20	USD	175	186,156
6.63%, 11/15/22		200	215,500
			827,820
<b>Independent Power Producers &amp; Energy Traders 4.1%</b>			
The AES Corp.:			
7.75%, 10/15/15		300	336,000
9.75%, 4/15/16		1,305	1,552,950
7.38%, 7/01/21		130	146,900
Calpine Corp. (b):			
7.25%, 10/15/17		818	870,147
7.50%, 2/15/21		315	342,563
Energy Future Intermediate Holding Co. LLC:			
6.88%, 8/15/17 (b)		715	754,325
10.00%, 12/01/20 (b)		1,875	2,114,062
10.00%, 12/01/20		6,060	6,878,100
GenOn REMA LLC:			
Series B, 9.24%, 7/02/17		460	507,529
Series C, 9.68%, 7/02/26		460	501,400
Laredo Petroleum, Inc.:			

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9.50%, 2/15/19		1,210	1,367,300
7.38%, 5/01/22		360	390,600
		<b>Par</b>	
		<b>(000)</b>	<b>Value</b>
<b>Corporate Bonds</b>			
<b>Independent Power Producers &amp; Energy Traders (concluded)</b>			
NRG Energy, Inc.:			
7.63%, 1/15/18	USD	1,423	\$ 1,631,114
6.63%, 3/15/23 (b)		1,435	1,528,275
QEP Resources, Inc., 5.38%, 10/01/22		335	350,913
			19,272,178
<b>Industrial Conglomerates 0.2%</b>			
Sequa Corp., 7.00%, 12/15/17 (b)		920	926,900
<b>Insurance 0.2%</b>			
CNO Financial Group, Inc., 6.38%, 10/01/20 (b)			
MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (b)		415	410,850
TMF Group Holding BV, 9.88%, 12/01/19	EUR	100	131,861
			770,611
<b>Internet Software &amp; Services 0.0%</b>			
Equinix, Inc., 4.88%, 4/01/20			
	USD	100	100,000
<b>IT Services 1.2%</b>			
Ceridian Corp., 8.88%, 7/15/19 (b)			
Epicor Software Corp., 8.63%, 5/01/19		720	775,800
First Data Corp.:			
7.38%, 6/15/19 (b)		835	877,794
6.75%, 11/01/20 (b)		960	985,200
8.25%, 1/15/21 (b)		222	226,995
12.63%, 1/15/21		566	603,497
SunGard Data Systems, Inc., 6.63%, 11/01/19 (b)		740	760,350
WEX, Inc., 4.75%, 2/01/23 (b)		395	382,163
			5,716,749
<b>Machinery 1.0%</b>			
Silver II Borrower/Silver II US Holdings LLC, 7.75%, 12/15/20 (b)			
Terex Corp., 6.00%, 5/15/21		760	788,500
Trinseo Materials Operating SCA, 8.75%, 2/01/19 (b)		411	409,459
UR Merger Sub Corp.:			
7.38%, 5/15/20		565	618,675
7.63%, 4/15/22		2,328	2,578,260
			4,642,414
<b>Media 3.9%</b>			
AMC Networks, Inc.:			
7.75%, 7/15/21		605	686,675
4.75%, 12/15/22		191	190,284
Cengage Learning Acquisitions, Inc., 11.50%, 4/15/20 (b)		415	327,850
Checkout Holding Corp., 11.49%, 11/15/15 (b)(f)		700	517,125
Cinemark USA, Inc.:			
8.63%, 6/15/19		410	454,587
5.13%, 12/15/22 (b)		145	145,725
Clear Channel Communications, Inc., 9.00%, 12/15/19 (b)(c)		896	833,280
Clear Channel Worldwide Holdings, Inc.:			
6.50%, 11/15/22 (b)		684	714,780
6.50%, 11/15/22 (b)		1,846	1,942,915
Series B, 7.63%, 3/15/20		1,100	1,138,500
DISH DBS Corp., 5.88%, 7/15/22		1,265	1,334,575
Intelsat Jackson Holdings SA, 7.25%, 10/15/20		1,160	1,244,100
Intelsat Luxembourg SA:			
11.25%, 2/04/17		250	265,625
11.50%, 2/04/17 (h)		1,190	1,265,862
Interactive Data Corp., 10.25%, 8/01/18		1,545	1,751,644
Lynx II Corp., 6.38%, 4/15/23 (b)		200	207,250
The McClatchy Co., 9.00%, 12/15/22 (b)		230	243,225
NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (b)		920	1,002,800
Nara Cable Funding Ltd., 8.88%, 12/01/18	EUR	200	274,165

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BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

		Par (000)	Value
<b>Corporate Bonds</b>			
<b>Media (concluded)</b>			
Nielsen Finance LLC, 7.75%, 10/15/18	USD	658	\$ 728,735
ProQuest LLC, 9.00%, 10/15/18 (b)		139	137,958
Sterling Entertainment Corp., 10.00%, 12/15/19		850	850,000
Unitymedia Hessen GmbH & Co. KG:			
7.50%, 3/15/19		1,040	1,133,600
5.50%, 1/15/23 (b)		830	838,300
Univision Communications, Inc., 6.75%, 9/15/22 (b)		255	275,400
			18,504,960
<b>Metals &amp; Mining 2.2%</b>			
ArcelorMittal:			
9.50%, 2/15/15		1,345	1,518,169
4.25%, 8/05/15		698	722,669
5.00%, 2/25/17		278	289,259
6.13%, 6/01/18		357	384,952
6.75%, 2/25/22		287	316,018
Eco-Bat Finance Plc, 7.75%, 2/15/17	EUR	305	411,134
FMG Resources August 2006 Property Ltd., 6.38%, 2/01/16 (b)	USD	445	463,913
Global Brass and Copper, Inc., 9.50%, 6/01/19 (b)		485	527,437
Kaiser Aluminum Corp., 8.25%, 6/01/20		360	402,300
New Gold, Inc. (b):			
7.00%, 4/15/20		120	129,600
6.25%, 11/15/22		485	510,463
Novelis, Inc., 8.75%, 12/15/20		3,625	4,060,000
Perstorp Holding AB, 8.75%, 5/15/17 (b)		205	215,250
RathGibson, Inc., 11.25%, 2/15/14 (d)(e)		4,440	
Schmolz & Bickenbach Luxembourg SA, 9.88%, 5/15/19	EUR	260	303,903
Steel Dynamics, Inc., 6.38%, 8/15/22 (b)	USD	390	417,300
			10,672,367
<b>Multiline Retail 0.3%</b>			
Dollar General Corp., 4.13%, 7/15/17		241	254,858
Dufry Finance SCA, 5.50%, 10/15/20 (b)		1,068	1,113,390
			1,368,248
<b>Oil, Gas &amp; Consumable Fuels 7.3%</b>			
Access Midstream Partners LP:			
6.13%, 7/15/22		785	841,912
4.88%, 5/15/23		360	356,400
Chaparral Energy, Inc., 7.63%, 11/15/22		215	233,275
Chesapeake Energy Corp.:			
7.25%, 12/15/18		45	50,850
6.63%, 8/15/20		500	547,500
6.88%, 11/15/20		285	313,500
6.13%, 2/15/21		435	461,100
Concho Resources, Inc.:			
6.50%, 1/15/22		414	451,260
5.50%, 10/01/22		498	518,543
CONSOL Energy, Inc.:			
8.25%, 4/01/20		1,885	2,078,212
6.38%, 3/01/21		440	453,200
Crosstex Energy LP, 8.88%, 2/15/18		370	398,675
Denbury Resources, Inc., 4.63%, 7/15/23		714	700,612
Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19		1,300	1,394,250
EP Energy LLC/Everest Acquisition Finance, Inc., 6.88%, 5/01/19		440	479,600

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Halcon Resources Corp., 8.88%, 5/15/21 (b)	666	715,950
Hilcorp Energy I LP, 7.63%, 4/15/21 (b)	734	809,235
Holly Energy Partners LP, 6.50%, 3/01/20 (b)	150	160,500
Kinder Morgan Finance Co. LLC, 6.00%, 1/15/18 (b)	925	1,020,889
Kodiak Oil & Gas Corp., 8.13%, 12/01/19	605	680,625
Linn Energy LLC:		
6.25%, 11/01/19 (b)	1,685	1,718,700
8.63%, 4/15/20	180	199,125
7.75%, 2/01/21	715	772,200
	<b>Par</b>	
<b>Corporate Bonds</b>	<b>(000)</b>	<b>Value</b>
<b>Oil, Gas &amp; Consumable Fuels (concluded)</b>		
MarkWest Energy Partners LP:		
5.50%, 2/15/23	USD 275	\$ 288,750
4.50%, 7/15/23	393	384,158
Newfield Exploration Co., 5.63%, 7/01/24	1,000	1,045,000
Northern Oil and Gas, Inc., 8.00%, 6/01/20	505	527,725
Oasis Petroleum, Inc.:		
7.25%, 2/01/19	270	291,600
6.50%, 11/01/21	290	313,200
Offshore Group Investments Ltd., 11.50%, 8/01/15	739	805,510
PBF Holding Co. LLC, 8.25%, 2/15/20 (b)	334	363,225
PDC Energy, Inc., 7.75%, 10/15/22 (b)	335	354,263
PetroBakken Energy Ltd., 8.63%, 2/01/20 (b)	633	645,660
Pioneer Natural Resources Co., 7.20%, 1/15/28	1,080	1,397,841
Plains Exploration & Production Co., 6.88%, 2/15/23	855	985,387
Range Resources Corp.:		
6.75%, 8/01/20	420	458,850
5.75%, 6/01/21	1,273	1,355,745
5.00%, 8/15/22	504	515,340
Sabine Pass Liquefaction LLC, 5.63%, 2/01/21 (b)	2,589	2,673,142
Sabine Pass Liquefied Natural Gas LP:		
7.50%, 11/30/16	2,905	3,210,025
6.50%, 11/01/20 (b)	525	553,875
SandRidge Energy, Inc., 7.50%, 2/15/23	1,119	1,172,152
SESI LLC:		
6.38%, 5/01/19	530	568,425
7.13%, 12/15/21	525	581,438
SM Energy Co.:		
6.50%, 11/15/21	425	462,188
6.50%, 1/01/23	200	216,500
Tesoro Logistics LP/Tesoro Logistics Finance Corp., 5.88%, 10/01/20 (b)	125	130,313
		34,656,425
<b>Paper &amp; Forest Products 0.2%</b>		
Ainsworth Lumber Co. Ltd., 7.50%, 12/15/17 (b)	575	619,563
Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (b)	280	294,000
NewPage Corp., 11.38%, 12/31/14 (d)(e)	2,107	
Sappi Papier Holding GmbH, 8.38%, 6/15/19 (b)	200	224,000
		1,137,563
<b>Pharmaceuticals 0.4%</b>		
Mylan, Inc., 6.00%, 11/15/18 (b)	60	66,082
Valeant Pharmaceuticals International (b):		
6.50%, 7/15/16	466	489,591
6.38%, 10/15/20	650	699,563
7.25%, 7/15/22	660	728,475
		1,983,711
<b>Professional Services 0.1%</b>		
Truven Health Analytics, Inc., 10.63%, 6/01/20 (b)	380	425,600
<b>Real Estate Investment Trusts (REITs) 0.4%</b>		
Cantor Commercial Real Estate Co. LP/CCRE Finance Corp., 7.75%, 2/15/18 (b)	455	457,275
Felcor Lodging LP:		
6.75%, 6/01/19	1,325	1,423,547
5.63%, 3/01/23 (b)	206	207,287
		2,088,109

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### Real Estate Management & Development 1.3%

Mattamy Group Corp., 6.50%, 11/15/20 (b)	605	602,731
Realty Corp.:		
11.50%, 4/15/17	275	293,219
12.00%, 4/15/17	160	170,800
7.88%, 2/15/19 (b)	1,760	1,914,000
7.63%, 1/15/20 (b)	1,190	1,341,725
9.00%, 1/15/20 (b)	310	355,725

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BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Corporate Bonds</b>		
<b>Real Estate Management &amp; Development (concluded)</b>		
Shea Homes LP, 8.63%, 5/15/19	USD 1,495	\$ 1,659,450
		6,337,650
<b>Road &amp; Rail 0.7%</b>		
The Hertz Corp.:		
7.50%, 10/15/18	1,490	1,627,825
6.75%, 4/15/19 (b)	285	307,088
7.38%, 1/15/21	1,385	1,526,962
		3,461,875
<b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>		
NXP BV/NXP Funding LLC, 5.75%, 2/15/21 (b)	545	557,263
<b>Software 0.8%</b>		
IAC/InterActiveCorp, 4.75%, 12/15/22 (b)	373	364,608
Infor US, Inc., 9.38%, 4/01/19	2,420	2,716,450
Nuance Communications, Inc., 5.38%, 8/15/20 (b)	695	703,687
		3,784,745
<b>Specialty Retail 0.7%</b>		
Claire's Stores, Inc., 9.00%, 3/15/19 (b)	734	814,740
Michaels Stores, Inc., 7.75%, 11/01/18	223	243,349
New Academy Finance Co. LLC/New Academy Finance Corp., 8.00%, 6/15/18 (b)(h)	155	160,037
Party City Holdings, Inc., 8.88%, 8/01/20 (b)	422	458,925
Penske Automotive Group, Inc., 5.75%, 10/01/22 (b)	495	517,894
QVC, Inc., 5.13%, 7/02/22	5	5,287
Sally Holdings LLC:		
6.88%, 11/15/19	650	724,750
5.75%, 6/01/22	300	316,875
		3,241,857
<b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>		
Levi Strauss & Co., 6.88%, 5/01/22	265	287,856
PVH Corp., 7.75%, 11/15/23	410	503,320
		791,176
<b>Trading Companies &amp; Distributors 0.5%</b>		
Doric Nimrod Air Finance Alpha Ltd., Series 2012-1 (b):		
Class A, 5.13%, 11/30/24	1,190	1,279,250
Class B, 6.50%, 5/30/21	940	993,728
		2,272,978
<b>Transportation Infrastructure 0.1%</b>		
Aguila 3 SA, 7.88%, 1/31/18 (b)	353	374,180
<b>Wireless Telecommunication Services 2.7%</b>		
Crown Castle International Corp., 5.25%, 1/15/23 (b)	1,165	1,194,125
Digicel Group Ltd., 8.25%, 9/30/20 (b)	995	1,061,167
Digicel Ltd., 8.25%, 9/01/17 (b)	810	854,550
MetroPCS Wireless, Inc., 6.63%, 11/15/20	608	636,120
Sprint Capital Corp., 6.88%, 11/15/28	1,650	1,666,500
Sprint Nextel Corp. (b):		
9.00%, 11/15/18	4,260	5,282,400
7.00%, 3/01/20	1,770	2,070,900
		12,765,762

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**Total Corporate Bonds 61.2%** 290,323,636

**Floating Rate Loan Interests (a)**

**Aerospace & Defense 0.3%**

DigitalGlobe, Inc., Term Loan B, 3.75%, 1/24/20	930	933,776
Transdigm, Inc., Term Loan C, 4.00%, 2/28/20	475	475,893

1,409,669

**Floating Rate Loan Interests (a)**

**Airlines 0.6%**

	<b>Par (000)</b>	<b>Value</b>
Delta Air Lines, Inc., Term Loan B, 4.50%, 4/20/17	USD 1,852	\$ 1,868,651
Northwest Airlines, Inc.:		
Term Loan, 2.32%, 3/10/17	243	226,233
Term Loan, 2.32%, 3/10/17	440	409,640
Term Loan, 1.70%, 9/10/18	199	177,667
Term Loan, 1.70%, 9/10/18	198	176,774
US Airways Group, Inc., Term Loan, 2.70%, 3/21/14	185	184,471

3,043,436

**Auto Components 2.3%**

**Autoparts Holdings Ltd.:**

First Lien Term Loan, 6.50%, 7/28/17	1,383	1,390,560
Second Lien Term Loan, 10.50%, 1/29/18	1,800	1,827,000

**Federal-Mogul Corp.:**

Term Loan B, 2.14%, 12/29/14	2,193	2,040,387
Term Loan C, 2.14%, 12/28/15	586	544,731
FleetPride Corp., First Lien Term Loan, 5.25%, 11/20/19	650	657,514
The Goodyear Tire & Rubber Co., Second Lien Term Loan, 4.75%, 4/30/19	2,170	2,178,138
Schaeffler AG, Term Loan B2, 6.00%, 1/27/17	1,515	1,514,621
Transtar Holding Co., First Lien Term Loan, 5.50%, 10/09/18	908	916,802

11,069,753

**Biotechnology 0.2%**

Grifols, Inc., Term Loan B, 4.25%, 6/01/17	1,025	1,030,485
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**Building Products 0.8%**

Armstrong World Industries, Inc., Term Loan B, 4.00%, 3/09/18	1,106	1,106,268
CPG International, Inc., Term Loan, 5.75%, 9/18/19	1,441	1,452,198
Wilsonart International Holdings LLC, Term Loan B, 5.50%, 10/31/19	1,430	1,445,015

4,003,481

**Capital Markets 1.1%**

American Capital Holdings, Inc., Term Loan, 5.50%, 8/22/16	1,025	1,035,250
HarbourVest Partners LLC, Term Loan B, 4.75%, 11/21/17	658	661,380

**Nuveen Investments, Inc.:**

Extended First Lien Term Loan, 5.70% 5.81%, 5/13/17	418	423,353
Extended Term Loan, 5.70% 5.81%, 5/12/17	1,202	1,218,085
Incremental Term Loan, 7.25%, 5/13/17	405	407,025
Second Lien Term Loan, 8.25%, 2/28/19	1,241	1,265,820

5,010,913

**Chemicals 2.8%**

American Rock Salt Holdings LLC, Term Loan, 5.50%, 4/25/17	2,230	2,208,374
Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16	1,300	1,309,750
Evergreen Acqco 1 LP, Term Loan, 5.00%, 7/09/19	801	808,206
General Chemical Corp., Term Loan, 5.00% 5.75%, 10/06/15	882	885,680
INEOS US Finance LLC, 6 Year Term Loan, 6.50%, 5/04/18	1,405	1,434,164
MacDermid, Inc., Tranche C Term Loan, 2.31%, 4/11/14	EUR 606	790,184
Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17	USD 1,686	1,680,846

See Notes to Consolidated Financial Statements.



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## Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

		<b>Par (000)</b>	<b>Value</b>
<b>Floating Rate Loan Interests (a)</b>			
<b>Chemicals (concluded)</b>			
Tronox Pigments (Netherlands) BV, Delayed Draw Term Loan B, 4.25%, 2/08/18	USD	668	\$ 667,561
Univar, Inc., Term Loan B, 5.00%, 6/30/17		549	546,781
US Coatings Acquisition, Inc.:			
Term Loan, 4.75%, 2/03/20		2,830	2,864,356
Term Loan B, 5.25%, 2/03/20	EUR	125	164,855
			13,360,757
<b>Commercial Banks 0.3%</b>			
Everest Acquisition LLC, Term Loan B1, 5.00%, 5/24/18	USD	1,190	1,199,984
<b>Commercial Services &amp; Supplies 2.8%</b>			
ACCO Brands Corp., Term Loan B, 4.25%, 4/30/19		950	957,377
ADS Waste Holdings, Inc., Term Loan B, 5.25%, 10/09/19		2,375	2,377,232
Altegrity, Inc.:			
7.75%, 2/20/15		1,127	1,127,151
Term Loan, 3.20%, 2/21/15		730	704,450
AWAS Finance Luxembourg 2012 SA, Term Loan, 4.75%, 7/16/18		431	438,622
AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16		760	766,100
Delos Aircraft, Inc., Term Loan 2, 4.75%, 4/12/16		975	980,684
Garda World Security Corp., Term Loan B, 4.50%, 11/13/19		584	589,011
KAR Auction Services, Inc., Term Loan B, 5.00%, 5/19/17		2,364	2,387,640
Progressive Waste Solutions Ltd., Term Loan B, 3.50%, 10/24/19		555	559,856
Protection One, Inc., Term Loan, 5.75%, 3/21/19		953	961,138
West Corp., Term Loan B8, 5.75%, 2/07/18		1,250	1,253,650
			13,102,911
<b>Communications Equipment 3.0%</b>			
Alcatel-Lucent:			
Term Loan B, 6.25%, 7/29/16		795	803,308
Term Loan C, 7.25%, 1/31/19		2,720	2,749,920
Term Loan D, 7.75%, 1/31/19	EUR	875	1,145,372
Avaya, Inc.:			
Extended Term Loan B3, 4.79%, 10/26/17	USD	352	327,462
Term Loan B5, 8.00%, 3/30/18		275	276,282
CommScope, Inc., Term Loan, 4.25%, 1/12/18		1,474	1,480,058
Riverbed Technology, Inc., Term Loan, 4.00%, 12/18/19		715	723,044
Telesat Canada, Term Loan A, 4.40%, 3/24/17	CAD	2,630	2,505,673
Zayo Group LLC Refinancing, Term Loan B, 5.25%, 7/12/19	USD	4,070	4,082,776
			14,093,895
<b>Construction &amp; Engineering 1.2%</b>			
BakerCorp International, Inc., Term Loan, 5.00%, 2/14/20		1,183	1,185,760
Centaur LLC:			
First Lien Term Loan, 8.75%, 2/15/19		1,040	1,040,655
Second Lien Term Loan, 8.75%, 2/15/20		510	517,650
Safway Services LLC, First Out Term Loan, 9.00%, 12/16/17		2,750	2,750,000
			5,494,065
<b>Construction Materials 1.0%</b>			
HD Supply, Inc., Senior Debt B, 4.50%, 10/12/17		4,766	4,779,128
<b>Consumer Finance 0.3%</b>			
Springleaf Financial Funding Co., Term Loan, 5.50%, 5/10/17		1,635	1,640,788
		<b>Par (000)</b>	<b>Value</b>
<b>Floating Rate Loan Interests (a)</b>			
<b>Containers &amp; Packaging 0.1%</b>			
Sealed Air Corp., Term Loan, 4.00%, 10/03/18	USD	680	\$ 687,432

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<b>Distributors 0.2%</b>		
Crossmark Holdings, Inc., Term Loan, 4.50%, 1/31/20	425	425,178
VWR Funding, Inc., Extended Term Loan B, 4.54%, 4/03/17	500	503,595
		928,773
<b>Diversified Consumer Services 1.9%</b>		
Bright Horizons Family, Inc., Term Loan B, 4.00%, 1/16/20	1,030	1,035,150
Coinmach Service Corp., Term Loan B, 3.21%, 11/20/14	4,069	3,977,063
Education Management LLC, Term Loan C3, 8.25%, 3/29/18	397	341,416
Laureate Education, Inc., Extended Term Loan, 5.25%, 6/18/18	1,291	1,297,365
ServiceMaster Co., New Term Loan, 4.25%, 4/01/17	1,580	1,574,639
Weight Watchers International, Inc., Term Loan F, 4.00%, 3/15/19	883	885,654
		9,111,287
<b>Diversified Financial Services 0.7%</b>		
Reynolds Group Holdings, Inc., Dollar Term Loan, 4.75%, 9/28/18	2,539	2,566,664
WMG Acquisition Corp., Term Loan, 5.25%, 11/01/18	660	667,425
		3,234,089
<b>Diversified Telecommunication Services 3.0%</b>		
Consolidated Communications, Inc., Term Loan B3, 5.25%, 12/31/18	1,565	1,580,165
Hawaiian Telcom Communications, Inc., Term Loan B, 7.00%, 2/28/17	2,020	2,057,811
Integra Telecom, Inc.:		
Second Lien Term Loan, 9.75%, 2/15/20	420	429,450
Term Loan, 9.25%, 2/15/19	840	849,240
Level 3 Financing, Inc.:		
2016 Term Loan B, 4.75%, 2/01/16	135	136,177
2019 Term Loan B, 5.25%, 8/01/19	110	111,123
Term Loan, 4.75%, 8/01/19	6,725	6,778,800
Syniverse Holdings, Inc., Delayed Draw Term Loan, 4.00%, 4/23/19	830	828,963
US Telepacific Corp., Term Loan B, 5.75%, 2/23/17	1,483	1,478,777
		14,250,506
<b>Electronic Equipment, Instruments &amp; Components 0.2%</b>		
CDW LLC, Extended Term Loan, 4.00%, 7/14/17	806	807,341
<b>Energy Equipment &amp; Services 1.7%</b>		
Dynegy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16	1,418	1,463,130
Dynegy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16	2,288	2,379,177
MEG Energy Corp., Term Loan, 3.75%, 3/20/20	2,963	2,969,906
Tervita Corp., Incremental Term Loan, 3.20%, 5/01/18	820	824,231
Unifrax I LLC/Unifrax Holding Co., Dollar Term Loan, 4.25%, 11/28/18	400	402,644
		8,039,088
<b>Food &amp; Staples Retailing 1.5%</b>		
Alliance Boots Holdings Ltd., Term Loan B1, 3.49%, 7/09/15	GBP 3,000	4,457,306

