

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

CORPORATE HIGH YIELD FUND III INC

Form N-Q

April 27, 2005

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-8497

Name of Fund: Corporate High Yield Fund III, Inc.

Fund Address: P.O. Box 9011
Princeton, NJ 08543-9011

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

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 5/31/05

Date of reporting period: 12/01/04 - 2/28/05

Item 1 - Schedule of Investments

Corporate High Yield Fund III, Inc.
Schedule of Investments as of February 28, 2005 (in U.S. dollars)

| Industry+ | Face Amount | Corporate Bonds |
|----------------------------|--------------|--|
| Aerospace & Defense - 4.8% | \$ 2,275,000 | Alliant Techsystems, Inc., 3% due 8/15/2024 (b) (i) |
| | 2,175,000 | CPI Holdco, Inc., 8.83% due 2/01/2015 (d) (i) |
| | 2,275,000 | DRS Technologies, Inc., 6.875% due 11/01/2013 (i) |
| | 975,000 | Esterline Technologies Corp., 7.75% due 6/15/2013 |
| | 775,000 | K&F Acquisition, Inc., 7.75% due 11/15/2014 (i) |
| | 1,750,000 | Standard Aero Holdings, Inc., 8.25% due 9/01/2014 (i) |
| | 2,000,000 | Titan Corp., 8% due 5/15/2011 |
| | 1,400,000 | Transdigm, Inc., 8.375% due 7/15/2011 |
| | 1,700,000 | Vought Aircraft Industries, Inc., 8% due 7/15/2011 |
| Airlines - 2.0% | 1,300,000 | American Airlines, Inc. Series 2001-2, 7.80% due 4/01/2011 |
| | | Continental Airlines, Inc.: |
| | 950,000 | 8% due 12/15/2005 |
| | 1,209,126 | Series 1997-4-B, 6.90% due 1/02/2017 |
| | 482,836 | Series 1998-1-C, 6.541% due 9/15/2009 |
| | 750,000 | Series 1998-3, 7.25% due 11/01/2005 |

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| | | |
|------------------------------|-----------|---|
| | 1,239,207 | Series 2001-1 Class C, 7.033% due 6/15/2011 |
| | | Delta Air Lines, Inc.: |
| | 1,225,000 | 7.90% due 12/15/2009 |
| | 1,930,000 | 2.875% due 2/18/2024 (b) (i) |
| ----- | | |
| Automotive - 1.5% | 1,850,000 | Autocam Corp., 10.875% due 6/15/2014 |
| | | Metaldyne Corp.: |
| | 2,625,000 | 11% due 6/15/2012 |
| | 1,165,000 | 10% due 11/01/2013 (i) |
| ----- | | |
| Broadcasting - 4.8% | 2,675,000 | Granite Broadcasting Corp., 9.75% due 12/01/2010 |
| | 1,375,000 | Nextmedia Operating, Inc., 10.75% due 7/01/2011 |
| | | Paxson Communications Corp.: |
| | 2,125,000 | 10.75% due 7/15/2008 |
| | 550,000 | 12.121% due 1/15/2009 (h) |
| | 1,700,000 | Radio One, Inc., 6.375% due 2/15/2013 (i) |
| | 1,175,000 | Salem Communications Corp., 7.75% due 12/15/2010 |
| | 1,364,000 | Salem Communications Holding Corp. Series B, 9% due 7/01/2011 |
| | 3,005,000 | Sinclair Broadcast Group, Inc., 4.875% due 7/15/2018 (b) |
| | 2,300,000 | Young Broadcasting, Inc., 8.75% due 1/15/2014 |
| ----- | | |
| Cable - International - 0.8% | 2,450,000 | NTL Cable Plc, 7.66% due 10/15/2012 (d) (i) |
| ----- | | |
| Cable - U.S. - 9.3% | 750,000 | Adelphia Communications Corp., 6% due 2/15/2006 (b) (e) |
| | 236,329 | Avalon Cable LLC, 11.875% due 12/01/2008 |
| | 2,075,000 | CSC Holdings, Inc. Series B, 7.625% due 4/01/2011 |

