Neuberger Berman High Yield Strategies Fund Inc.
Form N-14 8C
March 19, 2010

As filed with the Securities and Exchange Commission on March 19, 2010
1933 Act Registration No. ________

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

---

FORM N-14

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. o Post-Effective Amendment No. o

(Check appropriate box or boxes)

Neuberger Berman High Yield Strategies Fund Inc.
(Exact name of Registrant as specified in charter)
c/o Neuberger Berman Management LLC
605 Third Avenue
New York, New York 10158-0180
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (212) 476-9000

Robert Conti, Chief Executive Officer
c/o Neuberger Berman Management LLC
605 Third Avenue, 2nd Floor
New York, NY 10158
(Name and Address of Agent for Service)

With copies to:
Arthur C. Delibert, Esq.
K&L Gates LLP
1601 K Street, N.W.
Washington, D. C. 20006
(Names and Addresses of Agents for Service of Process)

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement

Title of Securities being registered: Common Stock
Calculation of Registration Fee Under the Securities Act of 1933:

| Title of Securities Being Registered | Amount Being Registered (1) | Proposed Maximum Offering Price Per Unit (1) | Proposed Maximum Aggregate Offering Price (1) | Amount of Registration Fee |
|---|---|---|---|---|
| Common Stock (par value $0.0001) | 78,187 | $12.79 (2) | $1,000,012 | $71.30 |

(1) Estimated solely for the purpose of calculating the registration fee.
(2) Net asset value per common share on March 18, 2010 of Neuberger Berman High Yield Strategies Fund.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this

Registration Statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said section 8(a), may determine.

NEUBERGER BERMAN HIGH YIELD STRATEGIES FUND INC.

FORM N-14

CONTENTS OF REGISTRATION STATEMENT ON FORM N-14

This Registration Statement consists of the following papers and documents:

Cover Sheet

Contents of Registration Statement on Form N-14

Cross Reference Sheet

Part A - Prospectus and Registration Statement

Part B - Statement of Additional Information

Part C - Other Information

Signature Pages

Exhibits

---

Neuberger Berman High Yield Strategies Fund
Neuberger Berman Income Opportunity Fund Inc.
605 Third Avenue
New York, New York 10158-0180

Joint Annual Meeting of Stockholders to be held June 1, 2010

[ ], 2010

Dear Stockholder:

You are being asked to vote on proposed reorganizations related to Neuberger Berman High Yield Strategies Fund (NYSE: NHS) ("NHS") and Neuberger Berman Income Opportunity Fund Inc. (NYSE Amex: NOX) ("NOX"). As described in more detail below, if you approve the proposed Agreement and Plan of Reorganization (the "Agreement"), both NHS and NOX would be reorganized into a newly formed Maryland corporation, named Neuberger Berman High Yield Strategies Fund Inc. ("New NHS," and together with NHS and NOX, the "Funds," and each, a "Fund"), which would have the same investment objective and substantially similar principal investment policies, invest in substantially similar markets and present substantially similar general risks as NHS and NOX. You are also being asked to vote on the election of Trustees/Directors of NHS and NOX, in the event that the Agreement is not approved.

The respective Boards of Trustees/Directors of NHS and NOX (each, a "Board") have called a joint annual meeting of stockholders of NHS and NOX (the "Meeting") to be held on June 1, 2010, at 605 Third Avenue, 41st Floor, New York, New York 10158-3698, at [_]:00 [a.m.][p.m.] Eastern time, in order to vote on the Agreement and the election of Trustees/Directors. The Agreement provides for a conversion (the "Conversion") followed by a merger (the "Merger," and together with the Conversion, the "Reorganization"). In the Conversion, NHS would convert into New NHS, a newly formed Maryland corporation named Neuberger Berman High Yield Strategies Fund Inc., and NHS would dissolve under applicable state law. After the Conversion, NOX would transfer its assets to New NHS in exchange solely for shares of common stock and preferred stock of New NHS and the assumption by New NHS of NOX's liabilities and NOX would dissolve under applicable state law. The attached combined Proxy Statement and Prospectus asks for your approval of the Reorganization.

The Trustees/Directors of NHS and NOX believe that combining the Funds could benefit stockholders/shareholders of each Fund by providing, for example, the potential for economies of scale, a lower operating expense ratio, enhanced market liquidity for shares of New NHS, including the potential to reduce the extent to which shares trade at a discount to net asset value, and portfolio management efficiencies and greater diversification of portfolio holdings due to New NHS's larger size.

Accordingly, after careful consideration, each Board unanimously recommends that you support the Reorganization and vote "FOR" the proposed Agreement and "FOR" each nominee.

Detailed information about the proposed Reorganization and Agreement and each nominee is contained in the enclosed materials.

As a result of the Reorganization, holders of common shares of NHS and common stock of NOX would receive newly issued shares of common stock of New NHS, the aggregate net asset value of which would equal the aggregate net asset value of the applicable Fund's common shares or stock they held immediately prior to the Reorganization. NHS common stockholders will receive the same number of shares of common stock of NHS as they held immediately prior to the Reorganization. NOX common stockholders would receive a different number of shares that would be based on the relative net asset value of NOX and New NHS but generally would not include fractional shares of New NHS common stock. Instead, each former holder of NOX common stock would receive cash in an amount equal to the value of the fractional shares of New NHS common stock that stockholder would otherwise have received in the Reorganization. In addition, holders of preferred shares of NHS and preferred stock of NOX would receive newly issued shares of preferred stock of New NHS. The aggregate liquidation preference and number of shares of New NHS preferred stock received in the Reorganization will equal the aggregate liquidation preference and number of shares of NHS preferred shares and NOX preferred stock held by a preferred stockholder immediately prior to the Reorganization. Each share of newly issued New NHS preferred stock would have a liquidation preference of $25,000, which is the same liquidation preference per share as NHS's and NOX's preferred shares/stock.

New NHS is registered as a closed-end, non-diversified management investment company and is expected to be listed on the [NYSE Amex][New York Stock Exchange]. NHS is registered as a closed-end, diversified management investment company and is listed on the New York Stock Exchange. NOX is registered as a closed-end, non-diversified management investment company and is listed on the NYSE Amex. New NHS will have the same investment objective and substantially similar principal investment policies, invest in substantially similar markets and present substantially similar general risks as NHS and NOX. Each Fund's investment objective is to seek high total return (income plus capital appreciation). Under normal market conditions, NHS invests at least 80% of its net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings, in high yield debt securities of U.S. and foreign issuers. Under normal market conditions, NOX and New NHS each invest at least 80% of its total assets in high yield debt securities of U.S. and foreign issuers. High yield debt securities include securities that are rated below investment grade by a nationally recognized statistical rating organization or are unrated debt securities determined to be of comparable quality by the Fund's investment manager.

The Conversion of NHS is not contingent on the approval of the Agreement by NOX stockholders. Accordingly, if NHS shareholders approve the Agreement, the Conversion will occur even if NOX stockholders do not approve the Agreement. However, if the Agreement is not approved by NHS shareholders, the Merger of NOX will not occur even if NOX stockholders approve the Agreement.

Your vote is very important to us regardless of the number of shares you own. Whether or not you plan to attend the Meeting in person, please read the Proxy Statement and Prospectus and cast your vote promptly. To vote, simply date, sign and return the proxy card in the enclosed postage-paid envelope or follow the instructions on the proxy card for voting by touch-tone telephone or on the Internet. If we do not hear from you by [__], 2010, our proxy solicitor, [___], may contact you.

It is important that your vote be received no later than the time of the Meeting.

Sincerely,

Robert Conti
President and Chief Executive Officer
Neuberger Berman High Yield Strategies Fund
Neuberger Berman Income Opportunity Fund Inc.

Neuberger Berman High Yield Strategies Fund
Neuberger Berman Income Opportunity Fund Inc.