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests (a)</b>		
<b>Food &amp; Staples Retailing (concluded)</b>		
Pilot Travel Centers LLC, Term Loan B2, 4.25%, 8/07/19	USD 858	\$ 865,622
Rite Aid Corp.:		
Second Lien Term Loan, 5.75%, 7/07/20	430	439,795
Term Loan 6, 4.00%, 2/21/20	405	405,782
Supervalu, Inc., Term Loan B, 6.25%, 2/05/18	940	950,575
		7,119,080
<b>Food Products 1.0%</b>		
Advance Pierre Foods, Inc., Term Loan, 5.75%, 7/10/17	970	981,824
Del Monte Foods Co., Term Loan, 4.50%, 3/08/18	1,401	1,405,906
Pinnacle Foods Finance LLC, Term Loan E, 4.75%, 10/17/18	1,369	1,381,842
Solvest Ltd. (Dole):		
Term Loan B-2, 5.00% 6.00%, 7/06/18	398	398,437
Term Loan C-2, 5.00% 6.00%, 7/06/18	713	712,994
		4,881,003
<b>Health Care Equipment &amp; Supplies 2.8%</b>		
Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19	2,139	2,155,038
Biomet, Inc., Extended Term Loan B, 3.95% 4.06%, 7/25/17		
	773	777,972
BSN Medical Acquisition Holding GmbH, Term Loan B1A, 5.00%, 8/28/19	1,360	1,365,440
Capital Safety North America, Term Loan, 4.50%, 1/21/19	1,256	1,255,512
DJO Finance LLC:		
Extended Term Loan B2, 5.20%, 11/01/16	755	760,176
Term Loan B3, 6.25%, 9/15/17	2,322	2,341,333
Hologic, Inc., Term Loan B, 4.50%, 8/01/19	2,275	2,299,729
Immucor, Inc., Term Loan B2, 5.75%, 8/18/18	1,501	1,499,181
LHP Hospital Group, Inc., Term Loan, 9.00%, 7/03/18	751	768,127
		13,222,508
<b>Health Care Providers &amp; Services 3.3%</b>		
American Renal Holdings Co., Inc.:		
First Lien Term Loan, 4.50%, 8/14/19	1,075	1,072,312
Second Lien Term Loan, 8.50%, 2/14/20	850	847,875
Ardent Medical Services, Inc., Term Loan, 6.75%, 7/02/18	510	517,012
CHG Buyer Corp., First Lien Term Loan, 5.00%, 11/22/19	785	793,715
ConvaTec, Inc., Term Loan, 5.00%, 12/22/16	1,766	1,783,967
DaVita, Inc.:		
Term Loan B, 4.50%, 10/20/16	1,960	1,973,994
Term Loan B2, 4.00%, 11/01/19	1,115	1,123,006
Emergency Medical Services Corp., Term Loan, 4.00%, 5/25/18	687	688,112
Genesis HealthCare Corp., Term Loan B, 10.00% 10.75%, 9/25/17		
	781	765,264
Harden Healthcare LLC:		
Add on Term Loan A, 7.75%, 3/02/15	1,817	1,779,014
Term Loan A, 8.50%, 3/02/15	546	541,173
inVentiv Health, Inc.:		
Combined Term Loan, 7.50%, 8/04/16	381	374,611
Incremental Term Loan B-3, 7.75%, 5/15/18	545	536,399
Medpace, Inc., Term Loan, 6.50% 7.25%, 6/16/17		
	1,845	1,835,426
US Renal Care, Inc., First Lien Term Loan, 6.25%, 7/02/19	905	917,900
		15,549,780

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Floating Rate Loan Interests (a)	Par (000)	Value
<b>Health Care Technology 0.9%</b>		
IMS Health, Inc., Tranche B Term Loan, 3.75%, 8/25/17	USD 2,648	\$ 2,654,278
Kinetic Concepts, Inc., Term Loan C1, 5.50%, 5/04/18	1,297	1,312,904
MedAssets, Inc., Term Loan B, 4.00%, 12/13/19	515	518,003
		4,485,185
<b>Hotels, Restaurants &amp; Leisure 4.2%</b>		
Alpha D2 Ltd., Term Loan B, 6.00%, 4/30/19	1,177	1,191,233
Caesars Entertainment Operating Co., Inc., Term Loan B1, 3.20%, 1/28/15	2,544	2,536,304
Golden Living, Term Loan, 5.00%, 5/04/18	1,011	969,145
Harrah's Property Co., Mezzanine Term Loan, 3.69%, 2/13/14	2,703	2,486,392
MGM Resorts International, Term Loan B, 4.25%, 12/20/19	1,395	1,411,042
OSI Restaurant Partners LLC, Term Loan B, 4.75%, 10/24/19	1,043	1,056,176
Sabre, Inc., Term Loan B, 5.25%, 2/19/19	585	584,585
SeaWorld Parks & Entertainment, Inc., Term Loan B, 4.00%, 8/17/17	1,417	1,422,459
Six Flags Theme Parks, Inc., Term Loan B, 4.00% 5.25%, 12/20/18	389	393,773
Station Casinos, Inc.:		
2011 Term Loan B2, 6.25%, 6/17/16	1,670	1,656,089
Term Loan B, 5.50%, 9/27/19	1,411	1,419,691
Term Loan B, 5.00%, 2/13/20	2,995	3,019,957
Wendy's International, Inc., Term Loan B, 4.75%, 5/15/19	1,781	1,795,441
		19,942,287
<b>Household Products 0.6%</b>		
Prestige Brands, Inc., Term Loan, 5.25% 6.25%, 1/31/19	1,050	1,055,147
Spectrum Brands, Inc., Term Loan, 4.50%, 12/17/19	1,705	1,725,597
		2,780,744
<b>Independent Power Producers &amp; Energy Traders 0.5%</b>		
The AES Corp., Term Loan, 4.25%, 6/01/18	1,383	1,387,971
Calpine Corp., Term Loan B1, 4.50%, 4/02/18	756	760,606
		2,148,577
<b>Industrial Conglomerates 0.6%</b>		
Sequa Corp., Term Loan B, 5.25%, 6/19/17	2,685	2,715,330
<b>Insurance 0.9%</b>		
Alliant Holdings I, Inc., Term Loan B, 5.00%, 12/20/19	760	765,700
Asurion LLC, Term Loan B1, 5.50%, 5/24/19	1,090	1,093,183
CNO Financial Group, Inc.:		
Term Loan B-1, 4.25%, 9/28/16	703	708,272
Term Loan B-2, 5.00%, 9/20/18	958	966,955
Cunningham Lindsey Group, Inc., Term Loan B, 5.00%, 12/10/19	660	668,250
		4,202,360
<b>Internet Software &amp; Services 0.2%</b>		
Web.com Group, Inc., Term Loan B, 5.50%, 10/27/17	1,117	1,127,339
<b>IT Services 3.5%</b>		
CCC Information Services, Inc., Term Loan, 5.25%, 12/20/19	385	387,310
Ceridian Corp., Extended Term Loan, 5.95%, 5/09/17	1,794	1,813,842
First Data Corp.:		
2018 Add-on Term Loan, 5.20%, 9/24/18	1,840	1,839,172
Extended 2018 Term Loan B, 4.20%, 3/23/18	6,888	6,801,309

See Notes to Consolidated Financial Statements.



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## Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

		Par (000)	Value
<b>Floating Rate Loan Interests (a)</b>			
<b>IT Services (concluded)</b>			
Genpact International, Inc., Term Loan B, 4.25%, 8/30/19	USD	978	\$ 987,326
InfoGroup, Inc., Term Loan, 5.75%, 5/25/18		674	610,415
iPayment, Inc., Term Loan B, 5.75%, 5/08/17		183	184,030
SunGard Data Systems, Inc., Term Loan D, 4.50%, 1/31/20		1,060	1,067,950
TransUnion LLC, Term Loan B, 5.50%, 2/12/18		2,762	2,778,438
			16,469,792
<b>Leisure Equipment &amp; Products 0.6%</b>			
Eastman Kodak Co., DIP Term Loan B, 8.50%, 7/19/13		508	507,456
EB Sports Corp., Term Loan, 11.50%, 12/31/15		1,837	1,832,127
FGI Operating Co. LLC, Term Loan, 5.50%, 4/19/19		542	540,560
			2,880,143
<b>Life Sciences Tools &amp; Services 0.1%</b>			
Patheon, Inc., Term Loan, 7.25%, 12/06/18		499	504,361
<b>Machinery 2.4%</b>			
Alliance Laundry Systems LLC:			
First Lien Term Loan, 5.50%, 12/07/18		420	421,705
Second Lien Term Loan, 9.50%, 12/10/19		442	449,550
Dematic S.A., Term Loan, 5.25%, 12/27/19		1,020	1,026,691
Intelligrated, Inc., First Lien Term Loan, 4.50%, 7/30/18		798	798,000
Rexnord Corp., Term Loan B, 4.50%, 4/02/18		1,022	1,027,985
Silver II US Holdings LLC, Term Loan, 4.75%, 12/05/19		3,530	3,530,000
Terex Corp.:			
Term Loan B, 4.50%, 4/28/17		2,021	2,040,919
Term Loan B, 5.00%, 4/28/17	EUR	217	284,435
Wabash National Corp., Term Loan B, 6.00%, 5/02/19	USD	1,930	1,943,288
			11,522,573
<b>Media 7.8%</b>			
Capsugel Holdings US, Inc., Term Loan B, 4.75%, 8/01/18		1,352	1,365,739
Cengage Learning Acquisitions, Inc., Tranche 1 Incremental, 7.50%, 7/03/14		1,240	986,066
Charter Communications Operating LLC:			
Extended Term Loan C, 3.46%, 9/06/16		1,367	1,371,359
Term Loan D, 4.00%, 5/15/19		794	800,035
Clear Channel Communications, Inc.:			
Term Loan B, 3.85%, 1/29/16		2,493	2,132,372
Term Loan C, 3.85%, 1/29/16		589	497,135
Cumulus Media, Inc., First Lien Term Loan, 4.50%, 9/17/18		1,484	1,497,883
EMI Music Publishing Ltd., Term Loan B, 5.50%, 6/29/18		891	900,098
Foxco Acquisition Sub LLC, Term Loan B, 5.50%, 7/14/17		1,242	1,256,169
Getty Images, Inc., Term Loan B, 4.75%, 10/18/19		1,290	1,300,036
Gray Television, Inc., Term Loan B, 4.75%, 10/15/19		1,282	1,294,354
Houghton Mifflin Harcourt Publishing Co., DIP Term Loan B, 7.25%, 6/01/18		1,514	1,521,130
Hubbard Broadcasting, Term Loan B, 4.50%, 4/28/17		887	894,147
Intelsat Jackson Holdings SA, Term Loan B1, 4.50%, 4/02/18		7,222	7,290,209
Interactive Data Corp., Term Loan B, 3.75%, 2/11/18		1,683	1,685,390
<b>Floating Rate Loan Interests (a)</b>			
<b>Media (concluded)</b>			
Kabel Deutschland GmbH, Term Loan F, 3.50%, 2/01/19	USD	2,265	\$ 2,268,647
Lavena Holding 4 GmbH (Prosiebensat.1 Media AG):			
Term Loan B, 2.62%, 3/06/15	EUR	304	390,366
Term Loan C, 3.00%, 3/04/16		608	784,699
NEP Supershooters LP:			

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First Lien Term Loan, 5.25%, 1/18/20	USD	600	601,686
Second Lien Term Loan, 9.50%, 8/18/20		430	440,750
Term Loan, 4.75%, 1/18/20		600	601,500
Nielsen Finance LLC, Class C Term Loan, 3.45%, 5/02/16		399	399,749
Sinclair Television Group, Inc., Term Loan B, 4.00%, 10/28/16		2,030	2,036,684
Univision Communications, Inc., Extended Term Loan, 4.45%, 3/31/17		2,124	2,125,932
UPC Broadband Holding BV, Term Loan U, 4.12%, 12/29/17	EUR	196	255,567
UPC Financing Partnership, Term Loan T, 3.70%, 12/30/16	USD	255	255,592
WC Luxco Sarl, Term Loan B-3, 4.25%, 3/15/18		500	504,374
Weather Channel, Term Loan B, 4.25%, 2/13/17		1,000	1,006,824
WideOpenWest Finance LLC, First Lien Term Loan, 6.25%, 7/17/18		652	659,383
			37,123,875
<b>Metals &amp; Mining 2.7%</b>			
Ameriforge Group, Inc.:			
First Lien Term Loan, 5.00%, 12/19/19		680	686,378
Second Lien Term Loan, 8.75%, 12/18/20		335	339,606
Constellium Holdco BV, Term Loan B, 9.25%, 5/25/18		915	933,708
FMG America Finance, Inc., Term Loan, 5.25%, 10/18/17		3,332	3,371,563
Metals USA, Inc., Term Loan, 6.25%, 11/15/19		820	821,025
Novelis, Inc.:			
Incremental Term Loan B-2, 4.00%, 3/10/17		1,118	1,119,586
Term Loan, 4.00%, 3/10/17		2,067	2,069,275
SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18		485	486,557
Walter Energy, Inc., Term Loan B, 5.75%, 4/02/18		1,925	1,928,097
Windsor Financing LLC, Term Loan B, 6.25%, 12/05/17		1,156	1,192,536
			12,948,331
<b>Multiline Retail 1.9%</b>			
99¢ Only Stores, Term Loan, 5.25%, 1/11/19		1,310	1,318,871
Apex Tool Group LLC, Term Loan B, 4.50%, 1/28/20		875	883,593
BJ's Wholesale Club, Inc.:			
First Lien Term Loan, 5.75%, 9/13/19		738	738,615
Second Lien Term Loan, 9.75%, 3/26/20		510	526,896
HEMA Holding BV:			
Second Lien Term Loan, 5.12%, 1/05/17	EUR	2,900	3,437,773
Term Loan B, 2.12%, 7/06/15		357	444,197
Term Loan C, 2.87%, 7/05/16		357	446,531
The Neiman Marcus Group, Inc.,			
Extended Term Loan, 4.00%, 5/16/18	USD	1,120	1,119,630
			8,916,106
<b>Oil, Gas &amp; Consumable Fuels 2.2%</b>			
Chesapeake Energy Corp., Unsecured Term Loan, 5.75%, 12/01/17		1,920	1,959,802
Gibson Energy ULC, Term Loan B, 4.75%, 6/15/18		1,304	1,315,854
Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15		1,621	1,637,156

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests (a)</b>		
<b>Oil, Gas &amp; Consumable Fuels (concluded)</b>		
Plains Exploration & Production, 7-Year Term Loan B, 4.00%, 11/30/19	USD 1,605	\$ 1,607,680
Samson Investment Co., Second Lien Term Loan, 6.00%, 9/25/18	525	529,924
Tesoro Corp., Term Loan B, 2.55%, 1/30/16	985	993,619
Vantage Drilling Co., Term Loan, 6.25%, 10/26/17	2,410	2,421,547
		10,465,582
<b>Pharmaceuticals 2.5%</b>		
Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17	1,764	1,767,528
Par Pharmaceutical, Term Loan B, 4.25%, 9/28/19	3,062	3,058,497
Pharmaceutical Product Development, Inc., Term Loan B, 4.25%, 12/05/18	2,477	2,490,569
Quintiles Transnational Corp., Term Loan B, 4.50%, 6/08/18	756	762,094
RPI Finance Trust, Incremental Tranche 2, 4.00%, 11/09/18	322	325,313
Valeant Pharmaceuticals International, Inc.:		
Series C, Tranche B, 3.50%, 12/11/19	1,185	1,189,444
Series D, Tranche B, 3.50%, 2/13/19	1,128	1,133,093
Warner Chilcott Corp.:		
Incremental Term Loan B-1, 4.25%, 3/15/18	276	278,613
Term Loan B-1, 4.25%, 3/15/18	727	733,634
Term Loan B-2, 4.25%, 3/15/18	225	226,811
		11,965,596
<b>Professional Services 1.1%</b>		
Booz Allen Hamilton, Inc., Term Loan B, 4.50%, 7/31/19	1,137	1,147,100
Emdeon, Inc., Term Loan B1, 5.00%, 11/02/18	2,571	2,601,411
ON Assignment, Inc., Term Loan B, 5.00%, 5/15/19	362	365,117
Truven Health Analytics, Inc., Term Loan B, 5.75%, 6/01/19	1,055	1,064,593
		5,178,221
<b>Real Estate Investment Trusts (REITs) 0.5%</b>		
iStar Financial, Inc., Term Loan, 4.50%, 9/28/17	2,493	2,494,285
<b>Real Estate Management &amp; Development 0.9%</b>		
Realty Corp.:		
Extended Letter of Credit Loan, 4.46%, 10/10/16	348	348,289
Extended Term Loan, 4.42%, 10/10/16	4,131	4,130,399
		4,478,688
<b>Road &amp; Rail 0.2%</b>		
Road Infrastructure Investment LLC, Term Loan B, 6.25%, 3/30/18	819	820,860
<b>Semiconductors &amp; Semiconductor Equipment 1.0%</b>		
Freescale Semiconductor, Inc.:		
Extended Term Loan B, 4.45%, 12/01/16	1,098	1,098,094
Term Loan, 5.00%, 3/20/20	1,810	1,802,760
NXP BV:		
Term Loan A-2, 5.50%, 3/03/17	947	965,302
Term Loan C, 4.75%, 1/11/20	690	700,564
		4,566,720
<b>Software 2.2%</b>		
Blackboard, Inc., Term Loan B, 6.25%, 10/04/18	272	274,342
GCA Services Group, Inc.:		
Second Lien Term Loan, 9.25%, 10/22/20	780	772,200
Term Loan B, 5.25%, 11/01/19	790	790,000
Infor US, Inc., Term Loan B2, 5.25%, 4/05/18	3,612	3,650,989
<b>Floating Rate Loan Interests (a)</b>		<b>Value</b>

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	Par (000)	
<b>Software (concluded)</b>		
Kronos, Inc., Second Lien Term Loan, 9.75%, 4/30/20	USD 1,245	\$ 1,294,800
RP Crown Parent LLC, First Lien Term Loan, 6.75%, 12/21/18	870	882,511
Sophia LP, Term Loan B, 6.25%, 7/19/18	1,163	1,171,572
<b>SS&amp;C Technologies, Inc.:</b>		
Term Loan B-1, 5.00%, 6/07/19	1,440	1,452,219
Term Loan B-2, 5.00%, 6/07/19	149	150,229
		10,438,862
<b>Specialty Retail 4.0%</b>		
Academy Ltd., Term Loan, 4.75%, 8/03/18	2,071	2,094,496
Bass Pro Group LLC, Term Loan, 4.00%, 11/20/19	1,110	1,115,972
Burlington Coat Factory Warehouse Corp., Term Loan B1, 5.50%, 2/23/17	480	484,896
David's Bridal, Inc., Term Loan B, 5.00%, 10/11/19	1,635	1,651,759
Equinox Fitness Clubs, First Lien Term Loan, 5.50%, 11/16/19	805	813,050
The Gymboree Corp., Initial Term Loan, 5.00%, 2/23/18	128	123,280
Harbor Freight Tools USA, Inc., Term Loan B, 5.50%, 11/14/17	806	814,010
Jo-Ann Stores, Inc., Term Loan, 4.75%, 3/16/18	770	770,645
Leslie's Poolmart, Inc., Term Loan B, 2.00% 5.25%, 10/16/19	1,320	1,334,911
Michaels Stores, Inc., Term Loan, 4.81%, 1/31/20	1,855	1,859,118
Party City Holdings, Inc., Term Loan B, 5.75%, 7/26/19	2,540	2,538,095
PETCO Animal Supplies, Inc., Term Loan, 4.00%, 11/24/17	2,549	2,567,362
Things Remembered, Inc., Term Loan B, 8.00%, 5/24/18	1,097	1,080,791
<b>Toys R Us Delaware, Inc.:</b>		
Incremental Term Loan B2, 5.25%, 5/25/18	684	649,764
Term Loan B3, 5.25%, 5/25/18	233	220,409
The Yankee Candle Co., Inc., Term Loan B, 5.25%, 4/02/19	866	871,019
		18,989,577
<b>Textiles, Apparel &amp; Luxury Goods 0.8%</b>		
Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18	1,648	1,664,591
PVH Corp., Term Loan B, 3.25%, 12/19/19	1,080	1,088,661
Wolverine Worldwide, Inc., Term Loan B, 4.00%, 7/31/19	863	869,845
		3,623,097
<b>Thrifts &amp; Mortgage Finance 0.3%</b>		
Insight Global, Inc., First Lien Term Loan, 6.00%, 10/31/19	810	812,025
Ocwen Financial Corp., Term Loan, 5.00%, 1/22/18	685	693,275
		1,505,300
<b>Trading Companies &amp; Distributors 0.2%</b>		
WESCO Distribution, Inc., Term Loan B, 4.50%, 12/12/19	905	913,299
<b>Wireless Telecommunication Services 1.7%</b>		
Cricket Communications, Inc., Term Loan, 4.75%, 10/10/19	820	822,566
MetroPCS Wireless, Inc., Term Loan B-3, 4.00%, 3/16/18	1,248	1,250,253

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests (a)</b>		
<b>Wireless Telecommunication Services (concluded)</b>		
Vodafone Americas Finance 2, Inc., Term Loan, 6.88%, 8/11/15 (h)	USD 6,091	\$ 6,213,229
		8,286,048
<b>Total Floating Rate Loan Interests 77.6%</b>		368,563,290

	Beneficial Interest (000)	
<b>Other Interests (k)</b>		
<b>Auto Components 0.0%</b>		
Intermet Liquidating Trust, Class A (d)	833	1
<b>Chemicals 0.0%</b>		
Wellman Holdings, Inc., Litigation Trust Certificate (d)	10,000	100
<b>Diversified Financial Services 0.2%</b>		
J.G.Wentworth LLC Preferred Equity Interests (d)	1	808,174
<b>Hotels, Restaurants &amp; Leisure 0.0%</b>		
Buffets, Inc. (d)	1,440	14
<b>Household Durables 0.6%</b>		
Stanley Martin, Class B Membership Units	2	3,108,150
<b>Media 0.0%</b>		
Adelphia Escrow (d)	7,500	75
Adelphia Preferred Escrow (d)	5	
Adelphia Recovery Trust (d)	9,406	941
Adelphia Recovery Trust, Series ACC-6B INT (d)	500	15,000
		16,016
<b>Total Other Interests 0.8%</b>		3,932,455

	Shares	Value
<b>Warrants (l)</b>		
<b>Chemicals 0.0%</b>		
GEO Specialty Chemicals, Inc. (Expires 3/31/15)	385,026	\$ 24,834
<b>Health Care Providers &amp; Services 0.0%</b>		
HealthSouth Corp. (Expires 1/16/14)	126,761	2
<b>Media 0.1%</b>		
Charter Communications, Inc. (issued/exercisable 11/30/09, 1 share for 1 warrant, Expires 11/30/14, Strike Price \$51.28)	12,661	481,118
<b>Software 0.0%</b>		
Bankruptcy Management Solutions, Inc. (Expires 9/28/17)	1,247	
HMH Holdings/EduMedia (issued/exercisable 3/09/10, 19 shares for 1 warrant, Expires 6/22/19, Strike Price \$42.27)	2,067	
<b>Total Warrants 0.1%</b>		505,954
<b>Total Long-Term Investments</b>		
<b>(Cost \$720,816,230) 146.6%</b>		696,157,616

	Beneficial Interest (000)	
<b>Short-Term Securities</b>		
Bank of New York Cash Reserves, 0.01% (m)	USD 10,421	10,421,076
	Shares	

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BlackRock Liquidity Funds, TempFund, Institutional Class, 0.10% (m)(n)	157,333	157,333
<b>Total Short-Term Securities</b>		
(Cost \$10,578,409) 2.2%		10,578,409
<b>Total Investments (Cost \$731,394,639) 148.8%</b>		<b>706,736,025</b>
<b>Liabilities in Excess of Other Assets (48.8)%</b>		<b>(231,783,020)</b>
<b>Net Assets 100.0%</b>		<b>\$ 474,953,005</b>

### Notes to Consolidated Schedule of investments

- (a) Variable rate security. Rate shown is as of report date.
- (b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	Value	Unrealized Appreciation
Bank of America Corp.	\$ 15,810	\$ 277
Citigroup, Inc.	\$ 60,450	\$ 1,065
Deutsche Bank AG	\$ 477,500	
Goldman Sachs Group, Inc.	\$ 719,100	\$ 9,511
Sterne Agee & Leach	\$ 173,400	\$ 2,294
Suntrust Robinson	\$ 180,540	\$ 2,388

- (d) Non-income producing security.
- (e) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (g) Convertible security.
- (h) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (i) All or portion of security has been pledged as collateral in connection with swaps.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Debt Strategies Fund, Inc. (DSU)**

- (j) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (k) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
- (l) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date of the warrants, if any.
- (m) Represents the current yield as of report date.
- (n) Investments in issuers considered to be an affiliate of the Fund during the year ended February 28, 2013, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

Affiliate	Shares Held at February 29,	Net Activity	Shares Held at February 28,	Income	Realized Gain
	2012		2013		
BlackRock Liquidity Funds, TempFund, Institutional Class		157,333	157,333	\$ 3,303	\$ 109

Foreign currency exchange contracts as of February 28, 2013 were as follows:

Currency Purchased		Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation	
USD	3,202,952	CAD	3,160,000	Deutsche Bank AG	4/17/13	\$ 141,877
USD	7,176,602	GBP	4,480,000	Goldman Sachs Group, Inc.	4/17/13	381,805
USD	641,284	EUR	480,000	BNP Paribas SA	4/23/13	14,390
USD	212,560	EUR	160,000	BNP Paribas SA	4/23/13	3,596
USD	19,136,033	EUR	14,361,000	Citigroup, Inc.	4/23/13	380,143
USD	183,932	EUR	136,000	Citigroup, Inc.	4/23/13	6,312
<b>Total</b>						<b>\$ 928,123</b>

Credit default swaps sold protection outstanding as of February 28, 2013 were as follows:

Issuer	Receive Fixed Rate	Counterparty	Expiration Date	Credit Rating <sup>1</sup>	Notional Amount (000) <sup>2</sup>	Unrealized Appreciation (Depreciation)
Caesars Entertainment Operating Co., Inc.	5.00%	JPMorgan Chase & Co.	12/20/15	CCC	USD 491	\$ 55,161
Caesars Entertainment Operating Co., Inc.	5.00%	JPMorgan Chase & Co.	12/20/15	CCC	USD 123	14,923

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Caesars Entertainment Operating Co., Inc.	5.00%	JPMorgan Chase & Co.	12/20/15	CCC	USD	442	74,524
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	3/20/16	CCC	USD	176	13,714
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	3/20/16	CCC	USD	176	13,714
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	3/20/16	CCC	USD	528	34,028
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	3/20/16	CCC	USD	118	6,029
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	3/20/16	CCC	USD	270	265
Caesars Entertainment Operating Co., Inc.	5.00%	JPMorgan Chase & Co.	3/20/16	CCC	USD	68	2,494
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	6/20/16	CCC	USD	359	21,161
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	6/20/16	CCC	USD	690	34,273
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	3/20/17	CCC	USD	325	(2,474)
Caesars Entertainment Operating Co., Inc.	5.00%	Goldman Sachs Group, Inc.	3/20/17	CCC	USD	226	2,812
<b>Total</b>							\$ 270,624

<sup>1</sup> Using S&P's rating of the issuer.