Corporate High Yield Fund III, Inc.
Schedule of Investments as of February 28, 2005 (in U.S. dollars)

| Industry+ | Face Amount | Corporate Bonds |
|--------------------------|--------------|---|
| ----- | | |
| Cable - U.S. (concluded) | \$ 4,850,000 | Century Cable Holdings LLC Discretionary Term Loan, due 1/15/2008 |
| | 1,900,000 | Century Communications Series B, 9.05% due 1/15/2008 |
| | | Charter Communications Holdings LLC: |
| | 3,500,000 | 8.625% due 4/01/2009 |
| | 2,000,000 | 9.625% due 11/15/2009 |
| | 945,000 | Charter Communications, Inc., 5.875% due 11/16/2009 (b) |
| | | Intelsat Bermuda Ltd. (i): |
| | 2,675,000 | 7.794% due 1/15/2012 (d) |
| | 2,775,000 | 8.625% due 1/15/2015 |
| | 3,494,000 | Loral Cyberstar, Inc., 10% due 7/15/2006 (e) |
| | 3,775,000 | Mediacom Broadband LLC, 11% due 7/15/2013 |
| | 450,000 | Mediacom LLC, 9.50% due 1/15/2013 |
| | | New Skies Satellites NV (i): |
| | 750,000 | 7.438% due 11/01/2011 (d) |
| | 1,150,000 | 9.125% due 11/01/2012 |
| | 200,000 | Quebecor Media, Inc., 9.99% due 7/15/2011 (h) |

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1,900,000 Rainbow National Services LLC, 10.375% due 9/01/2014 ()

| Industry - % | Face Amount | Corporate Bonds |
|------------------|----------------------|--|
| Chemicals - 9.0% | 1,519,000 | BCP Caylux Holdings Luxembourg SCA, 9.625% due 6/15/2010 |
| | | Crompton Corp.: |
| | 1,875,000 | 8.71% due 8/01/2010 (d) |
| | 1,375,000 | 9.875% due 8/01/2012 |
| | | Huntsman International LLC: |
| | 525,000 | 9.875% due 3/01/2009 |
| | 1,525,000 | 10.125% due 7/01/2009 |
| | 1,025,000 | ISP Chemco, Inc. Series B, 10.25% due 7/01/2011 |
| | 1,075,000 | ISP Holdings, Inc. Series B, 10.625% due 12/15/2009 |
| | 1,950,000 | Innophos, Inc., 8.875% due 8/15/2014 (i) |
| | 2,300,000 | Millennium America, Inc., 7% due 11/15/2006 |
| | | Nalco Co.: |
| | 450,000 | 7.75% due 11/15/2011 |
| | 1,125,000 | 8.875% due 11/15/2013 |
| | 1,324,000 | Nalco Finance Holdings, Inc., 9.675% due 2/01/2014 (h) |
| | 3,125,000 | Omnova Solutions, Inc., 11.25% due 6/01/2010 |
| | 725,000 | PCI Chemicals Canada, Inc., 10% due 12/31/2008 |
| | 600,000 | PQ Corp., 7.50% due 2/15/2013 (i) |
| | | PolyOne Corp.: |
| | 2,625,000 | 10.625% due 5/15/2010 |
| 500,000 | 8.875% due 5/01/2012 | |

Corporate High Yield Fund III, Inc.

Schedule of Investments as of February 28, 2005

(in U.S. dollars)

| Industry+ | Face Amount | Corporate Bonds |
|--------------------------------|---------------------------------------|--|
| Chemicals (concluded) | \$ 1,966,000 | Terra Capital, Inc., 11.50% due 6/01/2010 |
| | 2,830,000 | Wellman, Inc. Second Lien Term Loan, due 2/10/2010 (a) |
| Consumer - Durables - 0.7% | 1,350,000 | Sealy Mattress Co., 8.25% due 6/15/2014 |
| | 785,000 | Tempur-Pedic, Inc., 10.25% due 8/15/2010 |
| Consumer - Non-Durables - 2.4% | | Chattem, Inc.: |
| | 650,000 | 5.91% due 3/01/2010 (d) |
| | 600,000 | 7% due 3/01/2014 |
| | 1,175,000 | Church & Dwight Co., Inc., 6% due 12/15/2012 (i) |
| | 3,100,000 | Hines Nurseries, Inc., 10.25% due 10/01/2011 |
| 2,200,000 | Samsonite Corp., 8.875% due 6/01/2011 | |
| Diversified Media - 6.9% | 2,150,000 | CBD Media, Inc., 8.625% due 6/01/2011 |
| | 2,275,000 | CanWest Media, Inc., 8% due 9/15/2012 (i) |
| | 1,367,000 | Dex Media West LLC, 9.875% due 8/15/2013 |
| | 2,650,000 | Houghton Mifflin Co., 8.25% due 2/01/2011 |
| | 5,600,000 | Liberty Media Corp., 0.75% due 3/30/2023 (b) |

