NORTHRIM BANCORP INC
Form 4
June 10, 2011

FORM 4

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

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

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
SCHIERHORN JOSEPH M

(Last) (First) (Middle)

3111 C STREET

(Street)

ANCHORAGE, AK 99503

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NORTHRIM BANCORP INC [NRIM]

3. Date of Earliest Transaction (Month/Day/Year)
06/08/2011

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP, CFO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	06/08/2011		S		3,472	D	$ 19.8804	13,629	D	
Common Stock	06/08/2011		S		21	D	$ 19.95	13,608	D	

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. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHIERHORN JOSEPH M 3111 C STREET ANCHORAGE, AK 99503			EVP, CFO	

Signatures

/s/ Joseph M. Schierhorn	06/10/2011
**Signature of Reporting Person	Date

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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Value of Underlying Loans (000)

Big West Oil, LLC, Initial Advance Loan

$441

$407

Smurfit-Stone Container Enterprises, Inc., Debtor in Possession Term Loan

$403

$384

Vought Aircraft Industries, Inc.

$370

$346

ARK

Borrower	Unfunded Commitment (000)	Value of Underlying Loans (000)
Smurfit-Stone Container Enterprises, Inc., Debtor in Possession Term Loan	$398	$380

Notes to Financial Statements (continued)

8. Borrowings:

On May 16, 2008, the Funds renewed their revolving credit and security Agreements (Citicorp Agreement) pursuant to a commercial paper asset securitization program with Citicorp North America, Inc. (Citicorp), as Agent, certain secondary backstop lenders and certain asset securitization conduits, as lenders (the Lenders). The agreement was renewed for one year and at the time of renewal had maximum limits as follows:

	Maximum Limit
COY	$ 135,000,000
CYE	$ 143,000,000
DSU	$ 309,000,000
FRB	$ 88,000,000
ARK	$ 148,000,000

Under the Citicorp Agreement, the conduits funded advances to each Fund through the issuance of highly rated commercial paper as shown in the Statements of Assets and Liabilities as loan payable. Each Fund had granted a security interest in substantially all of its assets to, and in favor of, the Lenders as security for its obligations to the Lenders. The interest rate on each Fund s borrowings was based on the interest rate carried by the commercial paper plus a program fee. In addition, each Fund paid a liquidity fee to the secondary backstop lenders and the agent. Under the Citicorp Agreement, the Funds were subject to certain conditions and covenants, which included among other things limitations on asset declines over prescribed time periods. As a result of the decline in net assets attributable to market conditions, certain terms of the facility were renegotiated effective December 5, 2008, for COY, CYE, DSU and ARK and effective December 31, 2008 for FRB, which included waivers of certain financial covenants by the Lenders, an increase in program and liquidity fees under the facility and a reduction of the maximum limits to as follows:

	Maximum Limit
COY	$ 81,000,000
CYE	$ 85,000,000
DSU	$ 174,000,000
FRB	$ 88,000,000
ARK	$ 91,000,000

On March 5, 2009, the Funds terminated their revolving credit agreement with Citicorp and entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Fund Company (SSB). The SSB Agreement has the same maximum limits as the renegotiated limits under the Citigroup Agreement except for DSU which was lowered to $135,000,000 and FRB which lowered to $58,000,000. The Funds have granted a security interest in substantially all of its assets to SSB.

Advances are made by SSB to the Funds, at the Funds option (a) the higher of 1.0% above the Fed Effective Rate or 1.0% above the Overnight LIBOR Rate and (b) 1.0% above 7-day, 30-day, or 60-day LIBOR Rate. In addition, the Funds pay a facility fee and a commitment fee based upon SSBs total commitment to the Funds. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Funds as of August 31, 2009 are shown in the Statements of Assets and Liabilities as loan payable.