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

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Fund has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Debt Strategies Fund, Inc. (DSU)**

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of February 28, 2013:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments:				
Asset-Backed Securities		\$ 477,500	\$ 19,075,856	\$ 19,553,356
Common Stocks	\$ 5,175,657	2,002,692	6,100,576	13,278,925
Corporate Bonds		281,756,947	8,566,689	290,323,636
Floating Rate Loan Interests		331,428,288	37,135,002	368,563,290
Other Interests	15,941		3,916,514	3,932,455
Warrants	481,118		24,836	505,954
Short-Term Securities	10,578,409			10,578,409
Unfunded Loan Commitments		237		237
<b>Total</b>	\$ 16,251,125	\$ 615,665,664	\$ 74,819,473	\$ 706,736,262

	Level 1	Level 2	Level 3	Total
<b>Derivative Financial Instruments<sup>1</sup></b>				
<b>Assets:</b>				
Credit contracts		\$ 273,098		\$ 273,098
Foreign currency exchange contracts		928,123		928,123
<b>Liabilities:</b>				
Credit contracts		(2,474)		(2,474)
<b>Total</b>		\$ 1,198,747		\$ 1,198,747

<sup>1</sup> Derivative financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of February 28, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash	\$ 126,483			\$ 126,483
Foreign currency at value	262,834			262,834
<b>Liabilities:</b>				
Loan payable		\$ (190,000,000)		(190,000,000)
<b>Total</b>	\$ 389,317	\$ (190,000,000)		\$ (189,610,683)

There were no transfers between Level 1 and Level 2 during the year ended February 28, 2013.

Certain of the Fund's investments are categorized as Level 3 and were valued utilizing transaction prices or third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in the unobservable inputs could result in a significantly lower or higher value in such Level 3 investments.

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A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

	Asset-Backed Securities	Common Stocks	Corporate Bonds	Floating Rate Loan Interests	Other Interests	Warrants	Total
<b>Assets:</b>							
Opening Balance, as of February 29, 2012	\$ 4,989,143	\$ 5,458,062	\$ 9,604,936	\$ 28,186,100	\$ 3,410,858	\$ 2	\$ 51,649,101
Transfers into Level 3 <sup>2</sup>		1,433	1,373,700	857,207			2,232,340
Transfers out of Level 3 <sup>2</sup>		(677,817)		(1,663,263)			(2,341,080)
Accrued discounts/premiums	91,872		331,794	260,967			684,633
Net realized gain (loss)	136,043	(2,511,903)	(1,040,677)	(1,466,897)		(433,873)	(5,317,307)
Net change in unrealized appreciation/depreciation <sup>3</sup>	1,248,031	2,891,191	1,645,619	3,611,831	1,254,334	458,707	11,109,713
Purchases	17,396,400	939,631	930,168	18,270,389	3,918,138		41,454,726
Sales	(4,785,633)	(21)	(4,278,851)	(10,921,332)	(4,666,816)		(24,652,653)
<b>Closing Balance, as of February 28, 2013</b>	<b>\$ 19,075,856</b>	<b>\$ 6,100,576</b>	<b>\$ 8,566,689</b>	<b>\$ 37,135,002</b>	<b>\$ 3,916,514</b>	<b>\$ 24,836</b>	<b>\$ 74,819,473</b>

<sup>2</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>3</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on securities still held as of February 28, 2013 was \$4,136,518.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (concluded)****BlackRock Debt Strategies Fund, Inc. (DSU)**

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the value of certain of the Fund's Level 3 investments and as of February 28, 2013. The table does not include Level 3 investments with values derived utilizing third party pricing information without adjustment. A significant change in third party pricing information could result in a significantly lower or higher value of such Level 3 investments. The value of Level 3 investments derived using third party pricing information is \$52,220,016.

	<b>Value</b>	<b>Valuation Techniques</b>	<b>Unobservable Inputs<sup>1</sup></b>	<b>Range of Unobservable Inputs</b>
<b>Assets:</b>				
Common Stocks	\$ 5,325,349	Market Comparable Companies	EBITDA Multiple	5.25x - 6.56x
Corporate Bonds	7,132,046	Market Comparable Companies	EBITDA Multiple	5.25x
	850,000	Cost <sup>2</sup>	N/A	
Floating Rate Loan Interests	2,320,187	Discounted Cash Flow	Yield	9.50%
	1,080,791	Market Comparable Yield Analysis	Yield	8.375%
	2,750,000	Cost <sup>2</sup>	N/A	
Other Interests <sup>3</sup>	3,116,250	Discounted Cash Flow	Perpetuity Growth Rate	3.50%
			Free Cash Flow	\$25.2 - \$35.2
			Weighted Cost of Capital	10.90%
Warrants	24,834	Market Comparable Companies	EBITDA Multiple	5.25x
<b>Total</b>	<b>\$ 22,599,457</b>			

<sup>1</sup> A change to the unobservable input may result in a significant change to the value of the investment as follows:

<b>Unobservable Input</b>	<b>Impact to Value if Input Increases</b>	<b>Impact to Value if Input Decreases</b>
EBITDA Multiple	Increase	Decrease
Free Cash Flow	Increase	Decrease
Perpetuity Growth Rate	Increase	Decrease
Weighted Cost of Capital	Decrease	Increase
Yield	Decrease	Increase

<sup>2</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

<sup>3</sup> For the year ended February 28, 2013, the valuation technique for other interests changed from a market approach to an income approach. Market information previously utilized to determine fair value under the market approach no longer applied to this investment. Therefore, the income approach is considered to be a more relevant measure of fair value for this investment.

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<sup>4</sup> Amount is in millions.

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**Table of Contents****Consolidated Schedule of Investments** February 28, 2013**BlackRock Senior High Income Fund, Inc. (ARK)**

(Percentages shown are based on Net Assets)

<b>Asset-Backed Securities</b>	<b>Par (000)</b>	<b>Value</b>
ACAS CLO Ltd. (a)(b):		
Series 2012-1A, Class D, 5.58%, 9/20/23	USD500	\$ 502,500
Series 2013-1A, Class D, 1.00%, 4/20/25 (c)	250	238,750
Anchorage Capital CLO Ltd., Series 2012-1A, Class B, 3.16%, 1/13/25 (a)(b)	750	719,175
Apidos CDO, Series 2012-11A, Class D, 4.74%, 1/17/23 (a)(b)	525	525,787
Atrium CDO Corp., Series 9A, Class D, 3.96%, 2/28/24 (a)(b)	250	241,750
Carlyle Global Market Strategies CLO Ltd.,		
Series 2012-4A, Class D, 4.89%, 1/20/25 (a)(b)	300	300,450
CFIP CLO Ltd., Series 2013-1A, Class D, 4.04%, 4/20/24 (a)(b)	500	474,750
CSAM Funding, Series 2A, Class B1, 7.05%, 10/15/16 (a)	500	504,100
Fraser Sullivan CLO VII Ltd., Series 2012-7A,		
Class C, 4.30%, 4/20/23 (a)(b)	405	404,996
Goldentree Loan Opportunities VI Ltd.,		
Series 2012-6A, Class D, 4.50%, 4/17/22 (a)(b)	650	646,295
Highbridge Loan Management Ltd., Series 2012-1A, Class C, 5.71%, 9/20/22 (a)(b)	650	653,900
ING Investment Management (a)(b):		
Series 2012-2A, Class D, 4.85%, 10/15/22	675	676,687
Series 2012-4A, Class C, 4.73%, 10/15/23	500	504,160
LCM IX LP, Series 9A,		
Class E, 4.51%, 7/14/22 (a)(b)	500	444,950
LCM XI LP, Series 11A,		
Class D2, 4.25%, 4/19/22 (a)(b)	700	693,000
Octagon Investment Partners XIV Ltd.,		
Series 2012-1A, Class C, 4.56%, 1/15/24 (a)(b)	400	388,000
OZLM Funding Ltd., Series 2013-3A, Class C, 4.15%, 1/22/25 (a)(b)	250	244,425
Regatta Funding LP, Series 2013-2A, Class C, 4.80%, 1/15/25 (a)(b)	750	723,675
Symphony CLO IX LP, Series 2012-9A, Class D, 4.55%, 4/16/22 (a)(b)	525	521,693
Symphony CLO X Ltd., Series 2012-10A, Class D, 5.55%, 7/23/23 (a)(b)	650	658,125
West CLO Ltd., Series 2012-1A, Class C, 5.05%, 10/30/23 (a)(b)	590	597,617
<b>Total Asset-Backed Securities 4.3%</b>		<b>10,664,785</b>
<b>Common Stocks (d)</b>	<b>Shares</b>	
<b>Chemicals 0.0%</b>		
GEO Specialty Chemicals, Inc.	142,466	93,315
<b>Containers &amp; Packaging 0.1%</b>		
Smurfit Kappa Plc	18,171	281,815
<b>Metals &amp; Mining 0.1%</b>		
Euramax International	935	193,992
<b>Paper &amp; Forest Products 0.9%</b>		
Ainsworth Lumber Co. Ltd.	654,905	2,076,644
<b>Software 0.2%</b>		
HMH Holdings/EduMedia	30,022	550,388
<b>Total Common Stocks 1.3%</b>		<b>3,196,154</b>
<b>Corporate Bonds</b>	<b>Par (000)</b>	<b>Value</b>
<b>Aerospace &amp; Defense 0.9%</b>		
Bombardier, Inc., 4.25%, 1/15/16 (a)	USD515	\$ 534,312
DigitalGlobe, Inc., 5.25%, 2/01/21 (a)	441	437,693
Huntington Ingalls Industries, Inc., 7.13%, 3/15/21	375	408,750
Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17	692	763,795

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		2,144,550
<b>Airlines 0.4%</b>		
American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23	202	210,213
Continental Airlines Pass-Through Trust, Series 2012-3, Class C, 6.13%, 4/29/18	780	778,050
Delta Air Lines Pass-Through Trust, Series 2009-1, Class B, 9.75%, 2/17/16	82	91,256
		1,079,519
<b>Auto Components 1.2%</b>		
Delphi Corp., 6.13%, 5/15/21	130	141,700
Icahn Enterprises LP:		
7.75%, 1/15/16	110	114,538
8.00%, 1/15/18	2,065	2,212,131
Titan International, Inc., 7.88%, 10/01/17	490	525,525
Venture Holdings Co. LLC (d)(e):		
12.00%, 7/01/49	700	
Series B, 9.50%, 7/01/05	3,325	
		2,993,894
<b>Beverages 0.1%</b>		
Constellation Brands, Inc.:		
7.25%, 5/15/17	30	34,013
6.00%, 5/01/22	172	187,910
		221,923
<b>Building Products 0.5%</b>		
Building Materials Corp. of America (a):		
7.00%, 2/15/20	485	525,012
6.75%, 5/01/21	410	440,238
Momentive Performance Materials, Inc.,		
8.88%, 10/15/20	195	200,119
		1,165,369
<b>Capital Markets 0.1%</b>		
KKR Group Finance Co. LLC, 6.38%, 9/29/20 (a)	180	211,676
<b>Chemicals 4.2%</b>		
Ashland, Inc., 3.88%, 4/15/18 (a)	255	258,825
Axiall Corp., 4.88%, 5/15/23 (a)	148	150,220
Celanese US Holdings LLC, 5.88%, 6/15/21	581	634,743
Eagle Spinco, Inc., 4.63%, 2/15/21 (a)	312	317,070
GEO Specialty Chemicals, Inc.,		
7.50%, 3/31/15 (a)(f)(g)	1,869	3,195,345
Huntsman International LLC:		
4.88%, 11/15/20	237	233,445
4.88%, 11/15/20	422	417,780
8.63%, 3/15/21	395	446,350
INEOS Finance Plc, 7.50%, 5/01/20 (a)	125	134,688
LyondellBasell Industries NV:		
5.00%, 4/15/19	615	685,725
6.00%, 11/15/21	398	467,650
5.75%, 4/15/24	935	1,086,937
NOVA Chemicals Corp., 8.63%, 11/01/19	300	340,500
Nufarm Australia Ltd., 6.38%, 10/15/19 (a)	120	127,200
Orion Engineered Carbons Bondco GmbH,		
9.63%, 6/15/18 (a)	400	440,000
Rockwood Specialties Group, Inc.,		
4.63%, 10/15/20	495	512,325

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Chemicals (concluded)</b>		
Tronox Finance LLC, 6.38%, 8/15/20 (a)	USD829	\$ 823,819
US Coatings Acquisition, Inc./Flash Dutch 2 BV, 7.38%, 5/01/21 (a)	151	156,285
		10,428,907
<b>Commercial Banks 0.6%</b>		
CIT Group, Inc.:		
5.00%, 5/15/17	330	351,037
6.63%, 4/01/18 (a)	85	96,475
5.50%, 2/15/19 (a)	760	826,500
5.00%, 8/15/22	200	214,000
		1,488,012
<b>Commercial Services &amp; Supplies 1.6%</b>		
ARAMARK Holdings Corp. (a):		
8.63%, 5/01/16 (f)	330	336,603
5.75%, 3/15/20 (c)	547	557,940
AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)	472	495,466
Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a)	25	26,875
Catalent Pharma Solutions, Inc., 7.88%, 10/15/18 (a)	140	141,750
Clean Harbors, Inc., 5.25%, 8/01/20	226	232,780
Covanta Holding Corp., 6.38%, 10/01/22	420	455,421
The Geo Group, Inc., 7.75%, 10/15/17	450	482,625
HDTFS, Inc. (a):		
5.88%, 10/15/20	235	244,400
6.25%, 10/15/22	225	241,875
Mead Products LLC/ACCO Brands Corp.,		
6.75%, 4/30/20 (a)	113	119,639
Mobile Mini, Inc., 7.88%, 12/01/20	335	372,687
West Corp., 8.63%, 10/01/18	165	175,725
		3,883,786
<b>Communications Equipment 0.6%</b>		
Avaya, Inc., 7.00%, 4/01/19 (a)	264	252,120
Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20	1,110	1,240,425
		1,492,545
<b>Construction Materials 0.8%</b>		
HD Supply, Inc., 8.13%, 4/15/19 (a)	1,695	1,908,994
<b>Consumer Finance 0.2%</b>		
Ford Motor Credit Co. LLC:		
7.00%, 4/15/15	140	154,752
6.63%, 8/15/17	300	350,340
		505,092
<b>Containers &amp; Packaging 1.5%</b>		
Ardagh Packaging Finance Plc (a):		
7.38%, 10/15/17	787	856,846
9.13%, 10/15/20	300	327,000
7.00%, 11/15/20	367	367,918
4.88%, 11/15/22	200	197,000
Ball Corp., 6.75%, 9/15/20	325	358,313
Berry Plastics Corp., 8.25%, 11/15/15	540	562,788
Crown Americas LLC/Crown Americas Capital Corp. III, 6.25%, 2/01/21	571	622,390

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Crown Americas LLC/Crown Americas Capital Corp. IV, 4.50%, 1/15/23 (a)	393	384,157
		3,676,412
<b>Distributors 0.1%</b>		
VWR Funding, Inc., 7.25%, 9/15/17 (a)	323	339,958
	<b>Par</b>	<b>Value</b>
	<b>(000)</b>	
<b>Corporate Bonds</b>		
<b>Diversified Consumer Services 0.1%</b>		
313 Group, Inc., 6.38%, 12/01/19 (a)	USD211	\$ 205,725
ServiceMaster Co., 8.00%, 2/15/20	125	132,500
		338,225
<b>Diversified Financial Services 3.5%</b>		
Aircastle Ltd., 6.25%, 12/01/19	136	146,540
Ally Financial, Inc.:		
8.30%, 2/12/15	2,420	2,692,250
8.00%, 11/01/31	1,060	1,331,625
CNG Holdings, Inc., 9.38%, 5/15/20 (a)	260	256,425
DPL, Inc.:		
6.50%, 10/15/16	26	27,300
7.25%, 10/15/21	69	74,002
Reynolds Group Issuer, Inc.:		
7.13%, 4/15/19	560	601,300
9.88%, 8/15/19	760	832,200
5.75%, 10/15/20	1,810	1,868,825
6.88%, 2/15/21	400	427,000
WMG Acquisition Corp., 6.00%, 1/15/21 (a)	348	360,180
		8,617,647
<b>Diversified Telecommunication Services 1.4%</b>		
Level 3 Financing, Inc.:		
8.13%, 7/01/19	2,768	3,017,120
7.00%, 6/01/20 (a)	184	193,200
Lynx I Corp., 5.38%, 4/15/21 (a)	240	246,000
		3,456,320
<b>Electric Utilities 0.1%</b>		
Mirant Mid Atlantic Pass-Through Trust, Series B, 9.13%, 6/30/17	248	275,208
<b>Electrical Equipment 0.2%</b>		
Belden, Inc., 5.50%, 9/01/22 (a)	190	194,750
General Cable Corp., 5.75%, 10/01/22 (a)	350	358,750
		553,500
<b>Energy Equipment &amp; Services 3.1%</b>		
Calfrac Holdings LP, 7.50%, 12/01/20 (a)	920	924,600
Compagnie Générale de Géophysique, Veritas, 6.50%, 6/01/21	1,105	1,149,200
FTS International Services LLC/FTS International Bonds, Inc., 8.13%, 11/15/18 (a)	441	456,435
Gulfmark Offshore, Inc., 6.38%, 3/15/22	70	72,275
Hornbeck Offshore Services, Inc., 5.88%, 4/01/20	140	147,000
MEG Energy Corp. (a):		
6.50%, 3/15/21	585	617,175
6.38%, 1/30/23	415	429,525
Oil States International, Inc.:		
6.50%, 6/01/19	270	288,900
5.13%, 1/15/23 (a)	339	339,000
Peabody Energy Corp.:		
6.00%, 11/15/18	179	190,187
6.25%, 11/15/21	911	947,440
Precision Drilling Corp.:		
6.63%, 11/15/20	65	69,063
6.50%, 12/15/21	445	471,700
Rain CII Carbon LLC/CII Carbon Corp.,		
8.25%, 1/15/21 (a)	200	210,000
Seadrill Ltd., 5.63%, 9/15/17 (a)	963	975,037
Tervita Corp., 8.00%, 11/15/18 (a)	311	320,330

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		7,607,867
<b>Food Products</b>	<b>0.3%</b>	
Post Holdings, Inc., 7.38%, 2/15/22	295	318,600
Smithfield Foods, Inc., 6.63%, 8/15/22	295	320,813
		639,413

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Health Care Equipment &amp; Supplies 1.2%</b>		
Biomet, Inc. (a):		
6.50%, 8/01/20	USD640	\$ 676,800
6.50%, 10/01/20	1,362	1,402,860
DJO Finance LLC:		
8.75%, 3/15/18	185	204,194
7.75%, 4/15/18	30	29,850
Fresenius Medical Care US Finance II, Inc.,		
5.63%, 7/31/19 (a)	360	389,700
Teleflex, Inc., 6.88%, 6/01/19	250	271,875
		2,975,279
<b>Health Care Providers &amp; Services 3.8%</b>		
Aviv Healthcare Properties LP, 7.75%, 2/15/19	365	391,462
CHS/Community Health Systems, Inc.:		
5.13%, 8/15/18	185	194,481
7.13%, 7/15/20	176	189,640
DaVita HealthCare Partners, Inc., 5.75%, 8/15/22	347	361,747
HCA, Inc.:		
8.50%, 4/15/19	25	27,688
6.50%, 2/15/20	970	1,086,400
7.88%, 2/15/20	1,349	1,495,704
5.88%, 3/15/22	630	678,825
4.75%, 5/01/23	1,017	1,014,457
Hologic, Inc., 6.25%, 8/01/20 (a)	716	755,380
inVentiv Health, Inc., 9.00%, 1/15/18 (a)	270	281,475
Omnicare, Inc., 7.75%, 6/01/20	695	771,450
Tenet Healthcare Corp.:		
6.25%, 11/01/18	269	297,918
8.88%, 7/01/19	1,015	1,146,950
4.50%, 4/01/21 (a)	300	295,875
Vanguard Health Holding Co. II LLC,		
7.75%, 2/01/19 (a)	300	321,375
		9,310,827
<b>Health Care Technology 0.8%</b>		
IMS Health, Inc., 12.50%, 3/01/18 (a)	1,730	2,084,650
<b>Hotels, Restaurants &amp; Leisure 1.8%</b>		
Caesars Entertainment Operating Co., Inc.,		
9.00%, 2/15/20 (a)	645	636,937
Caesars Operating Escrow LLC:		
8.50%, 2/15/20	675	658,125
9.00%, 2/15/20 (a)	117	115,538
9.00%, 2/15/20 (a)	613	605,338
Carlson Wagonlit BV, 6.88%, 6/15/19 (a)	200	209,000
Choice Hotels International, Inc., 5.75%, 7/01/22	90	99,900
Diamond Resorts Corp., 12.00%, 8/15/18	540	594,000
Little Traverse Bay Bands of Odawa Indians,		
9.00%, 8/31/20 (a)	282	270,720
MCE Finance Ltd., 5.00%, 2/15/21 (a)	352	352,000
Regal Entertainment Group, 5.75%, 2/01/25	101	98,980
Six Flags Entertainment Corp., 5.25%, 1/15/21 (a)	218	213,640
Tropicana Entertainment LLC,		
9.63%, 12/15/14 (d)(e)	220	
Wynn Las Vegas LLC, 5.38%, 3/15/22	468	491,985