---

Important News For Stockholders

---

While we encourage you to read the full text of the enclosed combined Proxy Statement and Prospectus (the "Proxy Statement/Prospectus"), here is a brief overview of the proposal to be voted upon. Please refer to the more complete information contained elsewhere in the Proxy Statement/Prospectus about the proposal. For ease of reading, "stock" and "stockholders" have been used in certain places to describe, respectively, the shares of NHS (as defined below) and the shareholders of NHS.

Questions and Answers about the Reorganization and Agreement

Q: Why am I being asked to vote?

A: You are being asked to vote on proposed reorganizations related to Neuberger Berman High Yield Strategies Fund ("NHS") and Neuberger Berman Income Opportunity Fund Inc. ("NOX"). As described in more detail below, if you approve the proposed agreement, both NHS and NOX would be reorganized into a newly formed Maryland corporation, named Neuberger Berman High Yield Strategies Fund Inc. ("New NHS," and together with NHS and NOX, the "Funds," and each, a "Fund"), which would have the same investment objective and substantially similar principal investment policies, invest in substantially similar markets and present substantially similar general risks as NHS and NOX.

In addition, stockholders of NHS and NOX are being asked to approve the election of five Class II Trustees/Directors ("Directors") to serve on the Board of each Fund until the annual meeting of stockholders in 2013, or until their successors are elected and qualified, in the event that the proposed agreement is not approved. The Directors serve as representatives of stockholders. Each of the nominees currently serves as a Director of the Funds. In this capacity, they are fiduciaries and have an obligation to serve in the best interests of the stockholders. Directors review Fund performance, oversee Fund activities and review contractual arrangements with service providers that provide services to the Fund.

Q: Why is a stockholder meeting being held?

A: The joint stockholder meeting is being held to ask you to approve an Agreement and Plan of Reorganization ("Agreement"). The Agreement provides for a conversion ("Conversion") followed by a merger ("Merger," and together with the Conversion, the "Reorganization"). In the Conversion, NHS would convert into New NHS, a newly formed Maryland corporation named Neuberger Berman High Yield Strategies Fund Inc., and NHS would dissolve under applicable state law. After the Conversion, NOX would transfer its assets to New NHS in exchange solely for shares of common stock and preferred stock of New NHS and the assumption by New NHS of NOX's liabilities and NOX would dissolve under applicable state law. You are also being asked to vote on the election of Directors of NHS and NOX, in the event that the Agreement is not approved.

Q: Why is the Reorganization being recommended?

A: In February 2010, the Board of each Fund, including all of the Directors who are not “interested persons” of the Funds under the Investment Company Act of 1940, as amended (the “Independent Directors”), unanimously approved the Reorganization and the Agreement with respect to its Fund. The Directors of NHS and NOX believe that combining the two Funds could benefit stockholders of each Fund. The Funds have the same investment objective and the same investment manager, portfolio managers and Directors. The Directors believe that combining the Funds could provide, for example, the potential for economies of scale, a lower operating expense ratio, enhanced market liquidity for shares of New NHS, including the potential to reduce the extent to which shares trade at a discount to net asset value, and portfolio management efficiencies and greater diversification of portfolio holdings due to New NHS's larger size. The Proxy Statement/Prospectus contains a further explanation of the reasons that the Board of each Fund recommends the Reorganization.

Q: How will the Reorganization affect me?

A: As a result of the Reorganization, holders of common stock of NHS and NOX would receive newly issued shares of common stock of New NHS, the aggregate net asset value of which would equal the aggregate net asset value of the applicable Fund's common stock they held immediately prior to the Reorganization. NHS common stockholders will receive the same number of shares of common stock of NHS as they held immediately prior to the Reorganization. NOX common stockholders would receive a different number of shares that would be based on the relative net asset value of NOX and New NHS but generally would not include fractional shares of New NHS common stock. Instead, each former holder of NOX common stock would receive cash in an amount equal to the value of the fractional shares of New NHS common stock that such stockholder would otherwise have received in the Reorganization (except with respect to NOX common stock held in a Distribution Reinvestment Plan account, for which that stockholder would receive fractional shares). In addition, holders of preferred shares of NHS and preferred stock of NOX would receive newly issued shares of preferred stock of New NHS. The aggregate liquidation preference and number of shares of New NHS preferred stock received in the Reorganization will equal the aggregate liquidation preference and number of shares of NHS preferred shares and NOX preferred stock held by a preferred stockholder immediately prior to the Reorganization. Each share of newly issued New NHS preferred stock would have a liquidation preference of $25,000, which is the same liquidation preference per share as each share of preferred stock of NHS and NOX. As noted above, the Funds have the same investment objective, investment manager, portfolio managers and Board.

Q: Are the investment objective and principal investment policies of New NHS similar to those of NHS and NOX?

A: Yes. New NHS has the same investment objective and substantially similar principal investment policies, invests in substantially similar markets and presents substantially similar general risks as NHS and NOX. Each Fund's investment objective is to seek high total return (income plus capital appreciation). Under normal market conditions, NHS invests at least 80% of its net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings, in high yield debt securities of U.S. and foreign issuers. Under normal market conditions, NOX and New NHS each invest at least 80% of its total assets in high yield debt securities of U.S. and foreign issuers. High yield debt securities include securities that are rated below investment grade by a nationally recognized statistical rating organization or are unrated debt securities determined to be of comparable quality by the Fund's investment manager.

Q: Will the Reorganization affect my distributions?

A: Common Stockholders of the Funds. Common stockholders of both NHS and NOX receive distributions on a monthly basis. New NHS will also pay distributions to common stockholders on a monthly basis. NHS common stockholders will receive the same number of shares of common stock of New NHS as they currently hold. Accordingly, although there can be no assurance, the level of distributions received by NHS common stockholders is not expected to change significantly. Because NHS and NOX historically have paid different distributions per share of common stock due in part to the different net asset values and since the amount of shares received by NOX common stockholders will be based on net asset value, the number of shares received by NOX common stockholders will partially offset the difference in the distribution per share. For example, on [___], NOX paid distributions of [_] per share and NHS paid distributions of [_] per share. If the Reorganization occurred on that date, NOX common stockholders would have received [_] shares of New NHS common stock for each share of NOX common stock and the amount of distributions they would have received on shares of New NHS common stock they received would have been [_], which would have been [more][less] than the distributions they received if they remained NOX common stockholders. Accordingly, although there can be no assurance, the level of distributions received by NOX common stockholders is not expected to change significantly.

Preferred Stockholders of the Funds.  The preferred stockholders of both NHS and NOX receive distributions quarterly.  After the Reorganization, New NHS will pay preferred stockholders distributions quarterly.  In addition, New NHS preferred stock will use the same methodology for setting the distribution rate for its preferred stock as is currently used by NHS, which is substantially similar to the methodology used by NOX.

Q:	How will the Reorganization affect fees and expenses?

A:	After the Reorganization, New NHS is expected to have lower expenses than the current expenses of NHS or NOX, although there can be no assurance that this will be the case.  If only the Conversion occurs, New NHS is expected to have the same expenses as the current expenses of NHS, although there can be no assurance that this will be the case.

NHS and NOX have the same contractual investment advisory fee but a different administration fee and definition of "managed assets."  NHS currently pays an annual rate of 0.05% of average daily managed assets (as defined below) for administrative services.  NOX currently pays an annual rate of 0.25% of average daily managed assets (as defined below) for administrative services.  New NHS will pay the same administrative fee rate that NHS currently pays except that the definition of managed assets will change as described below.  NHS defines "managed assets" to mean net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings.  NOX defines "managed assets" to mean total assets minus liabilities other than the aggregate indebtedness entered into for purposes of leverage.  New NHS will use the same definition for "managed assets" used by NOX.  This will not result in any change in the amount of managed assets when compared to the amount calculated using the NHS definition because the only leverage outstanding immediately after the Reorganization will be preferred stock and notes.  However, there can be no assurance that this will be case in the future if a different form of leverage is utilized by New NHS.