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

For the six months ended August 31, 2009, the daily weighted average interest rates under the revolving credit agreement were as follows:

	Daily Weighted Average Interest Rate
COY	1.29%
CYE	1.30%
DSU	1.30%
FRB	1.29%
ARK	1.30%

Notes to Financial Statements (concluded)

9. Capital Loss Carryforwards:

As of February 28, 2009, the Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

Expires February 28,	COY	CYE	DSU	FRB	ARK
2010	$ 33,478,307	$ 52,918,036	$ 90,564,493		$ 54,958,583
2011	77,885,783	119,513,437	85,285,305		30,706,546
2012	6,647,369	1,938,881	17,223,475		22,345,071
2013			21,126,025		
2014			20,233,987	$ 203,838	4,906,362
2015			3,578,574	1,315,945	1,585,622
2016	454,146	363,401			
2017	23,362,414	24,709,530	56,690,782	12,168,927	27,675,242
Total	$ 141,828,019	$ 199,443,285	$ 294,702,641	$ 13,688,710	$ 142,177,426

10. Subsequent Events:

Each Fund paid a net investment income dividend on September 30, 2009 to shareholders of record on September 15, 2009 as follows:

	Common Dividend Per Share
COY	$0.061
CYE	$0.055
DSU	$0.031
FRB	$0.081
ARK	$0.025

Management s evaluation of the impact of all subsequent events on the Funds financial statements was completed through October 29, 2009, the date the financial statements were issued.

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors (each, a Board and, collectively, the Boards, and the members of which are referred to as Board Members) of each of BlackRock Corporate High Yield Fund, Inc. (COY), BlackRock Corporate High Yield Fund III, Inc. (CYE), BlackRock Debt Strategies Fund, Inc. (DSU), BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB) and BlackRock Senior High Income Fund, Inc. (ARK and together with COY, CYE, DSU and FRB, each a Fund, and, collectively, the Funds) met on April 14, 2009 and May 28 29, 2009 to consider the approval of its respective Fund s investment advisory agreement (each, an Advisory Agreement) with BlackRock Advisors, LLC (the Manager), each Fund s investment advisor. Each Board also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement) between its respective Fund, the Manager and BlackRock Financial Management, Inc. (the Sub-Advisor). The Manager and the Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the Agreements. Unless otherwise indicated, references to actions taken by the Board or the Boards shall mean each Board acting independently with respect to its respective Fund.

Activities and Composition of the Boards

Each Board consists of twelve individuals, ten of whom are not interested persons of the Funds as defined in the Investment Company Act of 1940, as amended (the 1940 Act) (the Independent Board Members). The Board Members of each Fund are responsible for the oversight of the operations of such Fund and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of each Board is an Independent Board Member. Each Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is composed of Independent Board Members (except for the Executive Committee, which has one interested Board Member) and is chaired by an Independent Board Member. In addition, each Board has established an Ad Hoc Committee on Auction Market Preferred Shares.

The Agreements

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

Throughout the year, the Boards, acting directly and through their committees, consider at each of their meetings factors that are relevant to their annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. Among the matters the Boards considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management and portfolio managers analysis of the reasons for any outperformance or underperformance against its peers; (b) fees, including advisory and other amounts paid to BlackRock and its affiliates by the Funds for services such as call center and fund accounting; (c) the Funds operating expenses; (d) the resources devoted to, and compliance reports relating to, the Funds investment objectives, policies and restrictions; (e) the Funds compliance with their Code of Ethics and compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock s and other service providers internal controls; (h) BlackRock s implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock s implementation of the Funds valuation and liquidity procedures; and (k) periodic updates on BlackRock s business.

Board Considerations in Approving the Agreements

The Approval Process: Prior to the April 14, 2009 meeting, each Board requested and received materials specifically relating to the Agreements. Each Board is engaged in an ongoing process with BlackRock to continuously review the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April meeting included: (a) information independently compiled and prepared by Lipper, Inc. (Lipper) on Fund fees and expenses, and the investment performance of each Fund as compared with a peer group of funds as determined by Lipper (collectively, Peers); (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates and significant shareholders; (c) a general analysis provided by BlackRock concerning investment advisory fees charged to other clients, such as institutional clients and open-end funds, under similar investment mandates, as well as the performance of such other clients; (d) the impact of economies of scale; (e) a summary of aggregate amounts paid by each Fund to BlackRock; and (f) an internal comparison of management fees classified by Lipper, if applicable.