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| | | |
|-----------|--|--|
| | | Primedia, Inc.: |
| 875,000 | | 7.625% due 4/01/2008 |
| 1,225,000 | | 8.875% due 5/15/2011 |
| | | Universal City Florida Holding Co. (i): |
| 1,125,000 | | 7.493% due 5/01/2010 (d) |
| 825,000 | | 8.375% due 5/01/2010 |
| 525,000 | | WDAC Subsidiary Corp., 8.375% due 12/01/2014 (i) |
| 3,302,000 | | Yell Finance BV, 12.52% due 8/01/2011 (h) |

| | | |
|--|-----------|--|
| Energy - Exploration & Production - 0.8% | 2,525,000 | Plains Exploration & Production Co. Series B, 8.75% due |
| Energy - Other - 3.4% | 1,250,000 | Aventine Renewable Energy Holdings, Inc., 9.01% due 12/15/2011 (d) (i) |
| | 1,875,000 | Dresser, Inc., 9.375% due 4/15/2011 |
| | 650,000 | Energy Corp. of America Series A, 9.50% due 5/15/2007 |
| | 1,350,000 | Inergy LP, 6.875% due 12/15/2014 (i) |
| | 3,700,000 | Ocean Rig Norway AS, 10.25% due 6/01/2008 |
| | 500,000 | Star Gas Partners LP, 10.25% due 2/15/2013 (i) |
| | 2,000,000 | Trico Marine Services, Inc., 8.875% due 5/15/2012 (e) |
| Financial - 0.9% | 2,850,000 | Refco Finance Holdings LLC, 9% due 8/01/2012 (i) |
| Food & Drug - 0.4% | 1,375,000 | Duane Reade Inc., 7.51% due 12/15/2010 (d) (i) |

Corporate High Yield Fund III, Inc.
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| Industry+ | Face Amount | Corporate Bonds |
|-----------------------|-------------|--|
| Food & Tobacco - 5.4% | \$ 750,000 | American Seafoods Group LLC, 10.125% due 4/15/2010 |
| | | Commonwealth Brands, Inc. (i): |
| | 1,975,000 | 9.75% due 4/15/2008 |
| | 1,525,000 | 10.625% due 9/01/2008 |
| | 600,000 | Cosan SA Industria e Comercio, 9% due 11/01/2009 (i) |
| | 2,725,000 | Cott Beverages USA, Inc., 8% due 12/15/2011 |
| | | Del Monte Corp.: |
| | 1,250,000 | 8.625% due 12/15/2012 |
| | 475,000 | 6.75% due 2/15/2015 (i) |
| | 2,200,000 | Doane Pet Care Co., 10.75% due 3/01/2010 |
| | 1,275,000 | Merisant Co., 10.25% due 7/15/2013 (i) |
| | 1,950,000 | New World Pasta Co., 9.25% due 2/15/2009 (e) |
| | 2,100,000 | Smithfield Foods, Inc. Series B, 8% due 10/15/2009 |
| | 1,250,000 | Tabletop Holdings, Inc., 12.25% due 5/15/2014 (h) |
| | 1,600,000 | The Wornick Co., 10.875% due 7/15/2011 |
| Gaming - 6.6% | 3,225,000 | Boyd Gaming Corp., 8.75% due 4/15/2012 |
| | 2,325,000 | Caesars Entertainment, Inc., 7.875% due 3/15/2010 |