NHS and NOX also have different fee waiver agreements with respect to the management fees.  Neuberger Berman Management LLC ("NB Management") has voluntarily agreed to waive a portion of the management fee it is entitled to receive from NHS at an annual rate of 0.05% of average daily managed assets.  NB Management has contractually agreed to waive a portion of the management fee it is entitled to receive from NOX until October 31, 2011 on a sliding scale and has agreed to voluntarily extend that waiver for an additional year, as described in the Proxy Statement/Prospectus.  If the Reorganization occurs, NB Management has voluntarily agreed to waive a portion of the management fee it is entitled to receive from New NHS at an annual rate of 0.05% of average daily managed assets. This voluntary waiver is expected to remain in effect until July 1, 2012, but may be changed or terminated by NB Management at any time.  If only the Conversion occurs, New NHS will adopt the same voluntary fee waiver currently adopted by NHS and NOX will continue with the same fee waivers.

As a result of these differences, after the Reorganization, total expenses paid by common stockholders of NHS and NOX (excluding distributions paid on each Fund's preferred stock and interest paid on each Fund's notes) are expected to decline from 1.60% and 2.64%, respectively, (as of December 31, 2009 and October 31, 2009, respectively) to approximately 1.30% in New NHS (as of December 31, 2009). These numbers and the below numbers include the effect of the contractual and voluntary management fee waivers, as discussed above, for each Fund as of December 31, 2009 for New NHS and NHS and October 31, 2009 for NOX.  Including distributions paid on preferred stock and interest paid on notes, total expenses paid by common stockholders of NHS and NOX are expected to decline from 3.06% and 4.95%, respectively, (as of December 31, 2009 and October 31, 2009, respectively) to approximately 2.62% in New NHS (as of December 31, 2009).  As noted above, if only the Conversion occurs, New NHS is expected to have the same expenses as the current expenses of NHS, although there can be no assurance that this will be the case.

Although there can be no assurance, the leverage provided by the preferred stock and borrowings of New NHS following the Reorganization is expected to provide a net benefit to common stockholders of New NHS in the form of increased income to New NHS and increased distributions to common stockholders even after considering distributions paid on preferred stock and interest paid on notes.  As discussed above, New NHS is expected to have lower expenses than the current expenses of NHS or NOX, although there can be no assurance that this will be the case. As a result, although there can be no assurance, the Reorganization is expected to provide a net benefit to common stockholders of NHS and NOX.

Q: Who will pay for the Reorganization?

A: Each of NHS and NOX will pay $200,000 of the first $400,000 of the costs of the Reorganization. NB Management, the Funds' investment manager, will pay any costs incurred in connection with the Reorganization above $400,000.

Q: Will I have to pay any sales load, commission or other similar fee in connection with the Reorganization?

A: No. You will not pay any sales loads or commissions in connection with the Reorganization. However, up to $400,000 of the costs associated with the Reorganization will be borne by NHS and NOX, and therefore will be borne by the common stockholders of NHS and NOX.

Q: Will I have to pay any taxes as a result of the Reorganization?

A: The Conversion and Merger are intended to qualify as tax-free reorganizations within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended. Assuming the Conversion and Merger qualify for such treatment, you generally will not recognize a gain or loss for federal income tax purposes as a direct result of the Conversion and Merger. Common stockholders of NOX, however, will recognize gain or loss with respect to cash they receive pursuant to the Merger in lieu of fractional shares. As a condition to the closing of the Reorganization, NHS and NOX will receive an opinion of counsel to the effect that the Conversion and Merger, respectively, will qualify for such treatment. Opinions of counsel are not binding on the Internal Revenue Service or the courts. You should talk to your tax adviser about any state, local and other tax consequences of the Reorganization. See "Information about the Proposed Reorganization—Federal Income Tax Consequences."

Q: How does the Board recommend that I vote on the Agreement?

A: The Board of each Fund, including all of the Independent Directors, unanimously recommends that you vote "FOR" the Agreement.

Q: What happens if the Agreement is not approved?

A: If stockholders do not approve the Agreement, NOX and NHS will continue as a separate investment companies, and the Board of each Fund will separately consider whether any alternatives would be in the best interests of its stockholders, including re-proposing the Agreement.

Q: What happens if only stockholders of one Fund approve the Agreement?

A: The Conversion of NHS is not contingent on the approval of the Agreement by NOX. Accordingly, the Conversion will occur even if NOX stockholders do not approve the Agreement. However, if the Agreement is not approved by NHS stockholders, the Merger of NOX will not occur even if NOX stockholders approve the Agreement.

Q: When is the Reorganization expected to occur?

A: If stockholders of both NHS and NOX approve the Agreement, the Reorganization is expected to occur during the summer of 2010.

Q: I am a stockholder who holds a small number of shares. Why should I vote?

A: Your vote makes a difference. If many stockholders like you fail to vote their shares, NHS and NOX may not receive enough votes to go forward with the stockholders meeting.

Q: How can I vote?

A: There are a number of ways to vote your shares:

By Mail: You may vote by dating, signing and returning the enclosed proxy card(s) in the postage paid envelope. Please note that if you sign and date the proxy card but give no voting instructions, your shares will be voted "FOR" the Agreement.

By Phone: You may vote by telephone by calling the number on your proxy card(s).

Via the Internet: You may vote through the Internet by visiting the website listed on your proxy card(s).

In Person: If you plan to attend the stockholders meeting, you may vote in person.

Q: Who gets to vote?

A: If you owned shares of common or preferred stock of NHS or NOX at the close of business on April 1, 2010, you are entitled to vote those shares, even if you are no longer a stockholder of either Fund.

Q: Whom do I call if I have questions?

A: If you need more information or have any questions on how to cast your vote, please call [____], the proxy solicitor, at [____].

Your vote is important. Please vote promptly to avoid the expense of additional solicitation.

Neuberger Berman High Yield Strategies Fund
Neuberger Berman Income Opportunity Fund Inc.
605 Third Avenue
New York, New York 10158-0180

NOTICE OF JOINT ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

NOTICE IS HEREBY GIVEN that a Joint Annual Meeting of Stockholders ("Meeting") of each of the above-referenced funds (the "Funds") will be held on June 1, 2010, at [_]:00 [a.m.][p.m.] Eastern time, at the offices of Neuberger Berman LLC, 605 Third Avenue, 41st Floor, New York, New York 10158-3698, for the following purposes:

(1) To approve an Agreement and Plan of Reorganization pursuant to which (a) Neuberger Berman High Yield Strategies Fund ("NHS") would convert to a newly formed Maryland corporation, named Neuberger Berman High Yield Strategies Fund Inc. ("New NHS") ("Conversion") and NHS would dissolve under applicable state law, and (b) after the Conversion, Neuberger Berman Income Opportunity Fund Inc. ("NOX") would transfer its assets to New NHS in exchange solely for shares of common stock and preferred stock of New NHS and the assumption by New NHS of NOX's liabilities and NOX would dissolve under applicable state law.

(2) To elect five Class II Trustees/Directors ("Directors") as outlined below:

(a) Four Class II Directors, C. Anne Harvey, George W. Morriss, Jack L. Rivkin and Tom D. Seip, to be elected by the holders of common stock and preferred stock, voting together as a single class, such Directors to serve until the annual meeting of stockholders in 2013, or until their successors are elected and qualified; and

(b) One Class II Director, John Cannon, to be elected by the holders of preferred stock, voting separately as a single class, such Director to serve until the annual meeting of stockholders in 2013, or until his successor is elected and qualified.

(3) To consider and act upon any other business that may properly come before the Meeting or any adjournments thereof.