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

At an in-person meeting held on April 14, 2009, each Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the April 14, 2009 meeting, the Boards presented BlackRock with questions and requests for additional information and BlackRock responded to these requests with additional written information in advance of the May 28 29, 2009 Board meeting.

At an in-person meeting held on May 28 29, 2009, each Fund s Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and such Fund and the Sub-Advisory Agreement between such Fund, the Manager and the Sub-Advisor, each for a one-year term ending June 30, 2010. The Boards considered all factors they believed relevant with respect to the Funds, including, among other factors: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Funds and BlackRock portfolio management; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and certain affiliates from the relationship with the Funds; (d) economies of scale; and (e) other factors.

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

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

Each Board considered, among other factors, the number, education and experience of BlackRock s investment personnel generally and its respective Fund s portfolio management team, investments by portfolio managers in the funds they manage, BlackRock s portfolio trading capabilities, BlackRock s use of technology, BlackRock s commitment to compliance and BlackRock s approach to training and retaining portfolio managers and other research, advisory and management personnel. Each Board also reviewed a general description of BlackRock s compensation structure with respect to its respective Fund s portfolio management team and BlackRock s ability to attract and retain high-quality talent.

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

B. The Investment Performance of the Funds and BlackRock: Each Board, including its Independent Board Members, also reviewed and considered the performance history of its respective Fund. In preparation for the April 14, 2009 meeting, the Boards were provided with reports, independently prepared by Lipper, which included a comprehensive analysis of each Fund s performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper s rankings. In connection with its review, each Board received and reviewed information regarding the investment performance of its respective Fund as compared to a representative group of similar funds as determined by Lipper and to all funds in such Fund s applicable Lipper category. Each Board was provided with a description of the methodology used by Lipper to select peer funds. Each Board regularly reviews the performance of its respective Fund throughout the year.

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

The Board of COY noted that although COY underperformed its Peers in at least two of the one-, three- and five-year periods reported, such underper-formance was not greater than 10% of the median return of its Peers for any of the periods. The Board concluded that BlackRock was committed to providing the resources necessary to assist the portfolio managers and to continue improving COY s performance. Based on its review, the Board generally was satisfied with BlackRock s efforts to manage COY.

The Board of CYE noted that CYE performed below the median of its Lipper performance universe in the one-, three- and five-year periods reported. The Board and BlackRock reviewed the reasons for CYE s underperformance during these periods compared with its Peers. The Board was informed that, among other things, exposure to senior bank loans negatively impacted returns. Additionally, CYE s underweight to BB-rated credits and overweight to CCC-rated credits subtracted from returns as higher quality below investment-grade bonds strongly outperformed their lower quality counterparts.

The Board of DSU noted that DSU performed below the median of its Lipper performance universe in the one-, three- and five-year periods reported. The Board and BlackRock reviewed the reasons for DSU S underperformance during these periods compared with its Peers. The Board was informed that, among other things, the pressure on bank loan and high yield prices during the period negatively impacted performance.

The Board of ARK noted that ARK performed below the median of its Lipper performance universe in the one-, three- and five-year periods reported. The Board and BlackRock reviewed the reasons for ARK s underperformance during these periods compared with its Peers. The Board was informed that, among other things, ARK was underweight higher-rated BB-rated securities as a function of its bottom-up security selection process, which impacted performance as higher-rated credits outperformed lower-rated ones by a substantial margin.

For CYE, DSU and ARK, the Board of each respective Fund and BlackRock discussed BlackRock s commitment to providing the resources necessary to assist the portfolio managers and to improve each such Fund s performance.

The Board of FRB noted that in general FRB performed better than its Peers in that FRB s performance was at or above the median of its Lipper Performance Universe in each of the one-year, three-year and since inception periods reported.