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			4,346,163
<b>Household Durables 1.5%</b>			
Ashton Woods USA LLC/Ashton Woods Finance Corp., 6.88%, 2/15/21 (a)	190		190,950
Beazer Homes USA, Inc., 6.63%, 4/15/18	340		363,375
Brookfield Residential Properties, Inc., 6.50%, 12/15/20 (a)	345		365,700
	<b>Par</b>		
	<b>(000)</b>		<b>Value</b>
<b>Household Durables (concluded)</b>			
K. Hovnanian Enterprises, Inc., 7.25%, 10/15/20 (a)	USD 795	\$	874,500
Libbey Glass, Inc., 6.88%, 5/15/20	90		96,525
Standard Pacific Corp., 8.38%, 1/15/21	1,120		1,330,000
United Rentals North America, Inc., 5.75%, 7/15/18	462		497,227
			3,718,277
<b>Household Products 0.1%</b>			
Spectrum Brands Escrow Corp. (a):			
6.38%, 11/15/20	90		95,738
6.63%, 11/15/22	105		113,137
			208,875
<b>Independent Power Producers &amp; Energy Traders 4.3%</b>			
The AES Corp.:			
7.75%, 10/15/15	155		173,600
9.75%, 4/15/16	674		802,060
7.38%, 7/01/21	70		79,100
Calpine Corp. (a):			
7.25%, 10/15/17	302		321,252
7.50%, 2/15/21	170		184,875
Energy Future Intermediate Holding Co. LLC:			
6.88%, 8/15/17 (a)	380		400,900
10.00%, 12/01/20	4,160		4,721,600
10.00%, 12/01/20 (a)	630		710,325
GenOn REMA LLC:			
Series B, 9.24%, 7/02/17	242		267,080
Series C, 9.68%, 7/02/26	240		261,600
Laredo Petroleum, Inc.:			
9.50%, 2/15/19	495		559,350
7.38%, 5/01/22	185		200,725
NRG Energy, Inc.:			
7.63%, 1/15/18	747		856,249
6.63%, 3/15/23 (a)	765		814,725
QEP Resources, Inc., 5.38%, 10/01/22	178		186,455
			10,539,896
<b>Insurance 0.1%</b>			
CNO Financial Group, Inc., 6.38%, 10/01/20 (a)	114		120,840
MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)	220		217,800
			338,640
<b>Internet Software &amp; Services 0.0%</b>			
Equinix, Inc., 4.88%, 4/01/20	52		52,000
<b>IT Services 1.0%</b>			
Ceridian Corp., 8.88%, 7/15/19 (a)	520		586,300
First Data Corp.:			
7.38%, 6/15/19 (a)	445		467,806
6.75%, 11/01/20 (a)	565		579,831
8.25%, 1/15/21 (a)	270		276,075
12.63%, 1/15/21	288		307,080
WEX, Inc., 4.75%, 2/01/23 (a)	206		199,305
			2,416,397
<b>Machinery 1.1%</b>			
Terex Corp., 6.00%, 5/15/21	400		415,000

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Trinseo Materials Operating SCA, 8.75%, 2/01/19 (a)	216	215,190
UR Merger Sub Corp.: 7.38%, 5/15/20	300	328,500
7.63%, 4/15/22	1,656	1,834,020
		2,792,710

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
<b>Media 4.2%</b>			
AMC Networks, Inc.:			
7.75%, 7/15/21	USD	320	\$ 363,200
4.75%, 12/15/22		100	99,625
Cengage Learning Acquisitions, Inc.,			
11.50%, 4/15/20 (a)		254	200,660
Checkout Holding Corp., 11.49%, 11/15/15 (a)(h)		366	270,383
Cinemark USA, Inc.:			
8.63%, 6/15/19		195	216,206
5.13%, 12/15/22 (a)		78	78,390
Clear Channel Worldwide Holdings, Inc.:			
6.50%, 11/15/22 (a)		360	376,200
6.50%, 11/15/22 (a)		972	1,023,030
Series B, 7.63%, 3/15/20		635	657,225
DISH DBS Corp., 5.88%, 7/15/22		700	738,500
Intelsat Jackson Holdings SA, 7.25%, 10/15/20		1,230	1,319,175
Interactive Data Corp., 10.25%, 8/01/18		810	918,337
The McClatchy Co., 9.00%, 12/15/22 (a)		120	126,900
NAI Entertainment Holdings LLC,			
8.25%, 12/15/17 (a)		476	518,840
Nielsen Finance LLC, 7.75%, 10/15/18		341	377,657
ProQuest LLC, 9.00%, 10/15/18 (a)		75	74,438
Sterling Entertainment Corp., 10.00%, 12/15/19		450	450,000
Unitymedia Hessen GmbH & Co. KG:			
7.50%, 3/15/19		540	588,600
5.50%, 1/15/23 (a)		440	444,400
Univision Communications, Inc.,			
6.75%, 9/15/22 (a)		133	143,640
Virgin Media Secured Finance Plc,			
6.50%, 1/15/18		1,250	1,334,375
			10,319,781
<b>Metals &amp; Mining 2.4%</b>			
ArcelorMittal:			
9.50%, 2/15/15		715	807,056
4.25%, 8/05/15		367	379,971
5.00%, 2/25/17		145	150,873
6.13%, 6/01/18		186	200,563
6.75%, 2/25/22		150	165,166
FMG Resources August 2006 Property Ltd.,			
6.38%, 2/01/16 (a)		235	244,988
Global Brass and Copper, Inc.,			
9.50%, 6/01/19 (a)		255	277,312
Kaiser Aluminum Corp., 8.25%, 6/01/20		190	212,325
New Gold, Inc. (a):			
7.00%, 4/15/20		65	70,200
6.25%, 11/15/22		255	268,388
Novelis, Inc., 8.75%, 12/15/20		2,328	2,607,360
Perstorp Holding AB, 8.75%, 5/15/17 (a)		205	215,250
RathGibson, Inc., 11.25%, 2/15/14 (d)(e)		2,175	
Steel Dynamics, Inc., 6.38%, 8/15/22 (a)		205	219,350
			5,818,802
<b>Multiline Retail 0.3%</b>			
Dollar General Corp., 4.13%, 7/15/17		127	134,302
Dufry Finance SCA, 5.50%, 10/15/20 (a)		642	669,285

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			803,587
<b>Oil, Gas &amp; Consumable Fuels 7.4%</b>			
Access Midstream Partners LP:			
6.13%, 7/15/22	415		445,087
4.88%, 5/15/23	190		188,100
Chaparral Energy, Inc., 7.63%, 11/15/22	115		124,775
Chesapeake Energy Corp.:			
7.25%, 12/15/18	25		28,250
6.63%, 8/15/20	265		290,175
	<b>Par</b>		
	<b>(000)</b>		<b>Value</b>
<b>Corporate Bonds</b>			
<b>Oil, Gas &amp; Consumable Fuels (concluded)</b>			
Chesapeake Energy Corp. (concluded):			
6.88%, 11/15/20	USD 150	\$	165,000
6.13%, 2/15/21	235		249,100
Concho Resources, Inc.:			
6.50%, 1/15/22	219		238,710
5.50%, 10/01/22	263		273,849
CONSOL Energy, Inc.:			
8.25%, 4/01/20	975		1,074,937
6.38%, 3/01/21	230		236,900
Crosstex Energy LP, 8.88%, 2/15/18	195		210,113
Denbury Resources, Inc., 4.63%, 7/15/23	373		366,006
Energy XXI Gulf Coast, Inc., 7.75%, 6/15/19	665		713,212
EP Energy LLC/Everest Acquisition Finance, Inc., 6.88%, 5/01/19	235		256,150
Halcon Resources Corp., 8.88%, 5/15/21 (a)	351		377,325
Hilcorp Energy I LP, 7.63%, 4/15/21 (a)	470		518,175
Holly Energy Partners LP, 6.50%, 3/01/20 (a)	80		85,600
Kinder Morgan Finance Co. LLC,			
6.00%, 1/15/18 (a)	480		529,759
Kodiak Oil & Gas Corp., 8.13%, 12/01/19	320		360,000
Linn Energy LLC:			
6.25%, 11/01/19 (a)	1,170		1,193,400
8.63%, 4/15/20	95		105,094
7.75%, 2/01/21	370		399,600
MarkWest Energy Partners LP:			
5.50%, 2/15/23	115		120,750
4.50%, 7/15/23	206		201,365
Newfield Exploration Co., 5.63%, 7/01/24	525		548,625
Northern Oil and Gas, Inc., 8.00%, 6/01/20	265		276,925
Oasis Petroleum, Inc.:			
7.25%, 2/01/19	135		145,800
6.50%, 11/01/21	155		167,400
Offshore Group Investments Ltd.,			
11.50%, 8/01/15	390		425,100
OGX Petroleo e Gas Participacoes SA,			
8.38%, 4/01/22 (a)	295		252,225
PBF Holding Co. LLC, 8.25%, 2/15/20 (a)	174		189,225
PDC Energy, Inc., 7.75%, 10/15/22 (a)	180		190,350
Pioneer Natural Resources Co., 7.20%, 1/15/28	570		737,749
Plains Exploration & Production Co.,			
6.88%, 2/15/23	445		512,862
Range Resources Corp.:			
6.75%, 8/01/20	221		241,443
5.75%, 6/01/21	668		711,420
5.00%, 8/15/22	275		281,188
Sabine Pass Liquefaction LLC, 5.63%, 2/01/21 (a)	1,355		1,399,037
Sabine Pass Liquefied Natural Gas LP:			
7.50%, 11/30/16	1,490		1,646,450
6.50%, 11/01/20 (a)	275		290,125
SandRidge Energy, Inc., 7.50%, 2/15/23	593		621,167
SESI LLC:			
6.38%, 5/01/19	280		300,300
7.13%, 12/15/21	275		304,563
SM Energy Co.:			
6.50%, 11/15/21	225		244,688
6.50%, 1/01/23	105		113,663

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Tesoro Logistics LP/Tesoro Logistics Finance Corp., 5.88%, 10/01/20 (a)	66	68,805
		18,420,542
<b>Paper &amp; Forest Products 0.3%</b>		
Ainsworth Lumber Co. Ltd., 7.50%, 12/15/17 (a)	300	323,250
Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (a)	145	152,250
Sappi Papier Holding GmbH, 8.38%, 6/15/19 (a)	200	224,000
		699,500

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Pharmaceuticals 0.4%</b>		
Mylan, Inc., 6.00%, 11/15/18 (a)	USD 40	\$ 44,055
Valeant Pharmaceuticals International (a):		
6.50%, 7/15/16	181	190,163
6.38%, 10/15/20	340	365,925
7.25%, 7/15/22	350	386,312
		986,455
<b>Real Estate Investment Trusts (REITs) 0.4%</b>		
Cantor Commercial Real Estate Co. LP/CCRE Finance Corp., 7.75%, 2/15/18 (a)	236	237,180
Felcor Lodging LP:		
6.75%, 6/01/19	690	741,319
5.63%, 3/01/23 (a)	109	109,681
		1,088,180
<b>Real Estate Management &amp; Development 1.0%</b>		
Mattamy Group Corp., 6.50%, 11/15/20 (a)	315	313,819
Realogy Corp., 7.63%, 1/15/20 (a)	1,130	1,274,075
Shea Homes LP, 8.63%, 5/15/19	790	876,900
		2,464,794
<b>Road &amp; Rail 1.2%</b>		
The Hertz Corp.:		
7.50%, 10/15/18	780	852,150
6.75%, 4/15/19 (a)	150	161,625
7.38%, 1/15/21	1,742	1,920,555
		2,934,330
<b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>		
NXP BV/NXP Funding LLC,		
5.75%, 2/15/21 (a)	275	281,188
<b>Software 0.8%</b>		
IAC/InterActiveCorp, 4.75%, 12/15/22 (a)	196	191,590
Infor US, Inc., 9.38%, 4/01/19	1,295	1,453,637
Nuance Communications, Inc.,		
5.38%, 8/15/20 (a)	385	389,813
		2,035,040
<b>Specialty Retail 0.5%</b>		
Claire's Stores, Inc., 9.00%, 3/15/19 (a)	386	428,460
Penske Automotive Group, Inc.,		
5.75%, 10/01/22 (a)	260	272,025
QVC, Inc., 5.13%, 7/02/22	8	8,459
Sally Holdings LLC:		
6.88%, 11/15/19	350	390,250
5.75%, 6/01/22	160	169,000
		1,268,194
<b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>		
Levi Strauss & Co., 6.88%, 5/01/22	140	152,075
PVH Corp., 7.75%, 11/15/23	215	263,936
		416,011
<b>Trading Companies &amp; Distributors 0.4%</b>		

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Doric Nimrod Air Finance Alpha Ltd.,

Series 2012-1 (a):

Class A, 5.13%, 11/30/24	440	473,000
Class B, 6.50%, 5/30/21	495	523,293

996,293

**Transportation Infrastructure 0.1%**

Aguila 3 SA, 7.88%, 1/31/18 (a)	176	186,560
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**Wireless Telecommunication Services 3.5%**

Crown Castle International Corp., 5.25%, 1/15/23 (a)	615	630,375
---	-----	---------

**Par**

**Value**

**Corporate Bonds**

**Wireless Telecommunication Services (concluded)**

Digicel Group Ltd. (a):

12.00%, 4/01/14	USD 800	\$ 852,000
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8.25%, 9/01/17	270	284,850
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6.00%, 4/15/21 (c)	480	478,800
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MetroPCS Wireless, Inc., 6.63%, 11/15/20	404	422,685
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Sprint Capital Corp., 6.88%, 11/15/28	1,580	1,595,800
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Sprint Nextel Corp. (a):

9.00%, 11/15/18	2,081	2,580,440
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7.00%, 3/01/20	1,605	1,877,850
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8,722,800

**Total Corporate Bonds 60.4%** 149,254,588

**Floating Rate Loan Interests (b)**

**Aerospace & Defense 0.3%**

DigitalGlobe, Inc., Term Loan B, 3.75%, 1/24/20	485	486,969
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Transdigm, Inc., Term Loan C, 4.00%, 2/28/20	245	245,461
--	-----	---------

732,430

**Airlines 0.9%**

Delta Air Lines, Inc., Term Loan B, 4.50%, 4/20/17	999	1,007,449
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Northwest Airlines, Inc.:

Term Loan, 2.32%, 3/10/17	127	118,237
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Term Loan, 2.32%, 3/10/17	230	214,130
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Term Loan, 1.70%, 9/10/18	104	92,851
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Term Loan, 1.70%, 9/10/18	104	92,851
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US Airways Group, Inc., Term Loan, 2.70%, 3/21/14	770	767,798
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2,293,316

**Auto Components 2.4%**

Autoparts Holdings Ltd.:

First Lien Term Loan, 6.50%, 7/28/17	854	859,168
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Second Lien Term Loan, 10.50%, 1/29/18	900	913,500
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Federal-Mogul Corp.:

Term Loan B, 2.14%, 12/29/14	1,509	1,403,729
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Term Loan C, 2.14%, 12/28/15	518	481,456
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FleetPride Corp., First Lien Term Loan, 5.25%, 11/20/19	340	343,930
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The Goodyear Tire & Rubber Co., Second Lien Term Loan, 4.75%, 4/30/19	1,110	1,114,163
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Schaeffler AG, Term Loan B2, 6.00%, 1/27/17	395	394,901
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Transtar Holding Co., First Lien Term Loan, 5.50%, 10/09/18	479	483,588
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5,994,435

**Biotechnology 0.2%**

Grifols, Inc., Term Loan B, 4.25%, 6/01/17	564	567,237
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**Building Products 0.8%**

Armstrong World Industries, Inc., Term Loan B, 4.00%, 3/09/18	585	585,373
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CPG International, Inc., Term Loan, 5.75%, 9/18/19	763	768,811
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Wilsonart International Holdings LLC, Term Loan B, 5.50%, 10/31/19	750	757,875
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<b>Capital Markets</b> 1.0%		2,112,059
American Capital Holdings, Inc., Term Loan, 5.50%, 8/22/16	541	546,410
HarbourVest Partners LLC, Term Loan B, 4.75%, 11/21/17	351	352,414

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Senior High Income Fund, Inc. (ARK)**

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests (b)</b>		
<b>Capital Markets (concluded)</b>		
Nuveen Investments, Inc.:		
Extended First Lien Term Loan, 5.70% 5.81%, 5/13/17	USD371	\$ 374,979
Extended Term Loan, 5.70% 5.81%, 5/12/17	1,004	1,018,186
Incremental Term Loan, 7.25%, 5/13/17	215	216,075
		2,508,064
<b>Chemicals 2.8%</b>		
American Rock Salt Holdings LLC, Term Loan, 5.50%, 4/25/17	1,334	1,320,585
Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16	800	806,000
Evergreen Acqco 1 LP, Term Loan, 5.00%, 7/09/19	423	426,686
General Chemical Corp., Term Loan, 5.00% 5.75%, 10/06/15	467	468,611
INEOS US Finance LLC, 6 Year Term Loan, 6.50%, 5/04/18	747	762,341
Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17	919	916,515
Tronox Pigments (Netherlands) BV, Delayed Draw Term Loan B, 4.25%, 2/08/18	340	339,630
Univar, Inc., Term Loan B, 5.00%, 6/30/17	296	294,336
US Coatings Acquisition, Inc., Term Loan, 4.75%, 2/03/20	1,480	1,497,967
		6,832,671
<b>Commercial Banks 0.3%</b>		
Everest Acquisition LLC, Term Loan B1, 5.00%, 5/24/18	645	650,411
<b>Commercial Services &amp; Supplies 3.0%</b>		
ACCO Brands Corp., Term Loan B, 4.25%, 4/30/19	503	507,055
ADS Waste Holdings, Inc., Term Loan B, 5.25%, 10/09/19	1,235	1,236,161
Altegrity, Inc.:		
7.75%, 2/20/15	564	563,576
Term Loan, 3.20%, 2/21/15	365	352,225
AWAS Finance Luxembourg 2012 SA, Term Loan, 4.75%, 7/16/18	157	159,499
AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16	520	523,982
Delos Aircraft, Inc., Term Loan 2, 4.75%, 4/12/16	1,075	1,081,267
Garda World Security Corp., Term Loan B, 4.50%, 11/13/19	304	307,091
KAR Auction Services, Inc., Term Loan B, 5.00%, 5/19/17	1,231	1,243,563
Progressive Waste Solutions Ltd., Term Loan B, 3.50%, 10/24/19	295	297,581
Protection One, Inc., Term Loan, 5.75%, 3/21/19	506	510,604
WEST Corp., Term Loan B8, 5.75%, 2/07/18	650	651,898
		7,434,502
<b>Communications Equipment 2.5%</b>		
Alcatel-Lucent:		
Term Loan B, 6.25%, 7/29/16	415	419,337
Term Loan C, 7.25%, 1/31/19	2,045	2,067,495
Avaya, Inc.:		
Extended Term Loan B3, 4.79%, 10/26/17	183	170,598
Term Loan B5, 8.00%, 3/30/18	144	144,333

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CommScope, Inc., Term Loan, 4.25%, 1/12/18	821	824,320
Riverbed Technology, Inc., Term Loan, 4.00%, 12/18/19	400	404,500
<b>Floating Rate Loan Interests (b)</b>	<b>Par (000)</b>	<b>Value</b>
<b>Communications Equipment (concluded)</b>		
Zayo Group, LLC Refinancing, Term Loan B, 5.25%, 7/12/19	USD 2,154	\$ 2,161,176
		6,191,759
<b>Construction &amp; Engineering 1.1%</b>		
BakerCorp International, Inc., Term Loan, 5.00%, 2/14/20	675	676,907
Centaur LLC, First Lien Term Loan, 8.75%, 2/15/19	540	540,340
Safway Services LLC, First Out Term Loan, 9.00%, 12/16/17	1,500	1,500,000
		2,717,247
<b>Construction Materials 1.2%</b>		
HD Supply, Inc., Senior Debt B, 4.50%, 10/12/17	3,036	3,044,298
<b>Consumer Finance 0.5%</b>		
Springleaf Financial Funding Co., Term Loan, 5.50%, 5/10/17	1,230	1,234,354
<b>Containers &amp; Packaging 0.1%</b>		
Sealed Air Corp., Term Loan, 4.00%, 10/03/18	360	363,642
<b>Distributors 0.2%</b>		
Crossmark Holdings, Inc., Term Loan, 4.50%, 1/31/20	225	225,095
VWR Funding, Inc., Extended Term Loan B, 4.54%, 4/03/17	265	266,905
		492,000
<b>Diversified Consumer Services 1.9%</b>		
Bright Horizons Family, Inc., Term Loan B, 4.00%, 1/16/20	540	542,700
Coinmach Service Corp., Term Loan B, 3.21%, 11/20/14	2,143	2,094,643
Education Management LLC, Term Loan C3, 8.25%, 3/29/18	206	176,982
Laureate Education, Inc., Extended Term Loan, 5.25%, 6/18/18	707	711,043
ServiceMaster Co., New Term Loan, 4.25%, 4/01/17	820	817,218
Weight Watchers International, Inc., Term Loan F, 4.00%, 3/15/19	466	467,694
		4,810,280
<b>Diversified Financial Services 1.2%</b>		
Reynolds Group Holdings, Inc., Dollar Term Loan, 4.75%, 9/28/18	1,337	1,351,407
Telesat LLC, Term Loan B, 4.25%, 3/28/19	1,378	1,387,721
WMG Acquisition Corp., Term Loan, 5.25%, 11/01/18	345	348,881
		3,088,009
<b>Diversified Telecommunication Services 3.2%</b>		
Consolidated Communications, Inc., Term Loan B3, 5.25%, 12/31/18	880	888,527
Hawaiian Telcom Communications, Inc., Term Loan B, 7.00%, 2/28/17	868	884,097
Integra Telecom, Inc., Term Loan, 9.25%, 2/15/19	440	444,840
Level 3 Financing, Inc.:		
2016 Term Loan B, 4.75%, 2/01/16	529	534,623
2019 Term Loan B, 5.25%, 8/01/19	595	601,075
Term Loan, 4.75%, 8/01/19	2,725	2,746,800
Syniverse Holdings, Inc., Delayed Draw Term Loan, 4.00%, 4/23/19	435	434,456

See Notes to Consolidated Financial Statements.