You are entitled to vote at the Meeting and any adjournments thereof if you owned Fund shares at the close of business on April 1, 2010 ("Record Date"). If you attend the Meeting, you may vote your shares in person. If you do not expect to attend the Meeting, please review the enclosed materials and follow the instructions that appear on the enclosed proxy card(s). If you have any questions about the proposal or the voting instructions, please call 877-461-1899. The appointed proxies will vote in their discretion on any other business as may properly come before the Meeting or any adjournments or postponements thereof.

Each Fund will admit to the Meeting: (1) all stockholders of record of the Fund as of the Record Date, (2) persons holding proof of beneficial ownership thereof at the Record Date, such as a letter or account statement from a broker, (3) persons who have been granted proxies, and (4) such other persons that the Fund, in its sole discretion, may elect to admit. All persons wishing to be admitted to the Meeting must present photo identification. If you plan to attend the Meeting, please call 877-461-1899.

Unless proxy cards submitted by corporations and partnerships are signed by the appropriate persons as indicated in the voting instructions on the proxy cards, they will not be voted. For ease of reading, “stock” and “stockholders” has been used in certain places in this notice to describe, respectively, the shares of NHS and the shareholders of NHS.

By order of the each Board,

Claudia A. Brandon
Secretary
Neuberger Berman High Yield Strategies Fund
Neuberger Berman Income Opportunity Fund Inc.
[____], 2010
New York, New York

---

Instructions for Signing Proxy Cards

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Funds involved in validating your vote if you fail to sign your proxy card properly.

1. Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.

2. Joint Accounts: Any party may sign, but the name of the party signing should conform exactly to the name shown in the registration on the proxy card.

3. Other Accounts: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

| Registration | Valid Signature |
|---|---|
| Corporate Accounts | |
| (1) ABC Corp. ........................................ | ABC Corp. |
| (2) ABC Corp. ........................................ | John Doe, Treasurer |
| (3) ABC Corp. c/o John Doe, Treasurer...................... | John Doe |
| (4) ABC Corp. Profit Sharing Plan......… | John Doe, Trustee |
| Trust Accounts | |
| (1) ABC Trust .......................................... | Jane B. Doe, Trustee |
| (2) Jane B. Doe, Trustee u/t/d 12/28/78.... | Jane B. Doe |
| Custodian or Estate Accounts | |
| (1) John B. Smith, Cust. f/b/o John B. Smith, Jr. UGMA .................. | John B. Smith |
| (2) John B. Smith .................................... | John B. Smith, Jr., Executor |

YOUR VOTE IS IMPORTANT NO MATTER HOW MANY
SHARES OF STOCK YOU OWN.
PLEASE RETURN YOUR PROXY CARD(S) PROMPTLY.

You may receive more than one proxy card depending on how you hold shares of a Fund. Please fill out and return each proxy card.

Stockholders are invited to attend the Meeting in person. Any stockholder who does not expect to attend the Meeting is urged to review the enclosed materials and follow the instructions that appear on the enclosed proxy card(s).

To avoid the additional expense to the Funds of further solicitation, we ask your cooperation in voting your proxy promptly, no matter how large or small your holdings may be.

Proxy Statement For:

Neuberger Berman High Yield Strategies Fund
Neuberger Berman Income Opportunity Fund Inc.
605 Third Avenue
New York, New York 10158-0180
877-461-1899

Prospectus For:

Neuberger Berman High Yield Strategies Fund Inc.
605 Third Avenue
New York, New York 10158-0180
877-461-1899

This combined Proxy Statement and Prospectus (the "Proxy Statement/Prospectus") is being furnished in connection with the solicitation of proxies by the Boards of Trustees/Directors (each, a "Board," and collectively, the "Boards") of Neuberger Berman High Yield Strategies Fund ("NHS") and Neuberger Berman Income Opportunity Fund Inc. ("NOX") for a Joint Annual Meeting of Stockholders of NHS and NOX (the "Meeting"). The Meeting will be held on June 1, 2010, at [_]:00 [a.m.][p.m.] Eastern time, at the offices of Neuberger Berman LLC ("NB LLC"), 605 Third Avenue, 41st Floor, New York, New York 10158-3698. At the Meeting, common and preferred stockholders of NHS and NOX will be asked to consider and act upon the following:

(1) To approve an Agreement and Plan of Reorganization ("Agreement") pursuant to which (a) NHS would convert to a newly formed Maryland corporation, named Neuberger Berman High Yield Strategies Fund Inc. ("New NHS," and together with NHS and NOX, the "Funds," and each, a "Fund") ("Conversion") and NHS would dissolve under applicable state law, and (b) after the Conversion, NOX would transfer its assets to New NHS in exchange solely for shares of common stock and preferred stock of New NHS and the assumption by New NHS of NOX's liabilities and NOX would dissolve under applicable state law ("Merger," and together with the Conversion, the "Reorganization");

(2) To elect five Class II Trustees/Directors ("Directors") as outlined below:

(a) Four Class II Directors, C. Anne Harvey, George W. Morriss, Jack L. Rivkin and Tom D. Seip, to be elected by the holders of common stock and preferred stock, voting together as a single class, such Directors to serve until the annual meeting of stockholders in 2013, or until their successors are elected and qualified; and

(b) One Class II Director, John Cannon, to be elected by the holders of preferred stock, voting separately as a single class, such Director to serve until the annual meeting of stockholders in 2013, or until his successor is elected and qualified; and

(3) To consider and act upon any other business that may properly come before the Meeting or any adjournments thereof.

For ease of reading, "stockholders" has been used in certain places in the Proxy Statement/Prospectus to describe the shareholders of NHS.

Proposed Reorganization and Election of Directors

If the Agreement is approved and the Reorganization occurs, holders of common shares of beneficial interest, no par value per share, of NHS (the “NHS Common Shares”) and holders of common stock, par value

$0.0001 per share, of NOX (the "NOX Common Stock") each would receive newly issued shares of common stock, par value $0.0001 per share, of New NHS (the "New NHS Common Stock," and together with NHS Common Shares and NOX Common Stock, the "Common Stock"), the aggregate net asset value of which would equal the aggregate net asset value of NHS Common Shares and NOX Common Stock they held immediately prior to the Reorganization. Holders of NHS Common Shares ("NHS Common Shareholders") will receive the same number of NHS Common Shares as they held immediately prior to the Reorganization. Holders of NOX Common Stock ("NOX Common Stockholders") would receive a different number of shares that would be based on the relative net asset value of NOX and New NHS but generally would not include fractional shares of New NHS Common Stock. Instead, each former NOX Common Stockholder would receive cash in an amount equal to the value of the fractional shares of New NHS Common Stock that stockholder would otherwise have received in the Reorganization (except with respect to NOX common stock held in a Distribution Reinvestment Plan account, for which that stockholder would receive fractional shares). Although New NHS Common Stock received in the Reorganization would have the same total net asset value as NHS Common Shares and NOX Common Stock held immediately before the Reorganization (disregarding fractional shares for NOX Common Stockholders), its stock price on the [NYSE Amex] [New York Stock Exchange ("NYSE")] may be greater or less than that of NHS Common Shares or NOX Common Stock, based on current market prices existing at the time of the Reorganization.