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| | |
|-----------|---|
| 1,925,000 | Inn of the Mountain Gods Resort & Casino, 12% due 11/15/2010 |
| 1,550,000 | MGM Mirage, 8.50% due 9/15/2010 |
| 3,625,000 | Majestic Star Casino LLC, 9.50% due 10/15/2010 |
| 925,000 | Penn National Gaming, Inc., 6.75% due 3/01/2015 (i) |
| 1,425,000 | Pinnacle Entertainment, Inc., 8.25% due 3/15/2012 |
| 2,575,000 | Poster Financial Group, Inc., 8.75% due 12/01/2011 |
| 2,675,000 | Resorts International Hotel and Casino, Inc., 11.50% due 3/15/2009 |

| | | |
|-------------------------------------|-----------|--|
| Government - Foreign - 0.6% 0.4% | 1,225,000 | Brazilian Government International Bond, 10.50% due 7/14/2014 |
|-------------------------------------|-----------|--|

| | | |
|--------------------|-----------|---|
| Health Care - 7.4% | | Alpharma, Inc.: |
| | 2,950,000 | 3% due 6/01/2006 (b) |
| | 2,175,000 | 8.625% due 5/01/2011 (i) |
| | | Elan Finance Plc (i): |
| | 1,925,000 | 6.49% due 11/15/2011 (d) |
| | 1,950,000 | 7.75% due 11/15/2011 |
| | 2,902,000 | Fisher Scientific International, 8.125% due 5/01/2012 |
| | 3,750,000 | Fresenius Medical Care Capital Trust II, 7.875% due 2/01/2012 |
| | 2,825,000 | Healthsouth Corp., 8.375% due 10/01/2011 |
| | 1,450,000 | Select Medical Corp., 7.625% due 2/01/2015 (i) |
| | 2,675,000 | U.S. Oncology, Inc., 9% due 8/15/2012 (i) |
| | 1,000,000 | Vanguard Health Holding Co. II LLC, 9% due 10/01/2014 |

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| Industry+ | Face Amount | Corporate Bonds |
|----------------------------------|-------------|--|
| Housing - 3.2% | | Building Materials Corp. of America: |
| | \$ 400,000 | 7.75% due 7/15/2005 |
| | 1,050,000 | 8% due 10/15/2007 |
| | 5,325,000 | 8% due 12/01/2008 |
| | | Goodman Global Holding Co., Inc. (i): |
| | 450,000 | 5.76% due 6/15/2012 (d) |
| | 1,700,000 | 7.875% due 12/15/2012 |
| | 1,475,000 | Texas Industries, Inc., 10.25% due 6/15/2011 |
| Information Technology - 5.5% | 3,600,000 | Advanced Micro Devices, Inc., 7.75% due 11/01/2012 (i) |
| | | Amkor Technology, Inc.: |
| | 575,000 | 9.25% due 2/15/2008 |
| | 1,925,000 | 7.125% due 3/15/2011 |
| | 2,825,000 | Cypress Semiconductor Corp., 1.25% due 6/15/2008 (b) |
| | 1,925,000 | Freescall Semiconductor, Inc., 5.41% due 7/15/2009 (d) |
| | 600,000 | MagnaChip Semiconductor SA, 6.26% due 12/15/2011 (d) (i) |
| | 1,835,000 | Quantum Corp., 4.375% due 8/01/2010 (b) |

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575,000 TTI Holding Corp., 8.875% due 3/01/2013 (i)
 1,150,000 UGS Corp., 10% due 6/01/2012 (i)
 3,400,000 Viasystems, Inc., 10.50% due 1/15/2011

 Leisure - 1.9%

Felcor Lodging LP:
 2,850,000 6.874% due 6/01/2011 (d)
 1,550,000 9% due 6/01/2011
 825,000 Intrawest Corp., 7.50% due 10/15/2013
 975,000 True Temper Sports, Inc., 8.375% due 9/15/2011

 Manufacturing - 6.2%

800,000 Columbus McKinnon Corp., 8.50% due 4/01/2008
 1,000,000 EaglePicher Holdings, Inc., Tranche B Term Loan,
 due 8/07/2009 (a)
 3,725,000 Eagle Picher Industries, Inc., 9.75% due 9/01/2013
 3,450,000 Invensys Plc, 9.875% due 3/15/2011 (i)
 2,475,000 Johnsondiversey, Inc. Series B, 9.625% due 5/15/2012
 1,175,000 Mueller Group, Inc., 10% due 5/01/2012
 775,000 Rexnord Corp., 10.125% due 12/15/2012
 1,750,000 Superior Essex Communications LLC, 9% due 4/15/2012
 3,125,000 Trimas Corp., 9.875% due 6/15/2012
 1,555,000 Tyco International Group SA, 2.75% due 1/15/2018 (b)

 Corporate High Yield Fund III, Inc.