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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

Floating Rate Loan Interests (b)	Par (000)	Value
<b>Diversified Telecommunication Services (concluded)</b>		
US Telepacific Corp., Term Loan B, 5.75%, 2/23/17	USD 1,359	\$ 1,355,157
		7,889,575
<b>Electronic Equipment, Instruments &amp; Components 0.2%</b>		
CDW LLC, Extended Term Loan, 4.00%, 7/14/17	418	418,637
<b>Energy Equipment &amp; Services 1.7%</b>		
Dynegy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16	747	770,897
Dynegy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16	1,205	1,253,545
MEG Energy Corp., Term Loan, 3.75%, 3/20/20	1,541	1,544,351
Tervita Corp., Incremental Term Loan, 3.20%, 5/01/18	425	427,193
Unifrax I LLC/Unifrax Holding Co., Dollar Term Loan, 4.25%, 11/28/18	210	211,388
		4,207,374
<b>Food &amp; Staples Retailing 0.6%</b>		
Pilot Travel Centers LLC, Term Loan B2, 4.25%, 8/07/19	454	457,974
Rite Aid Corp.: Second Lien Term Loan, 5.75%, 7/07/20	225	230,126
Term Loan 6, 4.00%, 2/21/20	210	210,405
Supervalu, Inc., Term Loan B, 6.25%, 2/05/18	490	495,513
		1,394,018
<b>Food Products 1.1%</b>		
Advance Pierre Foods, Inc., Term Loan, 5.75%, 7/10/17	510	516,217
Del Monte Foods Co., Term Loan, 4.50%, 3/08/18	861	864,130
Pinnacle Foods Finance LLC: Extended Term Loan B, 3.70%, 10/03/16	118	118,940
Term Loan E, 4.75%, 10/17/18	727	733,792
Solvest Ltd. (Dole): Term Loan B-2, 5.00% 6.00%, 7/06/18	202	201,806
Term Loan C-2, 5.00% 6.00%, 7/06/18	361	361,127
		2,796,012
<b>Health Care Equipment &amp; Supplies 3.0%</b>		
Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19	1,129	1,137,659
Biomet, Inc., Extended Term Loan B, 3.95% 4.06%, 7/25/17	498	501,739
BSN Medical Acquisition Holding GmbH, Term Loan B1A, 5.00%, 8/28/19	720	722,880
Capital Safety North America, Term Loan, 4.50%, 1/21/19	670	669,938
DJO Finance LLC: Extended Term Loan B2, 5.20%, 11/01/16	354	355,955
Term Loan B3, 6.25%, 9/15/17	1,226	1,235,704
Hologic, Inc., Term Loan B, 4.50%, 8/01/19	1,416	1,431,053
IASIS Healthcare LLC, Term Loan B2, 4.50%, 5/03/18	99	99,231
Immucor, Inc., Term Loan B2, 5.75%, 8/18/18	968	966,577
LHP Hospital Group, Inc., Term Loan, 9.00%, 7/03/18	398	406,955

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					7,527,691
<b>Health Care Providers &amp; Services</b>	<b>3.2%</b>				
American Renal Holdings Co., Inc., First Lien Term Loan, 4.50%, 8/14/19			560		558,600
			<b>Par</b>		
			<b>(000)</b>		<b>Value</b>
<b>Floating Rate Loan Interests (b)</b>					
<b>Health Care Providers &amp; Services (concluded)</b>					
Ardent Medical Services, Inc., Term Loan, 6.75%, 7/02/18		USD	270	\$	273,712
CHG Buyer Corp., First Lien Term Loan, 5.00%, 11/22/19			415		419,321
ConvaTec, Inc., Term Loan, 5.00%, 12/22/16			1,068		1,078,855
DaVita, Inc.: Term Loan B, 4.50%, 10/20/16			1,078		1,085,697
Term Loan B2, 4.00%, 11/01/19			590		594,236
Emergency Medical Services Corp., Term Loan, 4.00%, 5/25/18			381		381,105
Genesis HealthCare Corp., Term Loan B, 10.00% 10.75%, 9/25/17			369		361,721
Harden Healthcare LLC: Add on Term Loan A, 7.75%, 3/02/15			960		939,856
Term Loan A, 8.50%, 3/02/15			273		270,586
inVentiv Health, Inc.: Combined Term Loan, 7.50%, 8/04/16			135		132,659
Incremental Term Loan B-3, 7.75%, 5/15/18			333		327,596
Medpace, Inc., Term Loan, 6.50% 7.25%, 6/16/17			968		963,599
US Renal Care, Inc., First Lien Term Loan, 6.25%, 7/02/19			478		484,167
					7,871,710
<b>Health Care Technology</b>	<b>1.0%</b>				
IMS Health, Inc., Tranche B Term Loan, 3.75%, 8/25/17			1,385		1,388,003
Kinetic Concepts, Inc., Term Loan C1, 5.50% 6.50%, 5/04/18			693		701,552
MedAssets, Inc., Term Loan B, 4.00%, 12/13/19			270		271,574
					2,361,129
<b>Hotels, Restaurants &amp; Leisure</b>	<b>3.6%</b>				
Alpha D2 Ltd., Term Loan B, 6.00%, 4/30/19			621		628,276
Caesars Entertainment Operating Co., Inc., Term Loan B1, 3.20%, 1/28/15			894		891,262
Golden Living, Term Loan, 5.00%, 5/04/18			545		522,530
MGM Resorts International, Term Loan B, 4.25%, 12/20/19			735		743,452
OSI Restaurant Partners LLC, Term Loan B, 4.75%, 10/24/19			546		552,765
Sabre, Inc., Term Loan B, 5.25%, 2/19/19			305		304,783
SeaWorld Parks & Entertainment, Inc., Term Loan B, 4.00%, 8/17/17			866		869,722
Six Flags Theme Parks, Inc., Term Loan B, 4.00% 5.25%, 12/20/18			206		208,871
Station Casinos, Inc.: 2011 Term Loan B2, 6.25%, 6/17/16			875		867,711
Term Loan B, 5.50%, 9/27/19			758		762,520
Term Loan B, 5.00%, 2/13/20			1,585		1,598,208
Wendy's International, Inc., Term Loan B, 4.75%, 5/15/19			1,007		1,015,908
					8,966,008
<b>Household Products</b>	<b>0.4%</b>				
Spectrum Brands, Inc., Term Loan, 4.50%, 12/17/19			900		910,872
<b>Independent Power Producers &amp; Energy Traders</b>	<b>0.5%</b>				
The AES Corp., Term Loan, 4.25%, 6/01/18			730		732,540

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Calpine Corp., Term Loan B1, 4.50%, 4/02/18	403	405,323
		1,137,863
<b>Industrial Conglomerates 0.6%</b>		
Sequa Corp., Term Loan B, 5.25%, 6/19/17	1,412	1,428,062

See Notes to Consolidated Financial Statements.

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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests (b)</b>		
<b>Insurance 0.9%</b>		
Alliant Holdings I, Inc., Term Loan B, 5.00%, 12/20/19	USD 400	\$ 403,000
Asurion LLC, Term Loan B1, 5.50%, 5/24/19	575	576,679
CNO Financial Group, Inc.:		
Term Loan B-1, 4.25%, 9/28/16	371	373,279
Term Loan B-2, 5.00%, 9/20/18	508	512,486
Cunningham Lindsey Group, Inc., Term Loan B, 5.00%, 12/10/19	345	349,312
		2,214,756
<b>Internet Software &amp; Services 0.2%</b>		
Web.com Group, Inc., Term Loan B, 5.50%, 10/27/17	592	597,107
<b>IT Services 3.6%</b>		
CCC Information Services, Inc., Term Loan, 5.25%, 12/20/19	205	206,230
Ceridian Corp., Extended Term Loan, 5.95%, 5/09/17	951	961,746
First Data Corp.:		
2018 Add-on Term Loan, 5.20%, 9/24/18	835	834,624
Extended 2018 Term Loan B, 4.20%, 3/23/18	3,949	3,898,811
Genpact International, Inc., Term Loan B, 4.25%, 8/30/19	519	523,887
InfoGroup, Inc., Term Loan, 5.75%, 5/25/18	373	338,416
iPayment, Inc., Term Loan B, 5.75%, 5/08/17	151	151,850
SunGard Data Systems, Inc., Term Loan D, 4.50%, 1/31/20	555	559,163
TransUnion LLC, Term Loan B, 5.50%, 2/12/18	1,453	1,461,486
		8,936,213
<b>Leisure Equipment &amp; Products 0.2%</b>		
Eastman Kodak Co., DIP Term Loan B, 8.50%, 7/19/13	267	267,046
FGI Operating Co. LLC, Term Loan, 5.50%, 4/19/19	283	282,658
		549,704
<b>Life Sciences Tools &amp; Services 0.1%</b>		
Patheon, Inc., Term Loan, 7.25%, 12/06/18	264	267,311
<b>Machinery 2.3%</b>		
Alliance Laundry Systems LLC, First Lien Term Loan, 5.50%, 12/07/18	220	220,893
Dematic S.A., Term Loan, 5.25%, 12/27/19	540	543,543
Intelligrated, Inc., First Lien Term Loan, 4.50% 6.75%, 7/30/18	399	399,000
Rexnord Corp., Term Loan B, 4.50%, 4/02/18	541	543,903
Silver II US Holdings LLC, Term Loan, 4.75%, 12/05/19	1,850	1,850,000
Terex Corp., Term Loan B, 4.50%, 4/28/17	1,122	1,132,414
Wabash National Corp., Term Loan B, 6.00%, 5/02/19	1,017	1,024,098
		5,713,851
<b>Media 8.9%</b>		
	721	728,394

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Capsugel Holdings US, Inc., Term Loan B, 4.75%, 8/01/18			
Cengage Learning Acquisitions, Inc.:			
Non-Extended Term Loan, 2.71%, 7/03/14	192		149,941
Tranche 1 Incremental, 7.50%, 7/03/14	661		525,370
Charter Communications Operating LLC:			
Extended Term Loan C, 3.46%, 9/06/16	1,086		1,089,316
Term Loan D, 4.00%, 5/15/19	631		635,494
Cumulus Media, Inc., First Lien Term Loan, 4.50%, 9/17/18	1,143		1,153,370
	<b>Par</b>		
<b>Floating Rate Loan Interests (b)</b>	<b>(000)</b>		<b>Value</b>
<b>Media (concluded)</b>			
EMI Music Publishing Ltd., Term Loan B, 5.50%, 6/29/18	USD 368		\$ 372,108
Foxco Acquisition Sub LLC, Term Loan B, 5.50%, 7/14/17	658		665,921
Getty Images, Inc., Term Loan B, 4.75%, 10/18/19	970		977,547
Gray Television, Inc., Term Loan B, 4.75%, 10/15/19	872		880,745
Houghton Mifflin Harcourt Publishing Co., DIP Term Loan B, 7.25%, 6/01/18	804		807,945
Hubbard Broadcasting, Term Loan B, 4.50%, 4/28/17	484		487,717
Intelsat Jackson Holdings SA, Term Loan B1, 4.50%, 4/02/18	5,332		5,382,454
Interactive Data Corp., Term Loan B, 3.75%, 2/11/18	891		892,265
Kabel Deutschland GmbH, Term Loan F, 3.50%, 2/01/19	1,200		1,201,932
NEP Supershooters LP:			
First Lien Term Loan, 5.25%, 1/18/20	315		315,885
Second Lien Term Loan, 9.50%, 8/18/20	225		230,625
Term Loan, 4.75%, 1/18/20	315		315,788
Nielsen Finance LLC, Class C Term Loan, 3.45%, 5/02/16	222		222,083
Sinclair Television Group, Inc., Term Loan B, 4.00%, 10/28/16	1,102		1,105,867
Univision Communications, Inc., Extended Term Loan, 4.45%, 3/31/17	1,114		1,114,547
UPC Financing Partnership, Term Loan T, 3.70%, 12/30/16	425		425,938
Virgin Media Investment Holdings, Term Loan B, 3.50%, 2/17/20	980		974,149
WC Luxco Sarl, Term Loan B-3, 4.25%, 3/15/18	263		265,460
Weather Channel, Term Loan B, 4.25%, 2/13/17	629		633,828
WideOpenWest Finance LLC, First Lien Term Loan, 6.25%, 7/17/18	343		347,308
			21,901,997
<b>Metals &amp; Mining 3.0%</b>			
Ameriforge Group, Inc., First Lien Term Loan, 5.00%, 12/19/19	355		358,330
Constellium Holdco BV, Term Loan B, 9.25%, 5/25/18	483		492,226
FMG America Finance, Inc., Term Loan, 5.25%, 10/18/17	1,756		1,776,632
Metals USA, Inc., Term Loan, 6.25%, 11/15/19	430		430,538
Novelis, Inc.:			
Incremental Term Loan B-2, 4.00%, 3/10/17	886		886,712
Term Loan, 4.00%, 3/10/17	1,095		1,095,762
SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18	258		258,484
Walter Energy, Inc., Term Loan B, 5.75%, 4/02/18	1,378		1,380,038
Windsor Financing LLC, Term Loan B, 6.25%, 12/05/17	608		627,109
			7,305,831
<b>Multiline Retail 1.0%</b>			
99¢ Only Stores, Term Loan, 5.25%, 1/11/19	692		696,736

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Apex Tool Group LLC, Term Loan B, 4.50%, 1/28/20	460	464,517
BJ s Wholesale Club, Inc.: First Lien Term Loan, 5.75%, 9/13/19	389	389,270
Second Lien Term Loan, 9.75%, 3/26/20	265	273,780

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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests (b)</b>		
<b>Multiline Retail (concluded)</b>		
The Neiman Marcus Group, Inc., Extended Term Loan, 4.00%, 5/16/18	USD 615	\$ 614,797
		2,439,100
<b>Oil, Gas &amp; Consumable Fuels 2.3%</b>		
Chesapeake Energy Corp., Unsecured Term Loan, 5.75%, 12/01/17	1,230	1,255,498
Gibson Energy ULC, Term Loan B, 4.75%, 6/15/18	694	700,119
Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15	799	806,819
Plains Exploration & Production, 7-Year Term Loan B, 4.00%, 11/30/19	845	846,411
Samson Investment Co., Second Lien Term Loan, 6.00%, 9/25/18	275	277,580
Tesoro Corp., Term Loan B, 2.55%, 1/30/16	515	519,506
Vantage Drilling Co., Term Loan, 6.25%, 10/26/17	1,269	1,275,282
		5,681,215
<b>Pharmaceuticals 3.0%</b>		
Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17	1,180	1,182,725
Par Pharmaceutical, Term Loan B, 4.25%, 9/28/19	1,746	1,743,443
Pharmaceutical Product Development, Inc., Term Loan B, 4.25%, 12/05/18	1,580	1,588,626
Quintiles Transnational Corp., Term Loan B, 4.50%, 6/08/18	683	688,816
RPI Finance Trust, Incremental Tranche 2, 4.00%, 11/09/18	168	170,164
Valeant Pharmaceuticals International, Inc.: Series C, Tranche B, 3.50%, 12/11/19	625	627,344
Series D, Tranche B, 3.50%, 2/13/19	656	658,409
Warner Chilcott Corp.: Incremental Term Loan B-1, 4.25%, 3/15/18	145	146,638
Term Loan B-1, 4.25%, 3/15/18	383	386,123
Term Loan B-2, 4.25%, 3/15/18	118	119,374
		7,311,662
<b>Professional Services 1.1%</b>		
Booz Allen Hamilton, Inc., Term Loan B, 4.50%, 7/31/19	603	608,768
Emdeon, Inc., Term Loan B1, 5.00%, 11/02/18	1,311	1,326,485
ON Assignment, Inc., Term Loan B, 5.00%, 5/15/19	189	190,672
Truven Health Analytics, Inc., Term Loan B, 5.75%, 6/01/19	557	562,427
		2,688,352
<b>Real Estate Investment Trusts (REITs) 0.6%</b>		
iStar Financial, Inc., Term Loan, 4.50%, 9/28/17	1,408	1,408,676
<b>Real Estate Management &amp; Development 1.3%</b>		
Realogy Corp.:	981	980,656

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Extended Letter of Credit Loan, 4.46%, 10/10/16		
Extended Term Loan, 4.42%, 10/10/16	2,360	2,359,491
		3,340,147
<b>Road &amp; Rail 0.2%</b>		
Road Infrastructure Investment LLC, Term Loan B, 6.25%, 3/30/18	437	437,792
	<b>Par (000)</b>	<b>Value</b>
<b>Floating Rate Loan Interests (b)</b>		
<b>Semiconductors &amp; Semiconductor Equipment 1.0%</b>		
Freescale Semiconductor, Inc.:		
Extended Term Loan B, 4.45%, 12/01/16	USD682	\$ 682,426
Term Loan, 5.00%, 3/20/20	940	936,240
NXP BV:		
Term Loan A-2, 5.50%, 3/03/17	503	512,818
Term Loan C, 4.75%, 1/11/20	365	370,588
		2,502,072
<b>Software 1.8%</b>		
Blackboard, Inc., Term Loan B, 6.25%, 10/04/18	147	148,602
GCA Services Group, Inc., Term Loan B, 5.25%, 11/01/19	415	415,000
Infor US, Inc., Term Loan B2, 5.25%, 4/05/18	1,910	1,931,102
RP Crown Parent LLC, First Lien Term Loan, 6.75%, 12/21/18	455	461,543
Sophia LP, Term Loan B, 6.25%, 7/19/18	630	634,602
SS&C Technologies, Inc.:		
Term Loan B-1, 5.00%, 6/07/19	762	769,062
Term Loan B-2, 5.00%, 6/07/19	79	79,558
		4,439,469
<b>Specialty Retail 4.1%</b>		
Academy Ltd., Term Loan, 4.75%, 8/03/18	1,090	1,102,367
Bass Pro Group LLC, Term Loan, 4.00%, 11/20/19	580	583,120
Burlington Coat Factory Warehouse Corp., Term Loan B1, 5.50%, 2/23/17	330	333,066
David s Bridal, Inc., Term Loan B, 5.00%, 10/11/19	865	873,866
Equinox Fitness Clubs, First Lien Term Loan, 5.50%, 11/16/19	425	429,250
The Gymboree Corp., Initial Term Loan, 5.00%, 2/23/18	67	63,889
Harbor Freight Tools USA, Inc., Term Loan B, 5.50%, 11/14/17	423	427,104
Jo-Ann Stores, Inc., Term Loan, 4.75%, 3/16/18	385	385,322
Leslie s Poolmart, Inc., Term Loan B, 2.00% - 5.25%, 10/16/19	692	699,712
Michaels Stores, Inc., Term Loan, 4.81%, 1/31/20	975	977,165
Party City Holdings, Inc., Term Loan B, 5.75%, 7/26/19	1,375	1,373,969
PETCO Animal Supplies, Inc., Term Loan, 4.00%, 11/24/17	1,500	1,511,401
Things Remembered, Inc., Term Loan B, 8.00%, 5/24/18	579	569,872
Toys R Us Delaware, Inc.:		
Incremental Term Loan B2, 5.25%, 5/25/18	160	152,250
Term Loan B3, 5.25%, 5/25/18	124	117,239
The Yankee Candle Co., Inc., Term Loan B, 5.25%, 4/02/19	451	453,415
		10,053,007
<b>Textiles, Apparel &amp; Luxury Goods 0.8%</b>		
Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18	869	877,423
PVH Corp., Term Loan B, 3.25%, 12/19/19	565	569,531
Wolverine Worldwide, Inc., Term Loan B, 4.00%, 7/31/19	457	460,760

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		1,907,714
<b>Thrifts &amp; Mortgage Finance</b>	<b>0.3%</b>	
Insight Global, Inc., First Lien Term Loan, 6.00%, 10/31/19	425	426,063

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## Consolidated Schedule of Investments (continued)

BlackRock Senior High Income Fund, Inc. (ARK)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests (b)</b>		
<b>Thriffs &amp; Mortgage Finance (concluded)</b>		
Ocwen Financial Corp., Term Loan, 5.00%, 1/22/18	USD 355	\$ 359,288
		785,351
<b>Trading Companies &amp; Distributors 0.2%</b>		
WESCO Distribution, Inc., Term Loan B, 4.50%, 12/12/19	480	484,403
<b>Wireless Telecommunication Services 1.7%</b>		
Cricket Communications, Inc., Term Loan, 4.75%, 10/10/19	435	436,362
MetroPCS Wireless, Inc., Term Loan B-3, 4.00%, 3/16/18	563	563,477
Vodafone Americas Finance 2, Inc., Term Loan, 6.88%, 8/11/15 (f)	3,046	3,106,614
		4,106,453
<b>Total Floating Rate Loan Interests 78.1%</b>		193,047,848
	<b>Beneficial</b>	
	<b>Interest</b>	
	<b>(000)</b>	<b>Value</b>
<b>Other Interests (i)</b>		
<b>Auto Components 0.0%</b>		
Intermet Liquidating Trust, Class A (d)	320	
<b>Diversified Financial Services 0.3%</b>		
J.G.Wentworth LLC Preferred Equity Interests (d)	(j)	645,641
<b>Media 0.0%</b>		
Adelphia Preferred Escrow (d)	3	
Adelphia Recovery Trust, Series ACC-6B INT (d)	250	7,500
		7,500
<b>Total Other Interests 0.3%</b>		653,141
<b>Trust Preferreds</b>	<b>Shares</b>	<b>Value</b>
<b>Diversified Financial Services 0.6%</b>		
GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (b)	52,000	\$ 1,375,385
<b>Warrants (k)</b>		
<b>Chemicals 0.0%</b>		
GEO Specialty Chemicals, Inc. (Expires 3/31/15)	172,462	11,124
<b>Media 0.1%</b>		
Charter Communications, Inc. (issued/exercisable 11/30/09, 1 share for 1 warrant, Expires 11/30/14, Strike Price \$51.28)	6,862	260,756
<b>Software 0.0%</b>		
HMH Holdings/EduMedia (issued/exercisable 3/09/10, 19 shares for 1 warrant, Expires 6/22/19, Strike Price \$42.27)	982	
<b>Total Warrants 0.1%</b>		271,880
<b>Total Long-Term Investments</b>		
(Cost \$355,323,860) 145.1%		358,463,781

	<b>Beneficial</b>	
	<b>Interest</b>	
	<b>(000)</b>	
<b>Short-Term Securities</b>		
Bank of New York Cash Reserves, 0.01% (l)	USD 5,966	5,965,660
	<b>Shares</b>	
BlackRock Liquidity Funds, TempFund, Institutional Class, 0.10% (l)(m)	2,447,698	2,447,698
<b>Total Short-Term Securities</b>		
(Cost \$8,413,358) 3.4%		8,413,358
<b>Total Investments (Cost \$363,737,218) 148.5%</b>		366,877,139
<b>Liabilities in Excess of Other Assets (48.5)%</b>		(119,753,265)
<b>Net Assets 100.0%</b>		\$ 247,123,874

**Notes to Consolidated Schedule of Investments**

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) When-issued security. Unsettled when-issued transactions were as follows:

<b>Counterparty</b>	<b>Value</b>	<b>Unrealized Appreciation (Depreciation)</b>
Citigroup, Inc.	\$ 478,800	\$ (1,200)
Deutsche Bank AG	\$ 238,750	
Goldman Sachs Group, Inc.	\$ 372,300	\$ 4,906
Sterne Agee & Leach	\$ 91,800	\$ 1,210
Suntrust Robinson	\$ 93,840	\$ 1,237

(d) Non-income producing security.

(e) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.

(f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

(g) Convertible security.

(h) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(i) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(j) Amount is less than \$500.

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**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Senior High Income Fund, Inc. (ARK)**

(k) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date of the warrants, if any.

(l) Represents the current yield as of report date.

(m) Investments in issuers considered to be an affiliate of the Fund during the year ended February 28, 2013, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

<b>Affiliate</b>	<b>Shares Held at February 29, 2012</b>	<b>Net Activity</b>	<b>Shares Held at February 28, 2013</b>	<b>Income</b>
BlackRock Liquidity Funds, TempFund, Institutional Class		2,447,698	2,447,698	\$ 2,060

Foreign currency exchange contracts as of February 28, 2013 were as follows:

<b>Currency Purchased</b>	<b>Currency Sold</b>	<b>Counterparty</b>	<b>Settlement Date</b>	<b>Unrealized Appreciation</b>
USD 456,117	CAD 450,000	Deutsche Bank AG	4/17/13	\$ 20,204

Credit default swaps sold protection outstanding as of February 28, 2013 were as follows:

<b>Issuer</b>	<b>Receive Fixed Rate</b>	<b>Counterparty</b>	<b>Expiration Date</b>	<b>Credit Rating<sup>1</sup></b>	<b>Notional Amount (000)<sup>2</sup></b>	<b>Unrealized Depreciation</b>
Caesars Entertainment Operating Co.	5.00%	Goldman Sachs Group, Inc.	3/20/17	CCC	USD 169	\$(1,286)

<sup>1</sup> Using S&P's rating of the issuer.

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

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

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Level 1 unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Fund has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to Note 1 of the Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated Schedule of Investments (continued)****BlackRock Senior High Income Fund, Inc. (ARK)**

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of February 28, 2013:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments:				
Asset-Backed Securities		\$ 238,750	\$ 10,426,035	\$ 10,664,785
Common Stocks	\$ 2,076,644	1,026,195	93,315	3,196,154
Corporate Bonds		145,338,523	3,916,065	149,254,588
Floating Rate Loan Interests		176,050,893	16,996,955	193,047,848
Other Interests	7,500		645,641	653,141
Trust Preferreds	1,375,385			1,375,385
Warrants	260,756		11,124	271,880
Short-Term Securities	8,413,358			8,413,358
Unfunded Loan Commitments		124		124
<b>Total</b>	\$ 12,133,643	\$ 322,654,485	\$ 32,089,135	\$ 366,877,263

	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments <sup>1</sup>				
<b>Assets:</b>				
Foreign currency exchange contracts		\$ 20,204		\$ 20,204
<b>Liabilities:</b>				
Credit contracts		(1,286)		(1,286)
<b>Total</b>		\$ 18,918		\$ 18,918

<sup>1</sup> Derivative financial instruments are swaps and foreign currency exchange contracts. Swaps and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument.

Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of February 28, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash	\$ 28,923			\$ 28,923
Foreign currency at value	153,780			153,780
<b>Liabilities:</b>				
Loan payable		\$ (98,000,000)		(98,000,000)
<b>Total</b>	\$ 182,703	\$ (98,000,000)		\$ (97,817,297)

There were no transfers between Level 1 and Level 2 during the year ended February 28, 2013.