In addition, if the Agreement is approved and the Reorganization occurs, holders of NHS's Perpetual Preferred Shares, Series A, no par value per share, with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not declared) ("NHS Preferred Shares," and together with NHS Common Shares, "NHS Shares") and holders of NOX's Perpetual Preferred Shares, Series A, par value $0.0001 per share, with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not declared) ("NOX Preferred Stock," and together with NOX Common Stock, "NOX Stock") would receive newly issued shares of New NHS's Perpetual Preferred Shares, Series A, par value $0.0001 per share, with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not declared) ("New NHS Preferred Stock," and together with New NHS Common Stock, "New NHS Stock") (NHS Preferred Shares, NOX Preferred Stock and New NHS Preferred Stock, collectively, "Preferred Stock"; Common Stock and Preferred Stock, collectively, the "Stock"). New NHS Preferred Stock will have substantially the same rights, preferences, and distribution payment periods as NHS Preferred Shares and NOX Preferred Stock, except that New NHS Preferred Stock will only be entitled to one vote per share, unlike NHS Preferred Shares which are entitled to one vote for each dollar of liquidation preference. The aggregate liquidation preference and number of shares of New NHS Preferred Stock received by holders of NHS Preferred Shares ("NHS Preferred Shareholders," together with NHS Common Shareholders, "NHS Shareholders") and holders of NOX Preferred Shares ("NOX Preferred Stockholders," together with NOX Common Stockholders, "NOX Stockholders") will equal the aggregate liquidation preference and number of NHS Preferred Shares and shares of NOX Preferred Stock held by such holder immediately prior to the Reorganization.

New NHS will also issue notes ("New NHS Notes") in the same principal amounts as, and having terms substantially similar to, the privately placed notes issued by NHS ("NHS Notes") and NOX ("NOX Notes," and together with NHS Notes and New NHS Notes, the "Notes"). New NHS Notes will be distributed to each holder of NHS Notes and NOX Notes in exchange for NHS Notes and NOX Notes held by such holder. The principal amount of New NHS Notes received by holders of NHS Notes and NOX Notes will equal the principal amount of NHS Notes and NOX Notes held such holder immediately prior to the Reorganization.

If NOX Stockholders do not approve the Agreement and NHS Shareholders approve the Agreement, NHS Common Shareholders would receive shares of newly issued New NHS Common Stock, the aggregate net asset value of which would equal the aggregate net asset value of NHS Common Shares they held immediately prior to the Conversion, NHS Preferred Shareholders would receive shares of newly issued New NHS Preferred Stock and holders of NHS

Notes would receive newly issued New NHS Notes. New NHS Preferred Stock will have the same rights, preferences, and distribution payment periods as NHS Preferred Shares, except that New NHS Preferred Stock will only be entitled to one vote per share unlike NHS Preferred Shares which are entitled to one vote for each dollar of liquidation preference. New NHS Notes will have terms substantially similar to NHS Notes.

Assuming both NHS Shareholders and NOX Stockholders approve the Agreement and all other conditions to the consummation of the Reorganization are satisfied or waived, NOX and New NHS will jointly file articles of transfer (the “Articles of Transfer”) with the State Department of Assessments and Taxation in Maryland (the

"SDAT"). The Reorganization will become effective when the SDAT accepts for record the Articles of Transfer or at such later time as is specified in the Articles of Transfer, which time may not exceed 30 days after the Articles of Transfer are accepted for record. The date when the Articles of Transfer are accepted for record, or the later date, is referred to in this Proxy Statement/Prospectus as the "Closing Date." NHS, as soon as practicable after the Closing Date, will dissolve under applicable state law[,] [and] will terminate its registration under the Investment Company Act of 1940, as amended (the "1940 Act") [and de-list from the NYSE]. NOX, as soon as practicable after the Closing Date, will terminate its registration under the Investment Company Act of 1940, as amended (the "1940 Act"), will de-list from the NYSE Amex and will dissolve under applicable state law.

In addition, NHS Shareholders and NOX Stockholders are being asked to approve the election of five Class II Directors to serve on the Board of each Fund until the annual meeting of Stockholders in 2013, or until their successors are elected and qualified, in the event that the Agreement is not approved. The Directors serve as representatives of Stockholders. In this capacity, they are fiduciaries and have an obligation to serve in the best interests of the Stockholders. Directors review Fund performance, oversee Fund activities and review contractual arrangements with service providers that provide services to the Fund. Each of the nominees currently serves as a Director of NHS and NOX.

Required Vote

With respect to Proposal 1, because the Agreement has been approved unanimously by the Board of each Fund, including all of the Directors who are not "interested persons" of the Funds under the 1940 Act (the "Independent Directors"), approval of the Agreement requires the affirmative vote of the holders of a majority of NHS Shares and NOX Stock, each voting together as a single class, and a majority of the holders of NHS Preferred Shares, voting separately.

With respect to Proposal 2, the election of a nominee to the Board of NHS requires the affirmative vote of a plurality of the votes cast at the Meeting and the election of a nominee to the Board of NOX requires the affirmative vote of a majority of its outstanding shares. See "Voting Information" below.

Rationale for the Reorganization

The Boards of NHS and NOX, including all of the Independent Directors of each Fund, believe that combining the Funds could benefit the stockholders of both Funds. Independent Directors are those who are not associated with the Funds' investment manager or sub-adviser or their affiliates or with any broker-dealer used by the Funds, the investment manager or the sub-adviser in the past six months. In recommending the Reorganization, each Fund's Board, with the advice of counsel to its Independent Directors, considered a number of factors, including the following:

- the benefits to the Funds and their stockholders that are expected to be derived from the Reorganization;
- the fact that the Funds have the same investment objective and substantially similar principal investment strategies, policies and risks;
- the expense ratios of the Funds and information as to specific fees and expenses of the Funds, including fee waivers relating to management fees;
- the fact that the Reorganization will not dilute the interests of current stockholders of any Fund;

- the federal tax consequences of the Reorganization to NHS and NOX and their respective stockholders, including that the Reorganization has been structured to qualify as a tax-free reorganization for federal income tax purposes;

- the potential for greater economies of scale and lower expenses per share of Common Stock resulting from a larger asset base over which to spread certain fixed costs and the elimination of certain duplicative costs such as audit costs;

- the potential for enhanced liquidity in the market due to the larger number of outstanding New NHS Common Stock following the Reorganization;
- the potential for portfolio management efficiencies due to New NHS's greater asset size, which may allow it, relative to NHS and NOX, to obtain better net prices on securities trades and achieve greater diversification of portfolio holdings;
- the benefits of New NHS obtaining assets without incurring the commission expenses and generally greater other expenses associated with offering new shares of stock. In addition, the benefits of New NHS obtaining portfolio securities without the commensurate brokerage costs, dealer spreads or other trading expenses and obtaining these securities in a manner that is likely to minimize the market impact of such acquisition on the short-term prices of these securities; and

Board Recommendation

Accordingly, the Boards of NHS and NOX, including all of the Independent Directors of each Fund, unanimously recommend that you vote FOR the Agreement and FOR each nominee.

Information about the Funds

NHS was organized in Delaware on April 8, 2003; NOX was incorporated in Maryland on April 17, 2003; New NHS was incorporated in Maryland on [March __], 2010. NHS is registered as a closed-end, diversified management investment company; New NHS and NOX are registered as closed-end, non-diversified management investment companies. NHS Common Shares are listed on the New York Stock Exchange ("NYSE") under the symbol "NHS." NOX Common Stock is listed on the NYSE Amex under the symbol "NOX." New NHS Common Stock is expected to be listed on [NYSE Amex][NYSE] under the symbol "NHS."

Neuberger Berman Management LLC ("NB Management") acts as each Fund's investment manager and Neuberger Berman Fixed Income LLC ("NBFI") acts as each Fund's sub-adviser. NB LLC also acts as a sub-adviser (collectively, the investment manager and the sub-advisers are referred to as "Neuberger Berman") for NOX.

New NHS has the same investment objective and substantially similar principal investment policies, invest in substantially similar markets and present substantially similar general risks as NHS and NOX. Each Fund's investment objective is to seek high total return (income plus capital appreciation). Under normal market conditions, NHS invests at least 80% of its net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings, in high yield debt securities of U.S. and foreign issuers. Under normal market conditions, each of NOX and New NHS invests at least 80% of its total assets in high yield debt securities of U.S. and foreign issuers. High yield debt securities include securities that are rated below investment grade by a nationally recognized statistical rating organization ("rating agency") or are unrated debt securities determined to be of comparable quality by the Fund's investment manager.