C. Consideration of the Advisory Fees and the Cost of the Services and Profits to be realized by BlackRock and its Affiliates from their Relationship with the Funds: Each Board, including its Independent Board Members, reviewed its respective Fund s contractual advisory fee rates compared with the other funds in its respective Lipper category. Each Board also compared its respective Fund s total expenses, as well as actual management fees, to those of other comparable funds. Each Board considered the services provided and the fees charged by BlackRock to other types of clients with similar investment mandates, including separately managed institutional accounts.

The Boards received and reviewed statements relating to BlackRock s financial condition and profitability with respect to the services it provided the Funds. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Funds. The Boards reviewed BlackRock s profitability with respect to the Funds and other funds the Boards currently oversee for the year ended December 31, 2008 compared to available aggregate profitability data provided for the year ended December 31, 2007. The Boards reviewed BlackRock s profitability with respect to other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock s assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers by the Manager, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited.

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

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

Each Board noted that its respective Fund paid contractual management fees, which do not take into account any expense reimbursement or fee waivers, lower than or equal to the median contractual management fees paid by such Fund s Peers.

D. Economies of Scale: Each Board, including its Independent Board Members, considered the extent to which economies of scale might be realized as the assets of its respective Fund increase and whether there should be changes in the advisory fee rate or structure in order to enable such Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the assets of such Fund. The Boards considered that the funds in the BlackRock fund complex share some common resources and, as a result, an increase in the overall size of the complex could permit each fund to incur lower expenses than it would otherwise as a stand-alone entity. The Boards also considered BlackRock s overall operations and its efforts to expand the scale of, and improve the quality of, its operations.

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

The Boards noted that most closed-end fund complexes do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering and each fund is managed independently, consistent with its own investment objectives. The Boards noted that only one closed-end fund in the Fund Complex has breakpoints in its fee structure. Information provided by Lipper also revealed that only one closed-end fund complex used a complex-level breakpoint structure.

E. Other Factors: The Boards also took into account other ancillary or fallout benefits that BlackRock or its affiliates and significant shareholders may derive from their relationship with the Funds, both tangible and intangible, such as BlackRock s ability to leverage its investment professionals who manage other portfolios, an increase in BlackRock s profile in the investment advisory community, and the engagement of BlackRock s affiliates and significant shareholders as service providers to the Funds, including for administrative and distribution services. The Boards also noted that BlackRock may use third-party research obtained by soft dollars generated by certain mutual fund transactions to assist itself in managing all or a number of its other client accounts.

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

Conclusion

Each Board, including its Independent Board Members, unanimously approved the continuation of the Advisory Agreement between its respective Fund and the Manager for a one-year term ending June 30, 2010 and the Sub-Advisory Agreement between such Fund, the Manager and Sub-Advisor for a one-year term ending June 30, 2010. Based upon its evaluation of all these factors in their totality, each Board, including its Independent Board Members, was satisfied that the terms of the Agreements were fair and reasonable and in the best interest of its respective Fund and its shareholders. In arriving at a decision to approve the Agreements, each Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination. The contractual fee arrangements for each Fund reflects the results of several years of review by such Fund s Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. Certain aspects of the arrangements may be the subject of more attention in some years than in others, and the Board Members conclusions may be based in part on their consideration of these arrangements in prior years.

Officers and Directors

Richard E. Cavanagh, Chairman of the Board and Director
Karen P. Robards, Vice Chair of the Board, Chair of the Audit Committee and Director
G. Nicholas Beckwith, III, Director
Richard S. Davis, Director
Kent Dixon, Director
Frank J. Fabozzi, Director
Kathleen F. Feldstein, Director
James T. Flynn, Director
Henry Gabbay, Director
Jerrold B. Harris, Director
R. Glenn Hubbard, Director
W. Carl Kester, Director
Anne F. Ackerley, Fund President and Chief Executive Officer
Brendan Kyne, Vice President
Neal J. Andrews, Chief Financial Officer
Jay M. Fife, Treasurer
Brian P. Kindelan, Chief Compliance Officer of the Funds
Howard B. Surloff, Secretary

Investment Advisor
BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisor
BlackRock Financial Management, Inc.
New York, NY 10022

Custodians
JPMorgan Chase Bank, N.A.[1]
Brooklyn, NY 11245

State Street Bank and Trust Company[2]
Boston, MA 02101

The Bank of New York Mellon[3]
New York, NY 10286

Transfer Agents
BNY Mellon Shareowner Services[3]
Jersey City, NJ 07310

Computershare Trust Company, N.A.[1,2]
Providence, RI 02940

Accounting Agent
State Street Bank and Trust Company
Princeton, NJ 08540

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

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
Princeton, NJ 08540

Address of the Funds
100 Bellevue Parkway
Wilmington, DE 19809

[1] For COY.