Schedule of Investments as of February 28, 2005

(in U.S. dollars)

 Industry+

Face Amount Corporate Bonds

 Metal - Other - 2.9%

\$ 1,675,000 Asia Aluminum Holdings Ltd., 8% due 12/23/2011 (i)
 1,200,000 Century Aluminum Co., 7.50% due 8/15/2014 (i)
 1,150,000 Foundation PA Coal Co., 7.25% due 8/01/2014
 2,925,000 Luscar Coal Ltd, 9.75% due 10/15/2011
 2,150,000 Novelis, Inc., 7.25% due 2/15/2015 (i)

 Packaging - 4.8%

1,400,000 Consolidated Container Co. LLC, 10.75% due 6/15/2009 (i)
 Crown European Holdings SA:
 950,000 9.50% due 3/01/2011
 500,000 10.875% due 3/01/2013
 3,325,000 Owens-Brockway, 8.875% due 2/15/2009
 Pliant Corp.:
 2,200,000 11.125% due 6/15/2009 (h)
 1,475,000 13% due 6/01/2010
 Tekni-Plex, Inc.:
 2,300,000 12.75% due 6/15/2010
 400,000 8.75% due 11/15/2013 (i)
 U.S. Can Corp.:
 375,000 10.875% due 7/15/2010

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2,825,000 12.375% due 10/01/2010
 650,000 Wise Metals Group LLC, 10.25% due 5/15/2012

 Paper - 6.2% 3,400,000 Abitibi-Consolidated, Inc., 6.51% due 6/15/2011 (d)
 Ainsworth Lumber Co. Ltd. (i):
 1,900,000 6.30% due 10/01/2010 (d)
 1,150,000 7.25% due 10/01/2012
 250,000 Boise Cascade LLC, 5.535% due 10/15/2012 (d)(i)
 3,025,000 Bowater, Inc., 6.01% due 3/15/2010 (d)
 2,125,000 Caraustar Industries, Inc., 9.875% due 4/01/2011
 Graphic Packaging International Corp.:
 825,000 8.50% due 8/15/2011
 950,000 9.50% due 8/15/2013
 1,900,000 JSG Funding Plc, 9.625% due 10/01/2012
 875,000 Jefferson Smurfit Corp. US, 8.25% due 10/01/2012
 2,450,000 Norske Skog Canada Ltd. Series D, 8.625% due 6/15/2011
 1,003,000 Western Forest Products, Inc., 15% due 7/28/2009 (g)(i)

 Retail - 0.4% 1,250,000 Jean Coutu Group, Inc., 8.50% due 8/01/2014

Service - 6.2% 2,625,000 Allied Waste North America Series B, 8.875% due 4/01/2011
 1,040,000 Coinmach Corp., 9% due 2/01/2010
 2,725,000 Corrections Corp. of America, 7.50% due 5/01/2011
 1,050,000 Knowledge Learning Corp., Inc., 7.75% due 2/01/2015 (i)

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 Industry+ Face Amount Corporate Bonds

 Service (concluded) \$ 1,500,000 MSW Energy Holdings LLC, 8.50% due 9/01/2010
 875,000 MSW Energy Holdings II LLC, 7.375% due 9/01/2010
 3,125,000 United Rentals North America, Inc., 7.75% due 11/15/2010
 3,100,000 Waste Services, Inc., 9.50% due 4/15/2014 (i)
 Williams Scotsman, Inc.:
 3,700,000 9.875% due 6/01/2007
 375,000 10% due 8/15/2008

 Steel - 0.4% 1,200,000 Ucar Finance, Inc., 10.25% due 2/15/2012

Telecommunications - 5.0% ADC Telecommunications, Inc. (b):
 2,200,000 1% due 6/15/2008
 750,000 3.065% due 6/15/2013 (d)
 1,616,000 Alaska Communications Systems Holdings, Inc., 9.875% due 10/15/2010
 2,850,000 Cincinnati Bell, Inc., 8.375% due 1/15/2014
 2,550,000 LCI International, Inc., 7.25% due 6/15/2007
 675,000 Qwest Capital Funding, Inc., 7.25% due 2/15/2011
 1,000,000 Terremark Worldwide, Inc., 9% due 6/15/2009 (b)(i)
 850,000 Time Warner Telecom Holdings, Inc., 6.794% due 2/15/2010