This Proxy Statement/Prospectus serves as a prospectus for New NHS under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the issuance of New NHS Common Stock in the Reorganization. You should retain this Proxy Statement/Prospectus for future reference, as it sets forth concisely information about the Funds that you should know before voting on the Reorganization.

A Statement of Additional Information ("SAI") dated [____], 2010, which contains additional information about the Reorganization and the Funds, has been filed with the Securities and Exchange Commission (the "SEC"). The SAI, as well as NHS's and NOX's Annual Report to Stockholders for the fiscal year ended December 31, 2009 and October 31, 2009, respectively, which highlight certain important information such as investment performance and expense and financial information, are incorporated by reference into this Proxy Statement/Prospectus. You may receive free of charge a copy of the SAI, or the annual report for NHS or NOX, by calling 877-461-1899 or by writing NHS or NOX at 605 Third Avenue, New York, New York 10158-0180.

In addition, you can copy and review this Proxy Statement/Prospectus and the complete registration statement filing on Form N-14 containing this Proxy Statement/Prospectus and any of the above-referenced documents at the SEC's Public Reference Room in Washington, DC. You may obtain information about the operation of the Public Reference Room by calling the SEC at 202-551-8090. Reports and other information about each Fund are available on the EDGAR Database on the SEC's Internet site at www.sec.gov. You may also obtain copies of this information, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Room, 100 F Street, N.E., Washington, DC 20549.

Reports, proxy statements and other information concerning NHS may be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005. Reports, proxy statements and other information concerning NOX may be inspected at the offices of the NYSE Amex, 86 Trinity Place, New York, New York 10006.

The Securities and Exchange Commission has not approved or disapproved these securities nor passed upon the accuracy or adequacy of this Proxy Statement/Prospectus. Any representation to the contrary is a criminal offense.

The date of this Proxy Statement/Prospectus is [_____], 2010.

TABLE OF CONTENTS

PROPOSAL 1 — TO APPROVE AN AGREEMENT AND PLAN OF REORGANIZATION PURSUANT TO WHICH (1) NHS WOULD CONVERT INTO NEW NHS AND NHS WOULD DISSOLVE UNDER APPLICABLE STATE LAW AND, (2) AFTER SUCH CONVERSION, NOX WOULD TRANSFER ITS ASSETS TO NEW NHS IN EXCHANGE FOR SHARES OF COMMON STOCK AND PREFERRED STOCK OF NEW NHS AND THE ASSUMPTION BY NEW NHS OF NOX'S LIABILITIES AND NOX WOULD DISSOLVE UNDER APPLICABLE STATE LAW

SUMMARY

This summary is qualified in its entirety by reference to the additional information contained elsewhere in this Proxy Statement/Prospectus and the Agreement, a form of which is attached to this Proxy Statement/Prospectus as Appendix A.

Proposed Reorganization

In February 2010, the Funds' Boards, including all of the Independent Directors, unanimously approved the Reorganization and the Agreement, which provides for the following:

- New NHS will acquire all of the assets and assume all of the liabilities of NHS. After this acquisition, New NHS will acquire all of the assets and assume all of the liabilities of NOX. The net asset value (the "NAV") of New NHS will be computed as of 4:00 p.m., Eastern Time, on the Closing Date;

- New NHS will issue and cause to be listed on the [NYSE Amex][NYSE] New NHS Common Stock in an amount equal to the value of NHS's net assets attributable to its common shares (less the share of costs of the Reorganization thereof it bears) and NOX's net assets attributable to its common stock. Those shares will be distributed to NHS Common Shareholders and NOX Common Stockholders of record in proportion to their respective holdings of NHS Common Shares and NOX Common Shares immediately prior to the Reorganization. NHS Common Shareholders and NOX Common Stockholders each would receive newly issued shares of New NHS Common Stock, the aggregate net asset value of which would equal the aggregate net asset value of the applicable Fund's Common Stock they held immediately prior to the Reorganization. NHS Common Stockholders will receive the same number of NHS Common Shares as they held immediately prior to the Reorganization. NOX Common Stockholders would receive a different number of shares that would be based on the relative net asset value of NOX and New NHS but generally would not include fractional shares of New NHS Common Stock. Instead, each former NOX Common Stockholder would receive cash in an amount equal to the value of the fractional shares of New NHS Common Stock that stockholder would otherwise have received in the Reorganization (except with respect to NOX Common Stock held in a Distribution Reinvestment Plan account, for which that stockholder would receive fractional shares);

- New NHS will issue New NHS Preferred Stock, which will have substantially the same rights, preferences, and distribution payment periods as NHS Preferred Shares and NOX Preferred Stock, except that New NHS Preferred Stock will only be entitled to one vote per share, unlike NHS Preferred Shares, which are entitled to one vote for each dollar of liquidation preference. Those shares will be distributed to NHS Preferred Shareholders and NOX Preferred Shareholders. The aggregate liquidation preference and number of shares of New NHS Preferred Stock received by a Preferred Stockholder in the Reorganization will equal the aggregate liquidation preference and number of shares of NHS Preferred Shares and/or NOX Preferred Stock held by the Preferred Stockholder immediately prior to the Reorganization. After the Reorganization, distribution rates will continue to be set in the same manner as set forth in the organizational documents for NHS Preferred Shares, which is substantially similar to the methodology set forth in the organizational documents for NOX Preferred Stock;

- New NHS will issue privately placed notes in the same principal amounts as, and having terms substantially similar to, the privately placed notes issued by NHS and NOX. New NHS Notes will be distributed to each holder of NHS Notes and NOX Notes in exchange for NHS Notes and NOX Notes held by such holder. The principal amount of New NHS Notes received by holders of NHS Notes and NOX

7

Notes will equal the principal amount of NHS Notes and NOX Notes held by such holder immediately prior to the Reorganization;

- After the Reorganization, (1) NHS will (a) de-register with the SEC, [(b) de-list from the NYSE and (c)] dissolve under Delaware statutory trust law, and (2) NOX will (a) de-register with the SEC, (b) de-list from the NYSE Amex and (c) dissolve under Maryland corporate law.

If the Agreement is not approved or only approved by NOX, NHS and NOX will continue as separate investment companies, and the Board of each Fund will separately consider alternatives it determines to be in the best interests of stockholders, including re-proposing the Reorganization.

If the Agreement is only approved by NHS, the Conversion will occur and NHS will be converted into New NHS and NHS would dissolve under applicable state law. However, New NHS and NOX will continue as separate investment companies and the Board of each Fund will separately consider alternatives it determines to be in the best interests of stockholders, including re-proposing the Reorganization.

Although there can be no assurance that this will be the case, it is expected that the Reorganization will benefit NHS Shareholders and NOX Stockholders by providing, for example, the potential for economies of scale, a lower operating expense ratio, enhanced market liquidity for New NHS Common Stock, including the potential to reduce the extent to which shares trade at a discount to their net asset value, and portfolio management efficiencies and greater diversification of portfolio holdings due to New NHS's larger size.

Board Recommendation

For the reasons set forth below in "Information about the Proposed Reorganization—Reasons for the Reorganization and Board Considerations," the Board of each Fund, including all of its Independent Directors, has determined that participation in the Reorganization is in the best interests of its Fund and that the interests of the existing stockholders of its Fund will not be diluted as a result of its effecting the Reorganization. The Boards of NHS and NOX, therefore, are hereby submitting the Agreement to NHS Shareholders and NOX Stockholders and unanimously recommend that NHS Shareholders and NOX Stockholders vote "FOR" the Agreement.

Required Vote

Because the Agreement has been approved unanimously by the Board of NHS, including all of the Independent Directors of NHS, under NHS's Amended and Restated Declaration of Trust (which, as hereafter amended, restated or supplemented from time to time, is, together with the By-laws, referred to as the "Declaration of Trust") approval of the Agreement requires the affirmative vote of the holders of a majority of NHS Shares, voting together as a single class, and the holders of a majority of NHS Preferred Shares, voting separately.