Certain of the Fund's investments are categorized as Level 3 and were valued utilizing transaction prices or third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in the unobservable inputs could result in a significantly lower or higher value in such Level 3 investments.

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**Table of Contents****Consolidated Schedule of Investments (concluded)****BlackRock Senior High Income Fund, Inc. (ARK)**

A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets. The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

	Asset-Backed Securities	Common Stocks	Corporate Bonds	Floating Rate Loan Interests	Other Interests	Warrants	Total
<b>Assets:</b>							
Opening Balance, as of February 29, 2012 .	\$ 3,022,303	\$ 355,574	\$ 4,310,541	\$ 12,348,294	\$ 989,983		\$ 21,026,695
Transfers into Level 3 <sup>1</sup>				586,295			586,295
Transfers out of Level 3 <sup>1</sup>		(271,121)		(700,869)			(971,990)
Accrued discounts/premiums	49,362		148,734	23,089			221,185
Net realized gain (loss)	56,614	(749,636)	349,763	(535,894)			(879,153)
Net change in unrealized appreciation/depreciation <sup>2</sup>	671,105	758,508	495,747	769,658	267,658	\$ 11,124	2,973,800
Purchases	9,347,441		450,000	7,889,002	12,000		17,698,443
Sales	(2,720,790)	(10)	(1,838,720)	(3,382,620)	(624,000)		(8,566,140)
<b>Closing Balance, as of February 28, 2013</b>	<b>\$ 10,426,035</b>	<b>\$ 93,315</b>	<b>\$ 3,916,065</b>	<b>\$ 16,996,955</b>	<b>\$ 645,641</b>	<b>\$ 11,124</b>	<b>\$ 32,089,135</b>

<sup>1</sup> Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statements of Operations. The change in unrealized appreciation/depreciation on securities still held as of February 28, 2013 was \$2,044,932.

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the value of certain of the Fund's Level 3 investments as of February 28, 2013. The table does not include Level 3 investments with values derived utilizing third party pricing information without adjustment. A significant change in third party pricing information could result in a significantly lower or higher value of such Level 3 investments. The value of Level 3 investments derived using third party pricing information is \$25,059,037.

	Value	Valuation Techniques	Unobservable Inputs <sup>3</sup>	Range of Unobservable Inputs
<b>Assets:</b>				
Common Stocks	\$ 93,315	Market Comparable Companies	EBITDA Multiple	5.25x
Corporate Bonds	3,195,345 450,000	Market Comparable Companies Cost <sup>4</sup>	EBITDA Multiple N/A	5.25x
Floating Rate Loan Interests	1,210,442 569,872 1,500,000	Discounted Cash Flow Market Comparable Yield Analysis Cost <sup>4</sup>	Yield Yield N/A	9.50% 8.375%
Warrants	11,124	Market Comparable Companies	EBITDA Multiple	5.25x
<b>Total</b>	<b>\$ 7,030,098</b>			

<sup>3</sup> A change to the unobservable input may result in a significant change to the value of the investment as follows:

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<b>Unobservable Input</b>	<b>Impact to Value if Input Increases</b>	<b>Impact to Value if Input Decreases</b>
EBITDA Multiple	Increase	Decrease
Yield	Decrease	Increase

- <sup>4</sup> The Fund fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, these investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Fund.

See Notes to Consolidated Financial Statements.

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## Consolidated Statements of Assets and Liabilities

	<b>BlackRock Corporate</b>	<b>BlackRock Corporate</b>		<b>BlackRock</b>
	<b>High Yield</b>	<b>High Yield</b>	<b>BlackRock</b>	<b>Senior High Income</b>
<b>February 28, 2013</b>	<b>Fund, Inc. (COY)</b>	<b>Fund III, Inc. (CYE)</b>	<b>Debt Strategies Fund, Inc. (DSU)</b>	<b>Fund, Inc. (ARK)</b>
<b>Assets</b>				
Investments at value unaffiliated	\$ 374,067,363	\$ 418,085,615	\$ 706,578,692	\$ 364,429,441
Investments at value affiliated		2,103,451	157,333	2,447,698
Cash	3,687,665	1,722,765	126,483	28,923
Cash pledged as collateral for swaps	600,000	100,000		
Cash pledged as collateral for financial futures contracts	231,000	252,000		
Investments sold receivable	3,459,084	3,790,136	9,539,158	4,779,054
Interest receivable	5,111,303	5,667,410	6,435,324	3,179,532
Unrealized appreciation on foreign currency exchange contracts	949,539	1,022,011	928,123	20,204
Unrealized appreciation on swaps	846,110	884,135	273,098	
Foreign currency at value <sup>3</sup>	9,196	1,908	262,834	153,780
Swaps receivable	149,019	166,960	93,470	1,664
Swap premiums paid	74,335	77,811		
Variation margin receivable	5,750	6,250		
Dividends receivable	3,952	2,844		
Income tax refund receivable			111,194	
Unrealized appreciation on unfunded loan commitments			237	124
Prepaid expenses	3,980	9,235	2,021	7,801
Other assets			232,711	
<b>Total assets</b>	<b>389,198,296</b>	<b>433,892,531</b>	<b>724,740,678</b>	<b>375,048,221</b>
<b>Liabilities</b>				
Loan payable	98,000,000	117,000,000	190,000,000	98,000,000
Investments purchased payable	17,260,707	18,605,546	57,708,218	29,465,040
Swap premiums received	1,156,106	1,205,057	1,170,411	53,336
Cash received as collateral for swaps	600,000	500,000		
Investment advisory fees payable	139,546	186,873	306,298	131,765
Interest expense payable	112,885	82,166	137,457	71,915
Officers and Directors fees payable			137,938	
Options written at value <sup>4</sup>	50,555	54,924		
Unrealized depreciation on swaps	35,338	38,089	2,474	1,286
Unrealized depreciation on foreign currency exchange contracts	5,376			
Swaps payable	2,337	2,515		
Deferred capital gains tax payable			53,428	
Other accrued expenses payable	218,457	209,651	271,449	201,005
<b>Total liabilities</b>	<b>117,581,307</b>	<b>137,884,821</b>	<b>249,787,673</b>	<b>127,924,347</b>
<b>Net Assets</b>	<b>\$ 271,616,989</b>	<b>\$ 296,007,710</b>	<b>\$ 474,953,005</b>	<b>\$ 247,123,874</b>
<b>Net Assets Consist of</b>				
Paid-in capital <sup>5</sup>	\$ 306,446,046	\$ 326,291,482	\$ 760,311,619	\$ 350,162,299
Undistributed net investment income	4,102,652	1,542,971	1,014,349	3,093,281
Accumulated net realized loss	(50,360,724)	(45,804,963)	(263,080,232)	(109,287,601)
Net unrealized appreciation/depreciation	11,429,015	13,978,220	(23,292,731)	3,155,895

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<b>Net Assets</b>	\$ 271,616,989	\$ 296,007,710	\$ 474,953,005	\$ 247,123,874
Net asset value per share	\$ 7.76	\$ 7.88	\$ 4.38	\$ 4.35
<sup>1</sup> Investments at cost unaffiliated	\$ 364,373,360	\$ 405,955,194	\$ 731,237,306	\$ 361,289,520
<sup>2</sup> Investments at cost affiliated		\$ 2,103,451	\$ 157,333	\$ 2,447,698
<sup>3</sup> Foreign currency at cost	\$ 9,375	\$ 1,963	\$ 268,954	\$ 156,842
<sup>4</sup> Premiums received	\$ 98,415	\$ 106,920		
<sup>5</sup> Shares outstanding, 200 million shares authorized, par value \$0.10 per share	35,004,366	37,542,561	108,362,126	56,852,901

See Notes to Consolidated Financial Statements.

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## Consolidated Statements of Operations

Year Ended February 28, 2013	BlackRock Corporate	BlackRock Corporate	BlackRock	
	High Yield Fund, Inc. (COY)	High Yield Fund III, Inc. (CYE)	BlackRock Debt Strategies Fund, Inc. (DSU)	Senior High Income Fund, Inc. (ARK)
<b>Investment Income</b>				
Interest	\$ 24,385,970	\$ 27,253,914	\$ 42,239,880	\$ 21,206,244
Dividends unaffiliated	773,530	875,132	11,106	16,226
Dividends affiliated	2,410	1,034	3,303	2,060
Total income	25,161,910	28,130,080	42,254,289	21,224,530
<b>Expenses</b>				
Investment advisory	1,750,891	2,349,156	3,790,193	1,619,965
Borrowing costs <sup>1</sup>	166,158	181,307	294,645	153,731
Professional	163,945	135,378	229,780	206,681
Accounting services	91,205	96,867	111,417	70,067
Transfer agent	63,326	51,706	106,764	64,749
Custodian	23,763	71,743	51,019	30,980
Officer and Directors	22,654	23,041	55,651	21,520
Registration	22,543	23,718	37,261	35,860
Printing	11,234	13,014	6,946	11,156
Miscellaneous	50,807	43,892	60,688	30,632
Total expenses excluding interest expense and income tax	2,366,526	2,989,822	4,744,364	2,245,341
Interest expense	861,136	1,027,549	1,671,333	798,937
Income tax	4,230	4,230	578	
Total expenses	3,231,892	4,021,601	6,416,275	3,044,278
Less fees waived by Manager	(1,331)	(518)	(1,545)	(1,009)
Total expenses after fees waived	3,230,561	4,021,083	6,414,730	3,043,269
Net investment income	21,931,349	24,108,997	35,839,559	18,181,261
<b>Realized and Unrealized Gain (Loss)</b>				
Net realized gain (loss) from:				
Investments unaffiliated	10,645,703	11,944,307	(3,429,257)	3,317,242
Capital gain distributions received from affiliated investment companies			109	
Financial futures contracts	(785,888)	(831,838)		
Foreign currency transactions	(907,460)	(908,659)	(961,307)	(21,443)
Options written	220,356	228,748		
Swaps	976,481	1,005,453	(302,636)	(298,156)
	10,149,192	11,438,011	(4,693,091)	2,997,643
Net change in unrealized appreciation/depreciation on:				
Investments	3,164,868	4,840,563	30,537,466 <sup>2</sup>	8,063,327
Financial futures contracts	198,467	195,269		
Foreign currency translations	1,833,233	1,940,573	1,653,055	30,001
Options written	(13,450)	(13,054)		

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Swaps	445,683	476,087	270,624	(1,286)
Unfunded loan commitments			237	124
	5,628,801	7,439,438	32,461,382	8,092,166
Total realized and unrealized gain	15,777,993	18,877,449	27,768,291	11,089,809
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 37,709,342</b>	<b>\$ 42,986,446</b>	<b>\$ 63,607,850</b>	<b>\$ 29,271,070</b>

<sup>1</sup> See Note 6 of the Notes to Consolidated Financial Statements for details of short-term borrowings.

<sup>2</sup> Net of capital gains tax of \$53,428.

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<b>Net Assets</b>				
Total increase (decrease) in net assets	29,128,770	(15,422,956)	11,807,376	(3,443,922)
Beginning of year	445,824,235	461,247,191	235,316,498	238,760,420
End of year	\$ 474,953,005	\$ 445,824,235	\$ 247,123,874	\$ 235,316,498
Undistributed net investment income	\$ 1,014,349	\$ 3,782,626 <sup>2</sup>	\$ 3,093,281	\$ 2,841,426 <sup>2</sup>

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Restated to reclassify income tax expenses to net investment income from realized and unrealized gain (loss).

See Notes to Consolidated Financial Statements.

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**Table of Contents****Consolidated Statements of Cash Flows**

	<b>BlackRock Corporate High Yield Fund, Inc.</b>	<b>BlackRock Corporate High Yield Fund III, Inc.</b>	<b>BlackRock Debt Strategies Fund, Inc.</b>	<b>BlackRock Senior High Income Fund, Inc.</b>
<b>Year Ended February 28, 2013</b>	<b>(COY)</b>	<b>(CYE)</b>	<b>(DSU)</b>	<b>(ARK)</b>
<b>Cash Used for Operating Activities</b>				
Net increase in net assets resulting from operations	\$ 37,709,342	\$ 42,986,446	\$ 63,607,850	\$ 29,271,070
Adjustments to reconcile net increase in net assets resulting from operations to net cash used for operating activities:				
Increase in interest receivable	(375,308)	(117,967)	(608,226)	(239,059)
Increase in swaps receivable	(47,925)	(64,660)	(93,470)	(1,664)
Decrease in income receivable affiliated		11	696	188
Decrease in dividends receivable unaffiliated	5,785	18,055	56,056	
Increase in income tax refund receivable			(111,194)	
Decrease in cash pledged as collateral for financial futures contracts	331,000	324,000		
Increase in cash pledged as collateral in connection with swaps	(100,000)			
Decrease in prepaid expenses	22,367	15,559	21,322	21,203
Decrease in other assets	48,396	6,507	279,373	
Decrease in variation margin receivable	35,200	35,750		
Increase in investment advisory fees payable	15,937	18,385	42,844	15,507
Increase in cash received as collateral for swaps	600,000	500,000		
Increase (decrease) in interest expense payable	54,453	(43,930)	(68,706)	(28,336)
Increase (decrease) in other accrued expenses payable	(27,193)	32,225	(54,957)	66,834
Decrease in deferred income		(79,400)	(123,185)	(65,666)
Decrease in swaps payable	(8,214)	(9,035)		
Increase (decrease) in Officers and Directors fees payable	(706)	(2,675)	25,447	(198)
Increase in deferred foreign capital gains tax payable			53,428	
Net periodic and termination payment of swaps	2,101,654	2,213,819	867,775	(244,820)
Net realized and unrealized gain/loss on investments and swaps	(16,962,040)	(19,893,127)	(28,672,361)	(10,846,234)
Amortization of premium and accretion of discount on investments and swaps	(98,494)	(228,773)	(2,306,716)	(679,295)
Premiums received from options written	330,911	346,174		
Premiums paid on closing options written	(89,037)	(92,086)		
Proceeds from sales of long-term investments	263,167,385	296,350,802	471,009,524	225,558,088
Purchases of long-term investments	(296,268,982)	(325,370,487)	(512,919,347)	(250,823,151)
Net proceeds from sales (purchases) of short-term securities	2,264,805	(2,103,451)	(1,268,569)	(3,292,335)
Cash used for operating activities	(7,290,664)	(5,157,858)	(10,262,416)	(11,287,868)
<b>Cash Provided by Financing Activities</b>				
Cash receipts from borrowings	159,000,000	145,000,000	272,000,000	152,000,000
Cash payments on borrowings	(128,000,000)	(114,000,000)	(227,000,000)	(123,000,000)
Cash dividends paid to shareholders	(20,268,115)	(24,165,358)	(34,479,080)	(17,541,951)
Decrease in bank overdraft		(193,858)		
Cash provided by financing activities	10,731,885	6,640,784	10,520,920	11,458,049
<b>Cash Impact from Foreign Exchange Fluctuations</b>				
Cash impact from foreign exchange fluctuations	(3,063)	(2,096)	(6,961)	(3,106)
<b>Cash and Foreign Currency</b>				
Net increase (decrease) in cash and foreign currency	3,438,158	1,480,830	251,543	167,075
Cash and foreign currency at beginning of period	258,703	243,842	137,774	15,628

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Cash and foreign currency at end of period	\$	3,696,861	\$	1,724,672	\$	389,317	\$	182,703
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### Cash Flow Information

Cash paid during the period for interest	\$	806,683	\$	1,071,479	\$	1,740,039	\$	827,273
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### Non-cash Financing Activities

Capital shares issued in reinvestment of dividends	\$	1,105,397	\$	999,385	\$	1,653,035	\$	809,036
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See Notes to Consolidated Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Corporate High Yield Fund, Inc. (COY)**

	Year Ended February 28, 2013 <sup>1</sup>	Year Ended February 29, 2012 <sup>1</sup>	Year Ended February 28, 2011	Year Ended February 28, 2010	Period June 1, 2008 to February 28, 2009	Year Ended May 31, 2008
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 7.29	\$ 7.42	\$ 6.64	\$ 4.19	\$ 7.74	\$ 9.07
Net investment income <sup>2</sup>	0.63	0.62	0.65	0.65	0.50	0.75
Net realized and unrealized gain (loss)	0.45	(0.14)	0.74	2.53	(3.50)	(1.32)
Net increase (decrease) from investment operations	1.08	0.48	1.39	3.18	(3.00)	(0.57)
Dividends from net investment income <sup>3</sup>	(0.61)	(0.61)	(0.61)	(0.73)	(0.55)	(0.76)
Net asset value, end of period	\$ 7.76	\$ 7.29	\$ 7.42	\$ 6.64	\$ 4.19	\$ 7.74
Market price, end of period	\$ 8.04	\$ 7.76	\$ 7.03	\$ 6.88	\$ 3.91	\$ 7.28
<b>Total Investment Return<sup>4</sup></b>						
Based on net asset value	15.53%	7.15%	22.11%	79.91%	(38.98)% <sup>5</sup>	(5.49)%
Based on market price	12.44%	20.39%	11.66%	99.76%	(39.46)% <sup>5</sup>	(4.81)%
<b>Ratios to Average Net Assets</b>						
Total expenses	1.25%	1.15%	1.18%	1.18%	2.29% <sup>6</sup>	2.33%
Total expenses after fees waived and paid indirectly	1.25%	1.15%	1.18%	1.18%	2.29% <sup>6</sup>	2.33%
Total expenses after fees waived and paid indirectly and excluding interest expense and income tax	0.92% <sup>7</sup>	0.90%	0.89%	0.92%	1.17% <sup>6</sup>	0.83%
Net investment income	8.48%	8.67%	9.28%	11.36%	11.45% <sup>6</sup>	9.15%
<b>Supplemental Data</b>						
Net assets, end of period (000)	\$ 271,617	\$ 254,176	\$ 257,909	\$ 230,593	\$ 144,800	\$ 267,698
Borrowings outstanding, end of period (000)	\$ 98,000	\$ 67,000	\$ 63,000	\$ 72,000	\$ 38,700	\$ 64,700
Average borrowings outstanding, during the period (000)	\$ 91,655	\$ 63,281	\$ 55,304	\$ 42,184	\$ 59,553	\$ 81,598
Portfolio turnover	74%	71%	83%	85%	37%	38%
Asset coverage, end of period per \$1,000	\$ 3,772	\$ 4,794	\$ 5,094	\$ 4,203	\$ 4,742	\$ 5,138

<sup>1</sup> Consolidated Financial Highlights.

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- <sup>2</sup> Based on average shares outstanding.
- <sup>3</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.
- <sup>5</sup> Aggregate total investment return.
- <sup>6</sup> Annualized.
- <sup>7</sup> For the year ended February 28, 2013, the total expense ratio after fees waived and paid indirectly and excluding interest expense, borrowing costs and income tax was 0.86%.

See Notes to Consolidated Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Corporate High Yield Fund III, Inc. (CYE)**

	Year Ended February 28, 2013 <sup>1</sup>	Year Ended February 29, 2012 <sup>1</sup>	Year Ended February 28,		Period June 1, 2008 to February 28,	Year Ended May 31, 2008
			2011	2010	2009	
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 7.41	\$ 7.56	\$ 6.69	\$ 4.05	\$ 7.62	\$ 8.99
Net investment income <sup>2</sup>	0.64	0.63	0.65	0.64	0.50	0.73
Net realized and unrealized gain (loss)	0.50	(0.15)	0.83	2.68	(3.51)	(1.33)
Net increase (decrease) from investment operations	1.14	0.48	1.48	3.32	(3.01)	(0.60)
Dividends from net investment income <sup>3</sup>	(0.67)	(0.63)	(0.61)	(0.68)	(0.56)	(0.77)
Net asset value, end of period	\$ 7.88	\$ 7.41	\$ 7.56	\$ 6.69	\$ 4.05	\$ 7.62
Market price, end of period	\$ 7.89	\$ 7.75	\$ 7.14	\$ 6.67	\$ 3.57	\$ 7.03
<b>Total Investment Return<sup>4</sup></b>						
Based on net asset value	16.16%	7.11%	23.50%	86.65%	(39.69)% <sup>5</sup>	(5.69)%
Based on market price	11.20%	18.62%	16.99%	111.12%	(42.38)% <sup>5</sup>	(8.30)%
<b>Ratios to Average Net Assets</b>						
Total expenses	1.42%	1.38%	1.37%	1.34%	2.45% <sup>6</sup>	2.47%
Total expenses after fees waived and paid indirectly	1.42%	1.38%	1.37%	1.33%	2.45% <sup>6</sup>	2.47%
Total expenses after fees waived and paid indirectly and excluding interest expense and income tax	1.06% <sup>7</sup>	1.08%	1.03%	1.04%	1.29% <sup>6</sup>	0.96%
Net investment income	8.54%	8.76%	9.15%	11.35%	11.80% <sup>6</sup>	9.01%
<b>Supplemental Data</b>						
Net assets, end of period (000)	\$ 296,008	\$ 277,187	\$ 282,259	\$ 249,721	\$ 151,261	\$ 284,361
Borrowings outstanding, end of period (000)	\$ 117,000	\$ 86,000	\$ 91,000	\$ 76,000	\$ 44,200	\$ 71,700
Average borrowings outstanding, during the period (000)	\$ 109,436	\$ 83,997	\$ 69,937	\$ 49,196	\$ 65,500	\$ 88,466
Portfolio turnover	74%	70%	89%	89%	37%	38%
Asset coverage, end of period per \$1,000	\$ 3,530	\$ 4,223	\$ 4,102	\$ 4,286	\$ 4,422	\$ 4,966

<sup>1</sup> Consolidated Financial Highlights.

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- <sup>2</sup> Based on average shares outstanding.
- <sup>3</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.
- <sup>5</sup> Aggregate total investment return.
- <sup>6</sup> Annualized.
- <sup>7</sup> For the year ended February 28, 2013, the total expense ratio after fees waived and paid indirectly and excluding interest expense, borrowing costs and income tax was 1.00%.

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**Table of Contents****Financial Highlights****BlackRock Debt Strategies Fund, Inc. (DSU)**

	Year Ended February 28,	Year Ended February 29,	Year Ended February 28,		
	2013 <sup>1</sup>	2012 <sup>1</sup>	2011	2010	2009
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 4.13	\$ 4.28	\$ 3.89	\$ 2.35	\$ 5.57
Net investment income <sup>2</sup>	0.33	0.33	0.33	0.39	0.52
Net realized and unrealized gain (loss)	0.25	(0.16)	0.40	1.55	(3.12)
Net increase (decrease) from investment operations	0.58	0.17	0.73	1.94	(2.60)
Dividends and distributions from: <sup>3</sup>					
Net investment income	(0.33)	(0.32)	(0.33)	(0.39)	(0.62)
Tax return of capital			(0.01)	(0.01)	
Total dividends and distributions	(0.33)	(0.32)	(0.34)	(0.40)	(0.62)
Net asset value, end of year	\$ 4.38	\$ 4.13	\$ 4.28	\$ 3.89	\$ 2.35
Market price, end of year	\$ 4.46	\$ 4.13	\$ 4.05	\$ 3.91	\$ 2.07
<b>Total Investment Return<sup>4</sup></b>					
Based on net asset value	14.78%	4.53%	19.92%	87.82%	(50.19)%
Based on market price	16.87%	10.47%	12.90%	114.32%	(54.99)%
<b>Ratios to Average Net Assets</b>					
Total expenses	1.41%	1.44% <sup>5</sup>	1.27%	1.23%	2.42%
Total expenses after fees waived and paid indirectly	1.41%	1.44% <sup>5</sup>	1.27%	1.23%	2.42%
Total expenses after fees waived and paid indirectly and excluding interest expense and income tax	1.04% <sup>6</sup>	1.06% <sup>6</sup>	1.02%	1.02%	1.20%
Net investment income	7.89%	7.99% <sup>5</sup>	8.22%	12.16%	11.79%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 474,953	\$ 445,824	\$ 461,247	\$ 419,222	\$ 252,080
Borrowings outstanding, end of year (000)	\$ 190,000	\$ 145,000	\$ 117,000	\$ 67,000	\$ 90,000
Average borrowings outstanding, during the year (000)	\$ 177,975	\$ 142,596	\$ 89,362	\$ 58,574	\$ 163,286
Portfolio turnover	72%	59%	81%	86%	44%
Asset coverage, end of year per \$1,000	\$ 3,500	\$ 4,075	\$ 4,942	\$ 7,257	\$ 3,801

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- <sup>1</sup> Consolidated Financial Highlights.
- <sup>2</sup> Based on average shares outstanding.
- <sup>3</sup> Dividends and distributions are determined in accordance with federal income tax regulations.
- <sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.
- <sup>5</sup> Restated to include income taxes for the consolidated entity.
- <sup>6</sup> For the years ended February 28, 2013 and February 29, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, borrowing costs and income tax were 0.98% and 0.95%, respectively.