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Time Warner Telecom, Inc.:
 500,000 9.75% due 7/15/2008
 3,875,000 10.125% due 2/01/2011

 Transportation - 1.4% 1,850,000 Laidlaw International, Inc., 10.75% due 6/15/2011
 2,325,000 Teekay Shipping Corp., 8.875% due 7/15/2011

Utility - 11.7% The AES Corp.:
 4,458,000 9.375% due 9/15/2010
 2,100,000 8.75% due 5/15/2013 (i)
 850,000 AES Drax Energy Ltd Series B, 11.50% due 8/30/2010 (e)
 6,825,000 Calpine Canada Energy Finance Ulc, 8.50% due 5/01/2008
 Calpine Corp.:
 1,500,000 8.25% due 8/15/2005
 950,000 8.75% due 7/15/2007
 4,575,000 Centerpoint Energy, Inc., 3.75% due 5/15/2023 (b)
 2,025,000 ESI Tractebel Acquisition Corp. Series B, 7.99% due 12/15/2012
 1,900,000 Edison Mission Energy, 9.875% due 4/15/2011
 2,350,000 El Paso CGP Co., 7.75% due 6/15/2010

Corporate High Yield Fund III, Inc.
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 Industry+ Face Amount Corporate Bonds

Utility (concluded) Nevada Power Co.:
 \$ 600,000 9% due 8/15/2013
 3,300,000 Series E, 10.875% due 10/15/2009
 1,650,000 Reliant Energy, Inc., 6.75% due 12/15/2014
 1,650,000 Sierra Pacific Power Co. Series A, 8% due 6/01/2008
 1,200,000 Sierra Pacific Resources, 8.625% due 3/15/2014
 925,000 Southern Natural Gas Co., 8.875% due 3/15/2010
 2,000,000 Texas Genco LLC, 6.875% due 12/15/2014 (i)

 Wireless 825,000 American Tower Escrow Corp., 14.877% due 8/01/2008 (h)
 Communications - 4.4% 2,000,000 Centennial Cellular Operating Co. LLC, 10.125% due 6/15/2011
 2,800,000 Crown Castle International Corp., 9.375% due 8/01/2011
 975,000 Iwo Escrow Co., 6.32% due 1/15/2012 (d)(i)
 Rogers Wireless Communications, Inc.:
 250,000 6.135% due 12/15/2010 (d)
 250,000 8% due 12/15/2012
 3,400,000 6.375% due 3/01/2014
 625,000 Rural Cellular Corp., 7.51% due 3/15/2010 (d)
 1,375,000 SBA Communications Corp., 8.50% due 12/01/2012 (i)
 1,925,000 SBA Telecommunications, Inc., 7.432% due 12/15/2011 (h)

 Total Investments in Corporate Bonds

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(Cost - \$411,599,318) - 127.7%

| | Shares Held | Common Stocks |
|------------------------------|-------------|---|
| Airlines - 0.2% | 81,243 | ABX Air, Inc. (c) |
| Cable - International - 0.9% | 178,100 | Telewest Global, Inc. (c) |
| Paper - 0.4% | 203,785 | Western Forest Products, Inc. (c) |
| Telecommunications - 0.1% | 16,244 | MCI, Inc. (e) |
| | | Total Investments in Common Stocks (Cost - \$4,683,857) - 1.6% |

| | | Preferred Stocks |
|-------------------|---------|---|
| Automotive - 0.9% | 128,000 | General Motors Corp. Series C 16.25% (b) |
| | | Total Investments in Preferred Stocks (Cost - \$3,199,4 |

Corporate High Yield Fund III, Inc.
 Schedule of Investments as of February 28, 2005 (in U.S. dollars)

| Industry+ | Shares Held | Warrants (j) |
|--------------------------------|-------------|---|
| Cable - U.S. - 0.0% | 32,981 | Loral Space & Communications (expires 12/26/2006) |
| Health Care - 0.0% | 32,042 | HealthSouth Corp. (expires 1/23/2014) |
| Packaging - 0.0% | 4,000 | Pliant Corp. (expires 6/01/2010) |
| Paper - 0.0% | 700 | MDP Acquisitions Plc (expires 10/01/2013) |
| Wireless Communications - 0.1% | 825 | American Tower Corp. (expires 8/01/2008) |
| | | Total Investments in Warrants (Cost - \$112,171) - 0.1% |

| | | Beneficial Interest Other Interests (f) |
|-----------------|--------------|--|
| Airlines - 0.3% | \$ 3,780,240 | US Airways Group, Inc. - Certificate of Beneficial Int |