Because the Agreement has been approved unanimously by the Board of NOX, including all of the Independent Directors of NOX, under NOX's Articles of Incorporation (which, as hereafter amended, restated or supplemented from time to time, are, together with the Articles Supplementary, referred to as the "Articles") approval of the Agreement requires the affirmative vote of the holders of a majority of the shares of NOX Stock, voting together as a single class. See "Voting Information" below. If stockholders of both NHS and NOX approve the Agreement, the Closing Date of the Reorganization is expected to occur during the summer of 2010. If only NHS Shareholders approve the Agreement, the Closing Date of the Conversion is expected to occur during the summer of 2010.

Tax Matters

Each of the Conversion and Merger is intended to qualify as a tax-free "reorganization" for federal income tax purposes. If the Conversion and Merger so qualify, NHS Shareholders and NOX Stockholders will recognize no gain or loss on the receipt of New NHS Shares in connection with the Conversion and Merger, except that NOX Common Stockholders will recognize gain or loss with respect to cash they receive pursuant to the Merger in lieu of fractional New NHS Common Stock. Additionally, NHS and NOX each will recognize no gain or loss as a result of the Conversion or Merger, respectively, or as a result of their dissolution. For more information about the federal income tax consequences of the Reorganization, see "Information about the Proposed Reorganization—Federal Income Tax Consequences" below.

Comparison of Investment Objective and Principal Investment Policies

The Funds have the same investment objective and substantially similar principal investment policies, invest in substantially similar markets and present substantially similar general risks. There are no significant differences between the investment objective and principal investment policies of the Funds. However, New NHS has more flexibility than NHS or NOX with respect to certain of its investment policies, which permit New NHS greater flexibility in portfolio management. For example, New NHS will not have a limit on its investment in illiquid securities and may invest a greater percentage of its assets in foreign securities and securities that are rated Caa/CCC or lower by a rating agency or unrated securities determined by the Manager to be of comparable quality.

Each Fund's investment objective is to seek high total return (income plus capital appreciation). Under normal market conditions, NHS invests at least 80% of its net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings, in high yield debt securities of U.S. and foreign issuers. Under normal market conditions, NOX and New NHS each invest at least 80% of its total assets in high yield debt securities of U.S. and foreign issuers. High yield debt securities include securities that are rated below investment grade by a rating agency or are unrated debt securities determined to be of comparable quality by the Fund's investment manager. For ease of reading, the following description uses "total assets" and as applied to NHS to mean "net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings." To the extent not invested in high yield debt securities, each Fund may invest a portion of its assets (normally, not more than 20% of a Fund's total assets ) in other securities and financial instruments, including investment grade debt securities, equity securities and derivatives.

Each Fund invests primarily in securities of U.S. issuers, but may also invest in securities of foreign issuers. Up to 25% of New NHS's total assets and 20% of NHS's and NOX's total assets may be invested in securities of foreign issuers traded outside of the U.S. In addition, each of NHS and NOX may invest up to 20% of its total assets in restricted securities and other illiquid investments. These securities and investments may be subject to legal or other restrictions on resale and lack a liquid secondary market. Liquid securities purchased by a Fund may subsequently become illiquid.

In addition to the issuance of the Preferred Stock and Notes, each Fund may issue additional preferred stock or notes, borrow money or use a variety of additional strategies to increase funds available for investment. This practice, which is known as leverage, is speculative and involves significant risks.

Securities purchased by each Fund may have fixed or variable principal payments and various types of interest rate and dividend payment and reset terms, including fixed rate, variable rate, floating rate, zero coupon, contingent, deferred, payment in kind and auction rate features.

A Fund is not intended to be a complete investment program, and there is no assurance that the Fund will achieve its objective.

The preceding summary of the Funds' investment objective and certain policies should be considered in conjunction with the discussion below under "Comparison of Investment Objective, Strategies and Principal Risks of Investing in the Funds—Investment Objective, Strategies and Principal Risks," "—Additional Investment Activities" and "—Risk Factors."

Dividends and other Distributions

Common Stockholders of the Funds. Common stockholders of both NHS and NOX receive distributions on a monthly basis. New NHS will also pay distributions to common stockholders on a monthly basis. NHS Common Stockholders will receive the same number of shares of New NHS Common Stock as they currently hold.

Accordingly, although there can be no assurance, the level of distributions received by NHS Common Stockholders is not expected to change significantly. Because NHS and NOX historically have paid different distributions per share of Common Stock due in part to the different net asset values and since the amount of shares received by NOX Common Stockholders will be based on net asset value, the number of shares received by NOX Common Stockholders will partially offset the difference in the distribution per share. For example, on [___], NOX paid distributions of [_] per share and NHS paid distributions of [_] per share. If the Reorganization occurred on that date, NOX Common Stockholders would have received [_] shares of New NHS Common Stock for each share of NOX Common Stock and the amount of distributions they would have received on shares of New NHS Common Stock they received would have been [_], which would have been [more][less] than the distributions they received if they remained NOX Common Stockholders. Accordingly, although there can be no assurance, the level of distributions received by NOX Common Stockholders is not expected to change significantly.

Preferred Stockholders of the Funds. The preferred stockholders of both NHS and NOX receive distributions quarterly. After the Reorganization, New NHS will continue to pay preferred stockholders distributions quarterly. In addition, New NHS Preferred Stock will use the same methodology for setting the distribution rate as is currently used by NHS Preferred Shares, which is substantially similar to the methodology used by NOX.

Purchase and Redemption Procedures

Purchase and Sale. Purchase and sale procedures for the Funds' Common Stock are similar. Investors typically purchase and sell shares of the Funds' Common Stock through a registered broker-dealer on the NYSE or NYSE Amex, as applicable. Each Fund's Preferred Stock is privately placed and subject to certain transfer restrictions.

Redemption Procedures. Redemption procedures for the Funds are similar. The Common Stock of each Fund has no redemption rights. However, the Board of each Fund may consider open market share repurchases of, or tendering for, Common Stock to seek to reduce or eliminate any discount from net asset value at which the Common Stock trade. Each Fund's ability to repurchase, or tender for, its Common Stock may be limited by the 1940 Act asset coverage requirements and by any rating agency requirements.

Provided certain conditions are met, the Preferred Stock of each Fund are redeemable at the option of each Fund, at a price equal to $25,000 per share plus, in each case, accumulated and unpaid dividends (including additional dividends, if any) on the redemption date.

Effect on Expenses

As a result of the Reorganization, total expenses paid by NHS Common Shareholders and NOX Common Stockholders (excluding distributions paid on Preferred Stock and interest paid on Notes) are expected to decline from 1.60% and 2.64%, respectively, (as of December 31, 2009 and October 31, 2009, respectively) to approximately 1.30% in New NHS (as of December 31, 2009). These numbers and the below numbers include the effect of the contractual and voluntary management fee waivers, as discussed below, for each Fund as of December 31, 2009 for New NHS and NHS and October 31, 2009 for NOX. Including distributions paid on Preferred Stock and interest paid on Notes, total expenses paid by NHS Common Shares and NOX Commons Stock are expected to decline from 3.06% and 4.95%, respectively, (as of December 31, 2009 and October 31, 2009, respectively) to approximately 2.62% in New NHS (as of December 31, 2009). If only the Conversion occurs, New NHS is expected to have the same expenses as the current expenses of NHS, although there can be no assurance that this will be the case.