See Notes to Consolidated Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Senior High Income Fund, Inc. (ARK)**

	Year Ended February 28,	Year Ended February 29,	Year Ended February 28,		
	2013 <sup>1</sup>	2012 <sup>1</sup>	2011	2010	2009
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 4.15	\$ 4.22	\$ 3.91	\$ 2.54	\$ 5.04
Net investment income <sup>2</sup>	0.32	0.32	0.32	0.36	0.41
Net realized and unrealized gain (loss)	0.20	(0.06)	0.32	1.31	(2.43)
Net increase (decrease) from investment operations	0.52	0.26	0.64	1.67	(2.02)
Dividends and distributions from: <sup>3</sup>					
Net investment income	(0.32)	(0.33)	(0.33)	(0.30)	(0.43)
Tax return of capital					(0.05)
Total dividends and distributions	(0.32)	(0.33)	(0.33)	(0.30)	(0.48)
Net asset value, end of year	\$ 4.35	\$ 4.15	\$ 4.22	\$ 3.91	\$ 2.54
Market price, end of year	\$ 4.34	\$ 4.06	\$ 4.18	\$ 3.94	\$ 2.21
<b>Total Investment Return<sup>4</sup></b>					
Based on net asset value	13.08%	6.86%	17.13%	68.90%	(42.15)%
Based on market price	15.32%	5.54%	15.13%	95.61%	(48.33)%
<b>Ratios to Average Net Assets</b>					
Total expenses	1.27%	1.25% <sup>5</sup>	1.13%	1.13%	2.24%
Total expenses after fees waived	1.27%	1.25% <sup>5</sup>	1.13%	1.13%	2.24%
Total expenses after fees waived and excluding interest expense and income tax	0.94% <sup>6</sup>	0.94% <sup>6</sup>	0.90%	0.93%	1.05%
Net investment income	7.60%	7.80% <sup>5</sup>	7.83%	10.70%	9.96%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 247,124	\$ 235,316	\$ 238,760	\$ 221,173	\$ 143,643
Borrowings outstanding, end of year (000)	\$ 98,000	\$ 69,000	\$ 50,000	\$ 43,000	\$ 47,000
Average borrowings outstanding, during the year (000)	85,071	\$ 66,806	\$ 41,405	\$ 29,978	\$ 79,422
Portfolio turnover	68%	60%	83%	80%	49%
Asset coverage, end of year per \$1,000	\$ 3,522	\$ 4,410	\$ 5,775	\$ 6,144	\$ 4,056

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- <sup>1</sup> Consolidated Financial Highlights.
- <sup>2</sup> Based on average shares outstanding.
- <sup>3</sup> Dividends and distributions are determined in accordance with federal income tax regulations.
- <sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.
- <sup>5</sup> Restated to include income taxes for the consolidated entity.
- <sup>6</sup> For the years ended February 28, 2013 and February 29, 2012, the total expense ratio after fees waived and excluding interest expense, borrowing costs and income tax were 0.87% and 0.83%, respectively.

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## Notes to Consolidated Financial Statements

**1. Organization and Significant Accounting Policies:**

BlackRock Corporate High Yield Fund, Inc. ( COY ), BlackRock Corporate High Yield Fund III, Inc. ( CYE ) and BlackRock Debt Strategies Fund, Inc. ( DSU ) are registered under the 1940 Act, as diversified, closed-end management investment companies. BlackRock Senior High Income Fund, Inc. ( ARK ) is registered under the 1940 Act, as a non-diversified, closed-end management investment company. COY, CYE, DSU and ARK are referred to collectively as the Funds or individually as a Fund . The Funds are organized as Maryland corporations. The Funds consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( US GAAP ), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Boards of Directors of the Funds are collectively referred to throughout this report as the Board of Directors or the Board , and the directors thereof are collectively referred to throughout this report as Directors . The Funds determine and make available for publication the NAVs of their Common Shares on a daily basis.

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

**Basis of Consolidation:** The accompanying consolidated financial statements include the accounts of BLK COY (Luxembourg) Investments, S.a.r.l. and BLK CYE (Luxembourg) Investments, S.a.r.l. (the Luxembourg Subsidiaries ) and DSU Subsidiary, LLC and ARK Subsidiary, LLC (the US Subsidiaries ), all of which are wholly owned taxable subsidiaries of each respective Fund ( Taxable Subsidiaries ). The US Subsidiaries enable the Funds to hold investments in operating companies and satisfy Regulated Investment Company ( RIC ) tax requirements. Income earned and gains realized on the investments held by the US Subsidiaries are taxable to such subsidiaries. The Luxembourg Subsidiaries hold shares of private Canadian companies. These shares are held in the Luxembourg Subsidiaries in order to realize benefits under the Double Tax Avoidance Convention between Canada and Luxembourg, the result of which is gains on the sale of such shares will not be subject to capital gains taxes in Canada. Income earned on the investments held by the Taxable Subsidiaries may be taxable to such subsidiaries in Luxembourg. A tax provision for income, if any, is shown as income tax in the Consolidated Statements of Operations. A tax provision for income from realized and unrealized gains, if any, is included as a reduction of realized and unrealized gain (loss) in the Consolidated Statements of Operations. Each Fund may invest up to 25% of its total assets in the US Subsidiary. Intercompany accounts and transactions have been eliminated. Both the US and Luxembourg Subsidiaries are subject to the same investment policies and restrictions that apply to the Funds.

**Valuation:** US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds determine the fair value of their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The Global Valuation Committee is the committee formed by management to develop global pricing policies and procedures and to provide oversight of the pricing function for the Funds for all financial instruments.

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

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

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

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

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**Table of Contents****Notes to Consolidated Financial Statements (continued)**

In the event that application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the Global Valuation Committee, or its delegate, seeks to determine the price that each Fund might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee deem relevant consistent with the principles of fair value measurement, which include the market approach, income approach and/or in the case of recent investments, the cost approach, as appropriate. A market approach generally consists of using comparable market transactions. The income approach generally is used to discount future cash flows to present value and adjusted for liquidity as appropriate. These factors include but are not limited to: (i) attributes specific to the investment or asset; (ii) the principal market for the investment or asset; (iii) the customary participants in the principal market for the investment or asset; (iv) data assumptions by market participants for the investment or asset, if reasonably available; (v) quoted prices for similar investments or assets in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates. Due to the inherent uncertainty of valuations of such investments, the fair values may differ from the values that would have been used had an active market existed. The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of each Fund's pricing vendors, a regular review of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof on a quarterly basis.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE that may not be reflected in the computation of each Fund's net assets. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to affect the value of such instruments materially, those instruments may be Fair Value Assets and be valued at their fair value, as determined in good faith by the Global Valuation Committee using a pricing service and/or policies approved by the Board.

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

The Funds do not isolate the portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in foreign currency exchange rates on investments are not segregated in the Consolidated Statements of Operations from the effects of changes in market prices of those investments but are included as a component of net realized and unrealized gain (loss) from investments. The Funds report realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

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

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

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

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**Table of Contents****Notes to Consolidated Financial Statements (continued)**

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

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

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

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

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

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

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**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. The portion of distributions that exceeds a Fund's current and accumulated earnings and profits, which are measured on a tax basis, will constitute a nontaxable return of capital. Distributions in excess of a Fund's taxable income and net capital gains, but not in excess of a Fund's earnings and profits, will be taxable to shareholders as ordinary income and will not constitute a nontaxable return of capital. Capital losses carried forward from years beginning before 2011 do not reduce earnings and profits, even if such carried forward losses offset current year realized gains. The character and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

**Income Taxes:** It is the Funds' policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to RICs and

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to distribute substantially all of their taxable income to its shareholders. Therefore, no federal income tax provision is required.

The Funds file US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds US federal tax returns remains open for each of the four years ended February 28, 2013. The statutes of limitations on the Funds state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

**Recent Accounting Standards:** In December 2011, the Financial Accounting Standards Board (the FASB) issued guidance that will expand current disclosure requirements on the offsetting of certain assets and liabilities. The new disclosures will be required for investments and derivative financial instruments subject to master netting or similar agreements, which are eligible for offset in the Consolidated Statements of Assets and Liabilities and will require an entity to disclose both gross and net information about such investments and transactions in the financial statements. In January 2013, the FASB issued guidance that clarifies which investments and transactions are subject to the offsetting disclosure requirements. The scope of the disclosure requirements for offsetting will be limited to derivative instruments, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions. The guidance is effective for financial statements with fiscal years beginning on or after January 1, 2013, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds consolidated financial statement disclosures.

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

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Deferred compensation liabilities are included in officer's and directors' fees payable in the Consolidated Statements of Assets and Liabilities and will remain as a liability of the Funds until such amounts are distributed in accordance with the Plan.

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

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

**2. Derivative Financial Instruments:**

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

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

The Funds may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. master agreement (ISDA Master Agreement) implemented between a Fund and each of its respective counterparties. An ISDA Master Agreement allows each Fund to offset with each separate counterparty certain derivative financial instrument's payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon

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minimum transfer amounts of up to \$500,000. To the extent amounts due to the Funds from their counterparties are not fully collateralized, contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, the Funds manage counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

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

Financial Futures Contracts: The Funds purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in value of equity securities (equity risk). Financial futures contracts are agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, financial futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the

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settlement date. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Funds as unrealized appreciation or depreciation. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

**Foreign Currency Exchange Contracts:** The Funds enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Fund, help to manage the overall exposure to the currencies, in which some of the investments held by the Fund are denominated. The contract is marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that the counterparty to the contract does not perform its obligations under the agreement.

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

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

**Swaps:** The Funds enter into swap agreements, in which the Fund and a counterparty agree either to make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be entered into as a bilateral contract or centrally cleared (centrally cleared swaps). In a centrally cleared swap, immediately following execution of the swap agreement, the swap agreement is novated to a central counterparty (the CCP) and the Fund faces the CCP through a future commission merchant. Unlike a bilateral swap agreement, for centrally cleared swaps, the Fund has no credit exposure to the counterparty as the CCP stands between the Fund and the counterparty. These payments received or made by the Funds are recorded in the Consolidated Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and are shown as swap premiums paid and swap premiums received, respectively, in the Consolidated Statements of Assets and Liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of centrally cleared swaps, if any, is recorded as a receivable or payable for variation margin in the Consolidated Statements of Assets and Liabilities. When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Consolidated Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

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Credit default swaps The Funds enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Funds may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the protection buyer pays fixed periodic payments to the seller in consideration for a guarantee from the protection seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agree-

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## Notes to Consolidated Financial Statements (continued)

ments in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Funds will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Funds will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

Interest rate swaps The Funds enter into interest rate swaps to gain or reduce exposure to interest rates or to manage duration, the yield curve or interest rate risk by economically hedging the value of the fixed rate bonds, which may decrease when interest rates rise (interest rate risk). Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating, for another party's stream of interest payments, either fixed or floating, on the same notional amount for a specified period of time. Interest rate floors, which are a type of interest rate swap, are agreements in which one party agrees to make payments to the other party to the extent that interest rates fall below a specified rate or floor in return for a premium. In more complex swaps, the notional principal amount may decline (or amortize) over time.

**Derivative Financial Instruments Categorized by Risk Exposure:****Fair Values of Derivative Financial Instruments as of February 28, 2013**

		Asset Derivatives			
		COY	CYE	DSU	ARK
Consolidated Statements of Assets and Liabilities Location		Value			
Foreign currency exchange contracts	Unrealized appreciation on foreign currency exchange contracts	\$ 949,539	\$ 1,022,011	\$ 928,123	\$ 20,204
Credit contracts	Unrealized appreciation on swaps; swap premiums paid	920,445	961,946	273,098	
Equity contracts	Investments at value-unaffiliated <sup>1</sup>	1,960	2,140		
<b>Total</b>		<b>\$ 1,871,944</b>	<b>\$ 1,986,097</b>	<b>\$ 1,201,221</b>	<b>\$ 20,204</b>
		Liability Derivatives			
		COY	CYE	DSU	ARK
Consolidated Statements of Assets and Liabilities Location		Value			
Foreign currency exchange contracts	Unrealized depreciation on foreign currency exchange contracts	\$ (5,376)			
Credit contracts	Unrealized depreciation on swaps; swap premiums received	(1,191,444)	\$ (1,243,146)	\$ (1,172,885)	\$ (54,622)
Equity contracts.	Net unrealized appreciation/depreciation <sup>2</sup> ; Options written at value	(110,025)	(118,483)		
<b>Total</b>		<b>\$ (1,306,845)</b>	<b>\$ (1,361,629)</b>	<b>\$ (1,172,885)</b>	<b>\$ (54,622)</b>

<sup>1</sup> Includes options purchased at value as reported in the Consolidated Schedules of Investments.

<sup>2</sup> Includes cumulative appreciation/depreciation on financial futures contracts and centrally cleared swaps, if any, as reported in the Consolidated Schedules of Investments. Only current day's variation margin is reported within the Consolidated Statements of Assets and Liabilities.

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## Notes to Consolidated Financial Statements (continued)

**The Effect of Derivative Financial Instruments in the Consolidated Statements of Operations**

Year Ended February 28, 2013

	Net Realized Gain (Loss) From			
	COY	CYE	DSU	ARK
Interest rate contracts:				
Options <sup>1</sup>	\$ 15,600	\$ 17,025		
Foreign currency exchange contracts:				
Foreign currency transactions	(956,437)	(896,788)	\$ (908,737)	\$ (27,092)
Credit contracts:				
Swaps	976,481	1,005,453	(302,636)	(298,156)
Equity contracts:				
Financial futures contracts	(785,888)	(831,838)		
Options <sup>1</sup>	(85,225)	(117,671)		
<b>Total</b>	<b>\$ (835,469)</b>	<b>\$ (823,819)</b>	<b>\$ (1,211,373)</b>	<b>\$ (325,248)</b>
	Net Change in Unrealized Appreciation/Depreciation on			
	COY	CYE	DSU	ARK
Foreign currency exchange contracts:				
Foreign currency translations	\$ 1,850,606	\$ 1,953,019	\$ 1,678,148	\$ 33,113
Credit contracts:				
Swaps	445,683	476,087	270,624	(1,286)
Equity contracts:				
Financial futures contracts	198,467	195,269		
Options <sup>1</sup>	202,288	216,531		
<b>Total</b>	<b>\$ 2,697,044</b>	<b>\$ 2,840,906</b>	<b>\$ 1,948,772</b>	<b>\$ 31,827</b>

<sup>1</sup> Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

For the year ended February 28, 2013, the average quarterly balances of outstanding derivative financial instruments were as follows:

	COY	CYE	DSU	ARK
Financial futures contracts:				
Average number of contracts sold	75	80		
Average notional value of contracts purchased				
Average notional value of contracts sold	\$ 5,231,278	\$ 5,549,471		
Foreign currency exchange contracts:				
Average number of contracts-US dollars purchased	12	12	10	1
Average number of contracts-US dollars sold	3	4	3	1
Average US dollar amounts purchased	\$ 30,405,883	\$ 31,187,252	\$ 29,041,340	\$ 496,106
Average US dollar amounts sold	\$ 1,188,869	\$ 1,467,047	\$ 1,838,468	\$ 117,742
Options:				
Average number of option contracts purchased	227	245		
Average number of option contracts written	185	199		
Average notional value of option contracts purchased	\$ 2,629,529	\$ 2,828,664		
Average notional value of option contracts written	\$ 2,257,000	\$ 2,424,750		
Average number of swaption contracts written	1	1		
Average notional value of swaption contracts written	\$ 2,285,000	\$ 2,483,750		
Credit default swaps:				
Average number of contracts-buy protection	7	7		
Average number of contracts-sell protection	19	17	4	1
Average notional value-buy protection	\$ 1,872,750	\$ 2,030,250		
Average notional value-sell protection	\$ 10,052,806	\$ 10,650,518	\$ 4,246,114	\$ 2,404,689



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## Notes to Consolidated Financial Statements (continued)

**3. Investment Advisory Agreement and Other Transactions with Affiliates:**

The PNC Financial Services Group, Inc. ( PNC ) is the largest stockholder and an affiliate, for 1940 Act purposes of, BlackRock, Inc. ( BlackRock ).

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

COY	0.50%
CYE	0.60%
DSU	0.60%
ARK	0.50%

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

The Manager provides investment management and other services to the Taxable Subsidiaries. The Manager does not receive separate compensation from the Subsidiaries for providing investment management or administrative services. However, each Fund pays the Manager based on the Fund s net assets, which includes the assets of the Taxable Subsidiaries.

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

Certain officers and/or Directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of compensation paid to the Funds Chief Compliance Officer, which is included in officer and directors in the Consolidated Statements of Operations.

**4. Investments:**

Purchases and sales of investments including paydowns and excluding short-term securities for the year ended February 28 2013, were as follows:

	Purchases	Sales
COY	\$ 294,490,098	\$ 259,606,492
CYE	\$ 323,394,677	\$ 289,790,688
DSU	\$ 541,107,169	\$ 468,550,432
ARK	\$ 264,457,713	\$ 224,419,691

Transactions in options written for the year ended February 28, 2013 were as follows:

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	Calls			
	COY		CYE	
	Notional		Notional	
	Notional Amount (000)	Premiums Received	Amount (000)	Premiums Received
Outstanding options, beginning of year				
Options written	\$ 4,050	\$ 27,540	\$ 4,400	\$ 29,920
Options exercised				
Options expired				
Options closed				
Outstanding options, end of year	\$ 4,050	\$ 27,540	\$ 4,400	\$ 29,920

	Puts					
	COY			CYE		
	Notional			Notional		
	Contracts	Amount (000)	Premiums Received	Contracts	Amount (000)	Premiums Received
Outstanding options, beginning of year	1,075		\$ 76,897	1,140		\$ 81,580
Options written	3,240	\$ 5,090	303,371	3,295	\$ 5,535	316,255
Options exercised						
Options expired		(1,040)	(15,600)		(1,135)	(17,025)
Options closed	(4,315)		(293,793)	(4,435)		(303,810)
Outstanding options, end of year		\$ 4,050	\$ 70,875		\$ 4,400	\$ 77,000

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## Notes to Consolidated Financial Statements (continued)

**5. Income Tax Information:**

US GAAP require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of February 28, 2013 attributable to the accounting for swap agreements, amortization methods on fixed income securities, foreign currency transactions, the sale of stock of passive foreign investment companies, income recognized from pass-through entities and the expiration of capital loss carryforwards were reclassified to the following accounts:

	COY	CYE	DSU	ARK
Paid-in capital		\$ (51)	\$ (21,126,025)	
Undistributed net investment income	\$ (774,016)	\$ (1,095,569)	\$ (2,475,721)	\$ 343,324
Accumulated net realized loss	\$ 774,016	\$ 1,095,620	\$ 23,601,746	\$ (343,324)

The tax character of distributions paid during the fiscal years ended February 28, 2013 and February 29, 2012 was as follows:

		COY	CYE	DSU	ARK
Ordinary income	2/28/13	\$ 21,373,512	\$ 25,164,743	\$ 36,132,115	\$ 18,272,730
	2/29/12	21,290,884	23,502,064	34,943,170	18,750,192
<b>Total</b>	2/28/13	\$ 21,373,512	\$ 25,164,743	\$ 36,132,115	\$ 18,272,730
	2/29/12	\$ 21,290,884	\$ 23,502,064	\$ 34,943,170	\$ 18,750,192

As of February 28, 2013, the tax components of accumulated net losses were as follows:

	COY	CYE	DSU	ARK
Undistributed ordinary income	\$ 6,244,497	\$ 4,183,401	\$ 3,582,827	\$ 3,648,198
Capital loss carryforwards	(50,429,432)	(46,093,702)	(260,658,770)	(109,332,689)
Net unrealized gains (losses) <sup>1</sup>	9,355,878	11,626,529	(25,504,109)	2,646,066
Qualified late-year losses <sup>2</sup>			(2,778,562)	
<b>Total</b>	\$ (34,829,057)	\$ (30,283,772)	\$ (285,358,614)	\$ (103,038,425)

<sup>1</sup> The differences between book-basis and tax-basis net unrealized gains (losses) were attributable primarily to the tax deferral of losses on wash sales, amortization methods for premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/losses on certain futures and foreign currency contracts, the timing and recognition of partnership income, the accounting for swap agreements, investments in passive foreign investment companies, the classification of settlement proceeds, the deferral of compensation to directors and investments in wholly owned subsidiaries.

<sup>2</sup> The fund has elected to defer certain qualified late year losses and recognize such losses in the year ended February 28, 2014. As of February 28, 2013, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

Expires February 28, 2014	COY	CYE	DSU	ARK
			\$ 20,233,987	\$ 4,906,362

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2015			3,578,574	1,585,622
2017	\$ 14,106,195	\$ 12,258,925	56,690,782	27,675,242
2018	36,323,237	33,834,777	148,062,952	60,685,648
2019			16,301,990	9,564,345
No expiration date <sup>3</sup>			15,790,485	4,915,470
<b>Total</b>	<b>\$ 50,429,432</b>	<b>\$ 46,093,702</b>	<b>\$ 260,658,770</b>	<b>\$ 109,332,689</b>

<sup>3</sup> Must be utilized prior to losses subject to expiration.

During the year ended February 28, 2013, the funds listed below utilized the following amounts of their respective capital loss carryover:

COY	\$ 9,710,366
CYE	\$ 10,417,038
DSU	
ARK	\$ 1,713,582

As of February 28, 2013, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

	COY	CYE	DSU	ARK
Tax cost	\$ 365,968,205	\$ 409,558,458	\$ 728,463,300	\$ 361,978,170
Gross unrealized appreciation	\$ 21,196,807	\$ 23,886,415	\$ 31,292,184	\$ 14,208,466
Gross unrealized depreciation	(13,097,649)	(13,255,807)	(53,019,459)	(9,309,497)
Net unrealized appreciation (depreciation)	\$ 8,099,158	\$ 10,630,608	\$ (21,727,275)	\$ 4,898,969

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## Notes to Consolidated Financial Statements (continued)

**6. Borrowings:**

Effective March 3, 2011, the Funds were party to a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The Funds have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

	<b>Commitment</b>
	<b>Amounts</b>
COY	\$ 126,600,000
CYE	\$ 138,000,000
DSU	\$ 224,500,000
ARK	\$ 117,500,000

Advances were made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 0.80% above the Fed Funds rate and (ii) 0.80% above LIBOR or (b) 0.80% above 7-day, 30-day, 60-day or 90-day LIBOR.

Effective March 2, 2012, the SSB Agreement was renewed for an additional 364 days. The SSB Agreement allows for the following maximum commitment amounts:

	<b>Commitment</b>
	<b>Amounts</b>
COY	\$ 126,600,000
CYE	\$ 138,000,000
DSU	\$ 224,500,000
ARK	\$ 117,500,000

Advances were made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 0.75% above the Fed Funds rate and (ii) 0.75% above the Overnight LIBOR or (b) 0.75% above 7-day, 30-day, 60-day or 90-day LIBOR.

On March 1, 2013, the SSB Agreement was renewed and amended from a 364-day revolving line of credit to a 360-day rolling facility whereby SSB may elect to terminate its commitment upon 360-days written notice to the Funds at any time after February 24, 2014. The SSB Agreement allows for the following maximum commitment amounts:

	<b>Commitment</b>
	<b>Amounts</b>
COY	\$ 132,000,000
CYE	\$ 144,000,000
DSU	\$ 231,000,000
ARK	\$ 122,000,000

Advances will be made by SSB to the Funds, at the Funds' option of (a) the higher of (i) 0.80% above the Fed Funds rate and (ii) 0.80% above the Overnight LIBOR or (b) 0.80% above 7-day, 30-day, 60-day or 90-day LIBOR.

In addition, the Funds pay a facility fee and utilization fee (based on the daily unused portion of the commitments). The commitment fees are waived if the Funds meet certain conditions. The fees associated with each of the agreements are included in the Consolidated Statements of Operations as borrowing costs. Advances to the Funds as of February 28, 2013 are shown in the Consolidated Statements of Assets and Liabilities as loan payable. Based on the short-term nature of the borrowings under the line of credit and the variable interest rate, the carrying

amount of the borrowings approximates fair value.