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Total Investments in Other Interests
(Cost - \$1,020,665) - 0.3%

Total Investments (Cost - \$420,615,483*) - 130.6%

Liabilities in Excess of Other Assets - (30.6%)

Net Assets - 100.0%

- (a) Floating rate corporate debt in which the Fund invests generally pays interest at rates that are periodically redetermined by reference to a base lending rate plus a premium. The base lending rates are generally (i) the lending rate offered by one or more major European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more U.S. banks or (iii) the certificate of deposit rate. Corporate loans represent 2.6% of the Fund's net assets.
 - (b) Convertible security.
 - (c) Non-income producing security.
 - (d) Floating rate note.
 - (e) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.
 - (f) Other Interests represent beneficial interest in liquidation trusts and other reorganization entities.
 - (g) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares.
 - (h) Represents a zero coupon or step bond; the interest rate shown reflects the effective yield at the time of purchase by the Fund.
 - (i) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
 - (j) Warrants entitle the Fund to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- + For Fund compliance purposes, "Industry" means any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.
- * The cost and unrealized appreciation (depreciation) of investments as of February 28, 2005, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|----------------|
| Aggregate cost | \$ 420,893,776 |
| | ===== |
| Gross unrealized appreciation | \$ 30,526,192 |
| Gross unrealized depreciation | (9,083,635) |
| | ----- |
| Net unrealized appreciation | \$ 21,442,557 |
| | ===== |

Corporate High Yield Fund III, Inc.
Schedule of Investments as of February 28, 2005 (in U.S. dollars)

Investments in companies considered to be an affiliate of the Fund (such companies are defined as "Affiliated Companies" in Section 2(a)(3) of the Investment Company Act of 1940) were as follows:

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| Affiliate | Net Activity | Interest Income |
|--|--------------|-----------------|
| Merrill Lynch Liquidity Series, LLC Cash Sweep Series I | \$ (82,499) | \$ 3,846 |

Financial futures contracts sold as of February 28, 2005 were as follows:

| Number of Contracts | Issue | Expiration Date | Face Value | Unrealized Appreciation |
|---------------------|-------------------------------|-----------------|--------------|-------------------------|
| 49 | 10 - Year U.S. Treasury Notes | March 2005 | \$ 5,553,707 | \$12 |

Swaps outstanding as of February 28, 2005 were as follows:

| | Notional Amount | Unrealized Appreciation (Depreciation) |
|---|-----------------|--|
| Receive a variable rate return based on 1-month USD LIBOR and pay a fixed rate of 1.56% | | |
| Broker, UBS Warburg Expires June 2005 | \$30,000,000 | \$ 203,855 |
| Sold credit default protection on Dow Jones CDX North America Series 3 High Yield Single B and receive 4% | | |
| Broker, JPMorgan Chase Bank Expires December 2009 | \$ 2,018,800 | (4,900) |
| Sold credit default protection on Dow Jones CDX North America Series 3 High Yield Single B and receive 4% | | |
| Broker, Morgan Stanley Capital Services., Inc. Expires December 2009 | \$ 3,028,200 | (7,350) |
| Total | | \$ 191,605 |

Item 2 - Controls and Procedures

2(a) - The registrant's certifying officers have reasonably designed such

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disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.

2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

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

Corporate High Yield Fund III, Inc.

By: /s/Robert C. Doll, Jr.

Robert C. Doll, Jr.
Chief Executive Officer
Corporate High Yield Fund III, Inc.

Date: April 22, 2005

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/Robert C. Doll, Jr.

Robert C. Doll, Jr.
Chief Executive Officer
Corporate High Yield Fund III, Inc.

Date: April 22, 2005

By: /s/ Donald C. Burke

Donald C. Burke
Chief Financial Officer
Corporate High Yield Fund III, Inc.

Date: April 22, 2005