[2] For CYE and FRB.

[3] For DSU and ARK.

Effective July 31, 2009, Donald C. Burke, President and Chief Executive Officer of the Funds retired. The Funds Board of Directors wishes Mr. Burke well in his retirement.

Effective August 1, 2009, Anne F. Ackerley became President and Chief Executive Officer of the Funds, and Brendan Kyne became Vice President of the Funds.

Additional Information

Proxy Results

The Annual Meeting of Stockholders was held on August 26, 2009 for stockholders of record on June 29, 2009 to elect director nominees of each Fund:

Approved the Directors as follows:

	G. Nicholas Beckwith, III		Richard E. Cavanagh		Richard S. Davis	
	Votes For	Votes Withheld	Votes For	Votes Withheld	Votes For	Votes Withheld
COY	26,670,834	1,648,421	26,722,046	1,597,209	26,777,710	1,541,545
CYE	28,776,142	1,387,718	28,770,167	1,393,693	28,870,031	1,293,829
DSU	88,758,407	3,699,027	88,878,010	3,579,424	88,952,077	3,505,357
FRB	7,977,862	228,382	7,971,452	234,792	7,988,624	217,620
ARK	47,083,324	1,913,792	47,135,216	1,861,900	47,059,502	1,937,614

	Kent Dixon		Frank J. Fabozzi		Kathleen F. Feldstein	
	Votes For	Votes Withheld	Votes For	Votes Withheld	Votes For	Votes Withheld
COY	26,638,222	1,681,033	26,774,192	1,545,063	26,549,392	1,769,863
CYE	28,823,011	1,340,849	28,867,410	1,296,450	28,711,394	1,452,466
DSU	88,671,374	3,786,060	88,895,092	3,562,342	88,368,815	4,088,619
FRB	7,950,205	256,039	7,972,163	234,081	7,970,077	236,167
ARK	47,071,664	1,925,452	47,095,945	1,901,171	46,972,864	2,024,252

	James T. Flynn		Henry Gabbay		Jerrold B. Harris	
	Votes For	Votes Withheld	Votes For	Votes Withheld	Votes For	Votes Withheld
COY	26,495,906	1,823,349	26,697,583	1,621,672	26,627,684	1,691,571
CYE	28,777,421	1,386,439	28,885,028	1,278,832	28,847,723	1,316,137
DSU	88,674,548	3,782,886	88,911,501	3,545,933	88,653,555	3,803,879
FRB	7,985,949	220,295	7,979,862	226,382	7,990,624	215,620
ARK	47,046,551	1,950,565	47,078,056	1,919,060	46,996,096	2,001,020

	R. Glenn Hubbard		W. Carl Kester		Karen P. Robards	
	Votes For	Votes Withheld	Votes For	Votes Withheld	Votes For	Votes Withheld
COY	26,725,170	1,594,085	26,732,347	1,586,908	26,658,979	1,660,276
CYE	28,812,143	1,351,717	28,865,727	1,298,133	28,741,180	1,422,680

DSU	88,821,475	3,635,959	88,897,867	3,559,567	88,660,254	3,797,180
FRB	7,972,788	233,456	7,980,365	225,879	7,980,573	225,671
ARK	47,110,141	1,886,975	47,096,675	1,900,441	47,171,393	1,825,723

Portfolio Management Change

COY, CYE, DSU, FRB and ARK are managed by a team of financial professionals. The portfolio managers are primarily responsible for the day-to-day management of the Funds portfolio. Effective May 8, 2009, James E. Keenan, Mitchell Garfin and Derek Schoenhofen are the portfolio managers for COY and CYE; Leland T. Hart, James E. Keenan and C. Adrian Marshall are the portfolio managers for DSU and ARK and Leland T. Hart and C. Adrian Marshall are the portfolio managers for FRA.