For the year ended February 28, 2013, the daily weighted average interest rates for Funds with loans under the revolving credit agreements were as follows:

COY	0.94%
CYE	0.94%
DSU	0.94%
ARK	0.94%

**7. Commitments:**

The Funds may invest in floating rate loan interests. In connection with these investments, the Funds may also enter into unfunded floating rate loan interests and bridge loan commitments ( commitments ). Bridge loan commitments may obligate the Funds to furnish temporary financing to a borrower until permanent financing can be arranged. As of February 28, 2013, the Funds had no outstanding bridge loan commitments.

In connection with either of these commitments, the Funds earn a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is included in interest income in the Consolidated Statements of Operations, is recognized ratably over the commitment period. Commitment fees received in advance and unrecognized are recorded on the Consolidated Statements of Assets and Liabilities as deferred income. Unfunded floating rate loan interests are marked-to-market daily, and any unrealized appreciation or depreciation is included in the Consolidated Statements of Assets and Liabilities and Consolidated Statements of Operations. As for February 28, 2013, the Funds had the following unfunded floating rate loan interests:

	Borrower	Unfunded Floating Rate Loan Interest	Value of Underlying Floating Rate Loan Interest	Unrealized Appreciation (Depreciation)
DSU	Leslie's Poolmart, Inc.	\$ 21,520	\$ 21,757	\$ 237
ARK	Leslie's Poolmart, Inc.	\$ 11,280	\$ 11,404	\$ 124

**8. Concentration, Market and Credit Risk:**

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

**Table of Contents****Notes to Consolidated Financial Statements (concluded)**

principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Consolidated Statements of Assets and Liabilities, less any collateral held by the Funds.

**9. Capital Share Transactions:**

Each Fund is authorized to issue 200 million shares, all of which were initially classified as Common Shares. Each Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

For the years ended February 28, 2013 and February 29, 2012, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

	<b>Year Ended February 28, 2013</b>	<b>Year Ended February 29, 2012</b>
COY	148,225	102,019
CYE	132,113	53,550
DSU	394,680	195,440
ARK	191,128	55,454

**10. Subsequent Events:**

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

Each Fund paid a net investment income dividend on March 28, 2013 to Common Shareholders of record on March 15, 2013 as follows:

	<b>Common Dividend Per Share</b>
COY	\$ 0.0510
CYE	\$ 0.0525
DSU	\$ 0.0270
ARK	\$ 0.0250

Additionally, the Funds declared a net investment income dividend on April 1, 2013 payable to Common Shareholders of record on April 15, 2013 for the same amounts noted above.

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**Report of Independent Registered Public Accounting Firm**

**To the Shareholders and Board of Directors of**

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

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

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

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

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc., BlackRock Debt Strategies Fund, Inc. and BlackRock Senior High Income Fund, Inc. (the Funds), as of February 28, 2013, and the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended and the consolidated financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of the securities owned as of February 28, 2013, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Corporate High Yield Fund, Inc., BlackRock Corporate High Yield Fund III, Inc., BlackRock Debt Strategies Fund, Inc. and BlackRock Senior High Income Fund, Inc. as of February 28, 2013, the consolidated results of their operations and their cash flows for the year then ended, the consolidated changes in their net assets for each of the two years in the period then ended, and the consolidated financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Boston, Massachusetts

April 26, 2013

**Important Tax Information** (Unaudited)

The following information is provided with respect to the ordinary income distributions paid by the Funds during the fiscal year ended February 28, 2013.

**Interest-Related Dividends for Non-US  
Residents<sup>1</sup>**

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Month(s) Paid:	COY	CYE	DSU	ARK
March 2012	48.44%	43.45%	98.27%	64.57%
April 2012	48.44%	81.84%	77.96%	64.57%
May 2012	81.86%	81.84%	77.96%	83.57%
June 2012 January 2013	94.06%	81.84%	77.96%	92.56%
February 2013	32.73%	51.38%	76.45%	54.12%

Month(s) Paid:	Qualified Dividend Income for Individuals		Dividends Qualifying for the Dividend Received Deduction for Corporations	
	COY	CYE	COY	CYE
March 2012 January 2013	5.25%	5.45%	5.25%	5.45%
February 2013	0.51%	0.74%	0.51%	0.74%

<sup>1</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

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**Table of Contents****Automatic Dividend Reinvestment Plan**

Pursuant to each Fund's Dividend Reinvestment Plan (the "Reinvestment Plan"), Common Shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by Computershare Trust Company, N.A. (the "Reinvestment Plan Agent") in the respective Fund's shares pursuant to the Reinvestment Plan. Shareholders who do not participate in the Reinvestment Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the Reinvestment Plan Agent, which serves as agent for the shareholders in administering the Reinvestment Plan.

After the Funds declare a dividend or determine to make a capital gain distribution, the Reinvestment Plan Agent will acquire shares for the participant's accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Funds ("newly issued shares") or (ii) by purchase of outstanding shares on the open market or on the Fund's primary exchange ("open-market purchases"). If, on the dividend payment date, the net asset value per share ("NAV") is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market premium"), the Reinvestment Plan Agent will invest the dividend amount in newly issued shares acquired on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the dividend payment date, the dollar amount of the dividend will be divided by 95% of the market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market discount"), the Reinvestment Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Reinvestment Plan Agent is unable to invest the full dividend amount in open-market purchases, or if the market discount shifts to a market premium during the purchase period, the Reinvestment Plan Agent will invest any un-invested portion in newly issued shares. Investments in newly issued shares made in this manner would be made pursuant to the same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

The Reinvestment Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by each Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Reinvestment Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends or distributions.

Each Fund reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan. However, each Fund reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants in COY and CYE that request a sale of shares are subject to a \$2.50 sales fee and a \$0.15 per share fee. Per share fees include any applicable brokerage commissions the Reinvestment Plan Agent is required to pay. Participants in DSU and ARK that request a sale of shares are subject to a \$0.02 per share sold brokerage commission. All correspondence concerning the Reinvestment Plan should be directed to Computershare Trust Company, N.A. through the internet at <http://www.computershare.com/blackrock>, or in writing to Computershare, P.O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at 250 Royall Street, Canton, MA 02021.

**Table of Contents****Officers and Directors**

Name, Address and Year of Birth	Position(s) Held with Funds	Length of Time Served as a Director <sup>2</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock- Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios Public ( Portfolios ) Overseen Directorships	
<b>Independent Directors<sup>1</sup></b>					
<b>Richard E. Cavanagh</b>  55 East 52nd Street New York, NY 10055	Chairman of the Board and Director	Since 2007	Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007.	93 RICs consisting of 89 Portfolios	None
1946 <b>Karen P. Robards</b>  55 East 52nd Street New York, NY 10055	Vice Chairperson of the Board, Chairperson of the Audit Committee and Director	Since 2007	Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Investment Banker at Morgan Stanley from 1976 to 1987.	93 RICs consisting of 89 Portfolios	AtriCure, Inc. (medical devices)
1950 <b>Michael J. Castellano</b>  55 East 52nd Street New York, NY 10055	Director and Member of the Audit Committee	Since 2011	Managing Director and Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religious (non-profit) since 2009; Director, National Advisory Board of Church Management at Villanova University since 2010.	93 RICs consisting of 89 Portfolios	None
1946 <b>Frank J. Fabozzi</b>  55 East 52nd Street New York, NY 10055	Director and Member of the Audit Committee	Since 2007	Editor of and Consultant for The Journal of Portfolio Management since 1986; Professor of Finance, EDHEC Business School since 2011; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.	93 RICs consisting of 89 Portfolios	None

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1948 <b>Kathleen F. Feldstein</b>	Director	Since 2007	President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009.	93 RICs consisting of 89 Portfolios	The McClatchy Company (publishing); BellSouth (telecommunications); Knight Ridder (publishing)
55 East 52nd Street New York, NY 10055					
1941 <b>James T. Flynn</b>	Director and Member of the Audit Committee	Since 2007	Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.	93 RICs consisting of 89 Portfolios	None
55 East 52nd Street New York, NY 10055					
1939 <b>Jerrold B. Harris</b>	Director	Since 2007	Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.	93 RICs consisting of 89 Portfolios	BlackRock Kelso Capital Corp. (business development company)
55 East 52nd Street New York, NY 10055					
1942 <b>R. Glenn Hubbard</b>	Director	Since 2007	Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director, Columbia Business School's Entrepreneurship Program from 1997 to 2004; Chairman, U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003; Chairman, Economic Policy Committee of the OECD from 2001 to 2003.	93 RICs consisting of 89 Portfolios	ADP (data and information services); KKR Financial Corporation (finance); Metropolitan Life Insurance Company (insurance)
55 East 52nd Street New York, NY 10055					
1958					

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## Officers and Directors (continued)

Name, Address and Year of Birth	Position(s) Held with Funds	Length of Time Served as a Director <sup>2</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock- Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios Public ( Portfolios ) Overseen Directorships	
<b>Independent Directors<sup>1</sup></b> (concluded)					
<b>W. Carl Kester</b>  55 East 52nd Street New York, NY 10055	Director and Member of the Audit Committee	Since 2007	George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs from 2006 to 2010; Chairman of the Finance Department, Harvard Business School from 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program of Harvard Business School from 1999 to 2005; Member of the faculty of Harvard Business School since 1981.	93 RICs consisting of 89 Portfolios	None

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<sup>1</sup> Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Director by action of a majority of the Directors upon finding good cause thereof. In 2011 and 2012, the Board of Directors unanimously approved extending the mandatory retirement age for James T. Flynn by additional one-year periods, which the Board believes would be in the best interest of shareholders.

<sup>2</sup> Date shown is the earliest date a person has served for the Funds covered by this annual report. Following the combination of Merrill Lynch Investment Managers, L.P. ( MLIM ) and BlackRock, Inc. ( BlackRock ) in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Directors as joining the Funds board in 2007, those Directors first became members of the boards of other legacy MLIM or legacy BlackRock funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995 and Karen P. Robards, 1998.

**Interested Directors<sup>3</sup>**

<b>Paul L. Audet</b>  55 East 52nd Street New York, NY 10055	Director	Since 2011	Senior Managing Director of BlackRock and Head of U.S. Mutual Funds since 2011; Chair of the U.S. Mutual Funds Committee reporting to the Global Executive Committee since 2011; Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees and of the BlackRock Alternative Investors Executive Committee and Investment Committee for the Private Equity Fund of Funds business since 2008; Head of BlackRock's Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005.	155 RICs consisting of 280 Portfolios	None
<b>Henry Gabbay</b>  55 East 52nd Street New York, NY 10055	Director	Since 2007	Consultant, BlackRock from 2007 to 2008; Managing Director, BlackRock from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.	155 RICs consisting of 280 Portfolios	None

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<sup>3</sup> Mr. Audet is an interested person, as defined in the 1940 Act, of the Funds based on his position with BlackRock and its affiliates. Mr. Gabbay is an interested person of the Funds based on his former positions with BlackRock and its affiliates as well as his ownership of BlackRock and The PNC Financial Services Group, Inc. securities. Mr. Audet and Mr. Gabbay are also Directors of the BlackRock registered open-end funds. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Director by action of a majority of the Directors upon finding a good cause thereof.

**Table of Contents****Officers and Directors (concluded)**

<b>Name, Address and Year of Birth</b>	<b>Position(s) Held with Funds</b>	<b>Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>
<b>Officers<sup>1</sup></b>			
<b>John M. Perlowski</b>  55 East 52nd Street New York, NY 10055	President and Chief Executive Officer	Since 2011	Managing Director of BlackRock since 2009; Global Head of BlackRock Fund Services since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009.
<b>Anne Ackerley</b>  55 East 52nd Street New York, NY 10055	Vice President	Since 2007 <sup>2</sup>	Managing Director of BlackRock since 2000; Chief Marketing Officer of BlackRock since 2012; President and Chief Executive Officer of the BlackRock-advised funds from 2009 to 2011; Vice President of the BlackRock-advised funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group from 2009 to 2012; Chief Operating Officer of BlackRock's U.S. Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006.
<b>Brendan Kyne</b>  55 East 52nd Street New York, NY 10055	Vice President	Since 2009	Managing Director of BlackRock since 2010; Director of BlackRock from 2008 to 2009; Head of Product Development and Management for BlackRock's U.S. Retail Group since 2009; and Co-head thereof from 2007 to 2009; Vice President of BlackRock from 2005 to 2008.
<b>Robert W. Crothers</b>  55 East 52nd Street New York, NY 10055	Vice President	Since 2012	Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010; Associate of BlackRock from 2006 to 2007.
<b>Neal Andrews</b>  55 East 52nd Street New York, NY 10055	Chief Financial Officer	Since 2007	Managing Director of BlackRock since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.

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55 East 52nd Street  
New York, NY 10055

1966 <b>Jay Fife</b>	Treasurer	Since 2007	Managing Director of BlackRock since 2007; Director of BlackRock in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.
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55 East 52nd Street  
New York, NY 10055

1970 <b>Brian Kindelan</b>	Chief Compliance Officer and Anti-Money Laundering Officer	Since 2007	Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock since 2005.
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55 East 52nd Street  
New York, NY 10055

1959 <b>Janey Ahn</b>	Secretary	Since 2012	Director of BlackRock since 2009; Vice President of BlackRock from 2008 to 2009; Assistant Secretary of the Funds from 2008 to 2012; Associate at Willkie Farr & Gallagher LLP from 2006 to 2008.
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55 East 52nd Street  
New York, NY 10055

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<sup>1</sup> Officers of the Funds serve at the pleasure of the Board.  
<sup>2</sup> Ms. Ackerley was President and Chief Executive Officer from 2009 to 2011.

<b>Investment Advisor</b>	<b>Transfer Agent</b>	<b>Accounting Agent</b>	<b>Legal Counsel</b>
BlackRock Advisors, LLC Wilmington, DE 19809	Computershare Trust Company, N.A. Canton, MA 02021	State Street Bank and Trust Company Boston, MA 02110	Skadden, Arps, Slate, Meagher & Flom LLP New York, NY 10036
<b>Sub-Advisor</b>	<b>Custodians</b>	<b>Independent Registered Public Accounting Firm</b>	<b>Address of the Funds</b>
BlackRock Financial Management, Inc. New York, NY 10055	JPMorgan Chase Bank, N.A. <sup>3</sup> New York, NY 10017	Deloitte & Touche LLP Boston, MA 02116	100 Bellevue Parkway Wilmington, DE 19809
	State Street Bank and Trust Company <sup>4</sup> Boston, MA 02110		

The Bank of New York Mellon<sup>5</sup>  
New York, NY 10286

<sup>3</sup> For COY.

<sup>4</sup> For CYE.

<sup>5</sup> For DSU and ARK.

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FEBRUARY 28, 2013

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### **Additional Information**

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#### **Regulation Regarding Derivatives**

Effective December 31, 2012, the Commodity Futures Trading Commission ( CFTC ) adopted certain regulatory changes that subject registered investment companies and advisers to registered investment companies to regulation by the CFTC if a fund invests more than a prescribed level of its net assets in CFTC-regulated futures, options and swaps ( CFTC Derivatives ), or if the fund markets itself as providing investment exposure to such instruments. To the extent a Fund uses CFTC-regulated futures, options and swaps, it intends to do so below such prescribed levels and will not market itself as a commodity pool or a vehicle for trading such instruments. Accordingly, BlackRock Advisors, LLC has claimed an exclusion from the definition of the term commodity pool operator under the Commodity Exchange Act ( CEA ) pursuant to Rule 4.5 under the CEA. BlackRock Advisors, LLC is not, therefore, subject to registration or regulation as a commodity pool operator under the CEA in respect of each Fund.

A Fund may also have investments in underlying funds not advised by BlackRock (which for purposes of the no-action letter referenced below may include certain securitized vehicles and/or mortgage REITS that may invest in CFTC Derivatives). BlackRock Advisors, LLC has no transparency into the holdings of these underlying funds because they are not advised by BlackRock. To address this issue of lack of transparency, the CFTC staff issued a no-action letter on November 29, 2012 permitting the adviser of a fund that invests in such underlying funds and that would otherwise have filed a claim of exclusion pursuant to Rule 4.5, to delay registration as a commodity pool operator until June 30, 2013 or six months from the date in which the CFTC issues additional guidance on the treatment of CFTC Derivatives held by underlying funds. BlackRock Advisors, LLC, the adviser of the Funds, has filed a claim with the CFTC to rely on this no-action relief.

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#### **Fund Certification**

Certain Funds are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Funds filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

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#### **Dividend Policy**

Each Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the dividends paid by the Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The portion of dividend distributions that exceeds a Fund's current and accumulated earnings and profits, which are measured on a tax basis, will constitute a nontaxable return of capital. Dividend distributions in excess of a Fund's taxable income and net capital gains, but not in excess of a Fund's earnings and profits, will be taxable to shareholders as ordinary income and will not constitute a nontaxable return of capital. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Consolidated Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

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#### **General Information**

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

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

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

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**Additional Information (concluded)**

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**General Information (concluded)**

**Electronic Delivery**

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

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

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

**Householding**

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 882-0052.

**Availability of Quarterly Schedule of Investments**

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

**Availability of Proxy Voting Policies and Procedures**

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

**Availability of Proxy Voting Record**

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 882-0052 and (2) on the SEC's website at <http://www.sec.gov>.

**Availability of Fund Updates**

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the "Closed-end Funds" section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Funds. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

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**BlackRock Privacy Principles**

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

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

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following:

(i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

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

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

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

CEF1-4-2/13-AR

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- Item 2 Code of Ethics The registrant (or the Fund ) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at [www.blackrock.com](http://www.blackrock.com).
- Item 3 Audit Committee Financial Expert The registrant s board of directors (the board of directors ), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:
- Frank J. Fabozzi
- James T. Flynn
- W. Carl Kester
- Karen P. Robards

The registrant s board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester s financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant s financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

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Item 4 Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP ( D&T ) in each of the last two fiscal years for the services rendered to the Fund:

<u>Entity Name</u>	<u>(a) Audit Fees</u>		<u>(b) Audit-Related Fees<sup>1</sup></u>		<u>(c) Tax Fees<sup>2</sup></u>		<u>(d) All Other Fees<sup>3</sup></u>	
	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>
	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>
BlackRock Senior High Income Fund, Inc.	\$63,338	\$62,200	\$0	\$0	\$20,450	\$19,450	\$0	\$0

The following table presents fees billed by D&T that were required to be approved by the registrant's audit committee (the Committee) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC (Investment Adviser or BlackRock) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund (Fund Service Providers):

	<u>Current Fiscal Year End</u>	<u>Previous Fiscal Year End</u>
<b>(b) Audit-Related Fees<sup>1</sup></b>	\$0	\$0
<b>(c) Tax Fees<sup>2</sup></b>	\$0	\$0
<b>(d) All Other Fees<sup>3</sup></b>	\$2,865,000	\$2,970,000

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services includes tax compliance, tax advice and tax planning.

<sup>3</sup> Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Fund Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are (a) consistent with the SEC's auditor independence rules and (b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis (general pre-approval). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

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Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the Committee pursuant to the de minimis exception in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Fund Service Providers were:

<u>Entity Name</u>	<u>Current Fiscal Year</u> <u>End</u>	<u>Previous Fiscal</u> <u>Year</u> <u>End</u>
BlackRock Senior High Income Fund, Inc.	\$20,450	\$19,450

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of \$2,865,000 and \$2,970,000, respectively, were billed by D&T to the Investment Adviser.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser and the Fund Service Providers that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

**Item 5 Audit Committee of Listed Registrants**

(a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Michael Castellano

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

(b) Not Applicable

**Item 6 Investments**

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

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(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies The board of directors has delegated the voting of proxies for the Fund’s portfolio securities to the Investment Adviser pursuant to the Investment Adviser’s proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund’s stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser’s Equity Investment Policy Oversight Committee, or a sub-committee thereof (the Oversight Committee) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser’s clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser’s Portfolio Management Group and/or the Investment Adviser’s Legal and Compliance Department and concluding that the vote cast is in its client’s best interest notwithstanding the conflict. A copy of the Fund’s Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at [www.blackrock.com](http://www.blackrock.com) and (ii) on the SEC’s website at <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies as of February 28, 2013.

(a)(1) The Fund is managed by a team of investment professionals comprised of Leland T. Hart, Managing Director at BlackRock, James E. Keenan, Managing Director at BlackRock, and C. Adrian Marshall, Director at BlackRock. Messrs. Hart, Keenan and Marshall are the Fund’s co-portfolio managers and are responsible for the day-to-day management of the Fund’s portfolio and the selection of its investments. Messrs. Hart, Keenan and Marshall have been members of the Fund’s management team since 2009.

<b>Portfolio Manager</b>	<b>Biography</b>
Leland T. Hart	Managing Director of BlackRock since 2009; Partner of R3 Capital Partners ( R3 ) in 2009; Managing Director of R3 from 2008 to 2009; Managing Director of Lehman Brothers from 2006 to 2008; Executive Director of Lehman Brothers from 2003 to 2006.
James E. Keenan	Managing Director of BlackRock since 2008 and Head of the Leveraged Finance Portfolio team; Director of BlackRock from 2006 to 2007.
C. Adrian Marshall	Managing Director of BlackRock since 2007; Vice President of BlackRock from 2004 to 2007.

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(a)(2) As of February 28, 2013:

(i) Name of Portfolio Manager	(ii) Number of Other Accounts Managed and Assets by Account Type			(iii) Number of Other Accounts and Assets for Which Advisory Fee is		
	Other	Other Pooled	Other	Other	Performance-Based Other Pooled	Other
	Registered	Investment	Other	Registered	Investment	Other
	Investment Companies	Vehicles	Accounts	Investment Companies	Vehicles	Accounts
Leland T. Hart	7 \$3.95 Billion	16 \$3.74 Billion	13 \$3.23 Billion	0 \$0	7 \$1.52 Billion	0 \$0
James E. Keenan	19 \$16.3 Billion	20 \$10.57 Billion	27 \$6.7 Billion	0 \$0	7 \$1.52 Billion	4 \$571.8 Million
C. Adrian Marshall	7 \$3.95 Billion	16 \$3.74 Billion	13 \$3.23 Billion	0 \$0	7 \$1.52 Billion	0 \$0

## (iv) Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, Inc., its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, Inc., or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock, Inc.'s (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock, Inc. or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that Messrs. Hart, Keenan and Marshall may be managing certain hedge fund and/or long only accounts, or may be part of a team managing certain hedge fund and/or long only accounts, subject to incentive fees. Messrs. Hart, Keenan and Marshall may therefore be entitled to receive a portion of any incentive fees earned on such accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate

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investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3) As of February 28, 2013:

**Portfolio Manager Compensation Overview**

BlackRock’s financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

**Base Compensation**

Generally, portfolio managers receive base compensation based on their position with the firm.

**Discretionary Incentive Compensation**

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager’s group within BlackRock, the investment performance, including risk-adjusted returns, of the firm’s assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual’s performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the funds or other accounts managed by the portfolio managers are measured. Among other things, BlackRock’s Chief Investment Officers make a subjective determination with respect to each portfolio manager’s compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to these portfolio managers, such benchmarks for the Fund and other accounts include the following:

<b>Portfolio Manager</b>	<b>Applicable Benchmarks</b>
Leland T. Hart	
C. Adrian Marshall	A combination of market-based indices (e.g., S&P Leveraged All Loan Index), certain customized indices and certain fund industry peer groups.
James Keenan	A combination of market-based indices (e.g., The Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index), certain customized indices and certain fund industry peer groups.

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### **Distribution of Discretionary Incentive Compensation**

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, will be settled in BlackRock, Inc. common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock stock puts compensation earned by a portfolio manager for a given year at risk based on BlackRock's ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

*Long-Term Incentive Plan Awards* From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Hart, Keenan and Marshall have unvested long-term incentive awards.

*Deferred Compensation Program* A portion of the compensation paid to eligible United States-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm's investment products. Any portfolio manager who is either a managing director or director at BlackRock is eligible to participate in the deferred compensation program.

**Other Compensation Benefits.** In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

*Incentive Savings Plans* - BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit (\$255,000 for 2013). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual

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participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the Purchase Date. Messrs. Hart, Keenan and Marshall are each eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of February 28, 2013.

<b>Portfolio Manager</b>	<b>Dollar Range of Equity Securities of the Fund Beneficially Owned</b>
Leland Hart	None
James Keenan	None
Adrian Marshall	None

(b) Not Applicable

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers Not Applicable due to no such purchases during the period covered by this report.

Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.

Item 11 Controls and Procedures

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

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

Item 12 Exhibits attached hereto

(a)(1) Code of Ethics See Item 2

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(b) Certifications Attached hereto

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

BlackRock Senior High Income Fund, Inc.

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

Date: May 1, 2013

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

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

Date: May 1, 2013

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

Date: May 1, 2013