Mr. Garfin is Managing Director of BlackRock, Inc. since 2009; Director thereof from 2005 to 2009 and Vice President from 2001 to 2005.

Mr. Hart is Managing Director of BlackRock, Inc. since 2009; Partner of R3 Capital Partners in 2009 and Managing Director there of from 2008 to 2009; Managing Director of Lehman Brothers from 2006 to 2008 and Executive Director thereof of from 2003 to 2006.

Mr. Keenan is Managing Director of BlackRock, Inc. since 2008 and Director thereof from 2004 to 2008; Head of the Leveraged Finance Portfolio team; and senior high yield trader at Columbia Management Group from 2003 to 2004.

Mr. Marshall is Director of BlackRock, Inc. since 2007 and Vice President thereof from 2004 to 2007.

Mr. Schoenhofen is Director of BlackRock, Inc. since 2006 and Vice President thereof from 2000 to 2006.

Additional Information (continued)

General Information

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 it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded 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 contact the Funds at (800) 441-7762.

Availability of Quarterly Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The 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 the operation of the Public Reference Room may be obtained by calling (202) 551-8090. Each Fund s Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

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

Section 19 Notices

These amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon each Fund s investment experience during the year and may be subject to changes based on the tax regulations. The Funds will send you a Form 1099-DIV each calendar year that will tell you how to report these distributions for federal income tax purposes.

	Total Cumulative Distributions for the Fiscal Year-to-Date				% Breakdown of the Total Cumulative Distributions for the Fiscal Year-to-Date			
	Net Investment Income	Net Realized Capital Gains	Return of Capital	Total Per Common Share	Net Investment Income	Net Realized Capital Gains	Return of Capital	Total Per Common Share
COY	$0.366000			$0.366000	100%	0%	0%	100%
CYE	$0.345000			$0.345000	100%	0%	0%	100%
DSU	$0.201899		$ 0.011101	$0.213000	95%	0%	5%	100%
FRB	$0.581870		$ 0.008230	$0.590100	99%	0%	1%	100%
ARK	$0.150000			$0.150000	100%	0%	0%	100%

Additional Information (concluded)

BlackRock Privacy Principles

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

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

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

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

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

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 yield to Common Shareholders. Statements and other information herein are as dated and are subject to change.

#CEF1-5-8/09

Item 2 – Code of Ethics – Not Applicable to this semi-annual report

Item 3 – Audit Committee Financial Expert – Not Applicable to this semi-annual report

Item 4 – Principal Accountant Fees and Services – Not Applicable to this semi-annual report

Item 5 – Audit Committee of Listed Registrants – Not Applicable to this semi-annual report

Item 6 – Investments

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

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

Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – Not Applicable to this semi-annual report

Item 8 – Portfolio Managers of Closed-End Management Investment Companies – Not Applicable to this semi-annual report

Item 9 – Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers – Not Applicable

Item 10 – Submission of Matters to a Vote of Security Holders – The registrant's Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

Item 11 – Controls and Procedures

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

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

Item 12 – Exhibits attached hereto

12(a)(1) – Code of Ethics – Not Applicable to this semi-annual report

12(a)(2) – Certifications – Attached hereto

12(a)(3) – Not Applicable

12(b) – Certifications – Attached hereto

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 Debt Strategies Fund, Inc.

By: /s/ Anne F. Ackerley

Anne F. Ackerley
Chief Executive Officer of
BlackRock Debt Strategies Fund, Inc.

Date: October 22, 2009

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

By: /s/ Anne F. Ackerley

Anne F. Ackerley
Chief Executive Officer (principal executive officer) of
BlackRock Debt Strategies Fund, Inc.

Date: October 22, 2009

By: /s/ Neal J. Andrews

Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock Debt Strategies Fund, Inc.

Date: October 22, 2009