Although there can be no assurance, the leverage provided by the Preferred Stock and Notes to New NHS following the Reorganization is expected to provide a net benefit to holders of New NHS Common Stock in the form of increased income to New NHS and increased distributions to holders of Common Stock even after considering distributions paid on Preferred Stock and interest paid on Notes. As discussed above, New NHS is expected to have lower expenses than the current expenses of NHS or NOX, although there can be no assurance that this will be the case. As a result, although there can be no assurance, the Reorganization is expected to provide a net benefit to NHS Common Shareholders and NOX Common Stockholders.

NB Management is entitled to receive fees as investment manager and administrator of NHS, payable monthly, calculated at an annual rate equal to 0.65% of the Fund's average daily net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings. NB Management is entitled to receive fees as investment manager and administrator of NOX, payable monthly, calculated at an annual rate equal to 0.85% of the Fund's average daily total assets minus liabilities other than the aggregate indebtedness entered into for purposes of leverage. NB Management is entitled to receive fees as investment manager and administrator of New NHS, payable monthly, calculated at an annual rate equal to 0.65% of the Fund's average daily total assets minus liabilities other than the aggregate indebtedness entered into for purposes of leverage. As the context requires, (i) with respect to NHS, net assets, including assets attributable to any outstanding preferred stock, plus the aggregate principal amount of any borrowings and (ii) with respect to NOX and New NHS, total assets minus liabilities other than the aggregate indebtedness entered into for purposes of leverage are defined to mean "Managed Assets."

NB Management has contractually agreed to waive a portion of the management fees it is entitled to receive from NOX in the amounts, and for the time periods, set forth below.

| Fiscal Period Ending October 31, | NOX Percentage Waived of the Fund's average daily Managed Assets |
|---|---|
| 2010 | 0.13% |
| 2011 | 0.07% |

In addition to this contractual waiver, NB Management also has voluntarily agreed to extend for one year the contractual fee waivers currently in place for NOX so that it will waive a portion of the management fees it is entitled to receive from NOX in the amounts, and for the time periods, set forth below.

| Fiscal Period Ending October 31, | NOX Percentage Waived of the Fund's average daily Managed Assets |
|---|---|
| 2010 | 0.19% |
| 2011 | 0.13% |
| 2012 | 0.07% |

For NHS, NB Management has agreed to voluntarily waive a portion of the management fee it is entitled to receive from NHS at an annual rate of 0.05% of average daily Managed Assets. For New NHS, NB Management has agreed to voluntarily waive a portion of the management fee it is entitled to receive from New NHS at an annual rate of 0.05% of average daily Managed Assets. This voluntary waiver is expected to remain in effect until July 1, 2012, but may be changed or terminated by NB Management at any time. If only the Conversion occurs, New NHS will adopt the same voluntary fee waiver currently adopted by NHS and NOX will continue with the same fee waivers.

Each Fund utilizes leverage, or will utilize leverage, through the issuance of Preferred Stock and Notes in an effort to increase the Fund's income available for distribution to holders of its Common Stock. Each Fund, including New NHS following the Reorganization, may redeem its Preferred Stock or prepay it Notes based on procedures detailed in its governing documents. NB Management continually monitors the benefits and costs of each Fund's Preferred Stock and Notes to the holders of that Fund's Common Stock. Should the holders of a Fund's Common Stock no longer receive a net benefit from the leverage provided by the Fund’s outstanding Preferred Stock and Notes for a sustained period of time, the Fund may consider redeeming some or all of its outstanding Preferred Stock or Notes.

Fee Table and Expense Example

The tables below (1) compare the fees and expenses of NHS and NOX as of December 31, 2009 and October 31, 2009, respectively, and (2) show the estimated fees and expenses of New NHS, on a pro forma basis, as if the Reorganization occurred on December 31, 2009. The estimates are based on the contracts and agreements in effect as of December 31, 2009 and reflect the operating expense accrual rates on that date, which are based on NHS's and NOX's net assets as of December 31, 2009 and October 31, 2009, respectively. Accordingly, the actual fees and expenses of NHS, NOX and New NHS as of the Closing Date of the Reorganization may differ from those reflected in the tables below due to changes in net assets from those at October 31, 2009 and December 31, 2009. No amount of any prior fee waiver or expense reimbursement to NHS or NOX may be recovered by any person.

Changes in net assets may result from market appreciation or depreciation and other factors occurring between that date and the Closing Date. As a general matter, changes (positive or negative) in NHS's or NOX's expense ratio resulting from fluctuations in the net assets of that Fund will be borne by the stockholders of New NHS. For information concerning the net assets of each Fund as of December 31, 2009, please see "Capitalization."

The expenses of NHS and NOX as of December 31, 2009 and October 31, 2009, respectively, and pro forma expenses following the Reorganization are set forth below. The percentages in the table below are percentages of the each respective Fund's net assets attributable to Common Stock.

Fee Table

| | ACTUAL | | PRO FORMA (assuming Reorganization occurs) |
|---|---|---|---|
| | NHS | NOX | New NHS |
| Common Stockholder Transaction Expenses(1) | | | |
| Sales Load (as a percentage of offering price)(2) | None | None | None |
| Distribution Reinvestment Plan Fees(3) | None | None | None |

| (Unaudited) | ACTUAL (Assuming Leverage as Described Above) | | PRO FORMA (assuming Reorganization occurs) |
|---|---|---|---|
| | NHS | NOX | New NHS |
| Annual Expenses (as a percentage of net assets attributable to common shares)^ | | | |
| Management Fee* | 0.98 | 1.40 | 0.85 |
| Interest Payments on Notes | 1.05 | 1.55 | 0.88 |
| Other Expenses(4) | 0.62 | 1.24 | 0.46 |
| Total Annual Expenses | 2.65 | 4.19 | 2.19 |

| | | | |
|---|---|---|---|
| Distributions on Preferred Stock(5) | 0.41 | 0.76 | 0.43 |
| Total Annual Fund Operating Expenses and Distributions on Preferred Stock | 3.06 | 4.95 | 2.62 |
| Minus: Expense Waiver | ---(6) | 0.31(7) | ---(8) |
| Net Annual Fund Operating Expenses and Distributions on Preferred Stock | 3.06 | 4.64 | 2.62 |

^ Does not reflect the effect of expense offset arrangements.

* Management fees include both the management fee and administration fee.

12

(1) No expense information is presented with respect to Preferred Stock or Notes because they do not bear any transaction or operating expenses of NHS or NOX and will not bear any transaction or operating expenses of New NHS.

(2) Common Stock purchased on the secondary market is not subject to sales charges but may be subject to brokerage commissions or other charges. The table does not include an underwriting commission paid by stockholders in the initial offering of each Fund.

(3) Each participant in the distribution reinvestment plan pays a proportionate share of the brokerage commissions incurred with respect to open market purchases in connection with such plan.

(4) In connection with the Reorganization, there are certain other transaction expenses not reflected in "Other Expenses" which include, but are not limited to: costs related to the preparation, printing and distributing of this Proxy Statement/Prospectus to stockholders; costs related to preparation and distribution of materials distributed to Boards; expenses incurred in connection with the preparation of the Agreement and the registration statement on Form N-14; SEC filing fees; legal and audit fees; portfolio transfer taxes (if any); and any similar expenses incurred in connection with the Reorganization.

(5) Distribution rates on shares of Preferred Stock are set as set forth in the Articles Supplementary by reference to a reference rate. Prevailing interest rate, yield curve and market circumstances at the time at which the rate on Preferred Shares for the next dividend period are set substantially influence the rate. As these factors change over time, so too do the distribution rates set.

(6) NB Management has voluntarily agreed to waive a portion of the management fee it is entitled to receive from NHS at an annual rate of 0.05% of its average daily Managed Assets. If this waiver were reflected, "Net Annual Fund Operating Expenses and Distributions on Preferred Stock" would have been 3.01%. Because the management and administrative fees are based on Managed Assets, the dollar amount of such fees is higher due to the issuance of the Preferred Stock and Notes.

(7) NB Management has contractually agreed to waive a portion of the management fee it is entitled to receive from NOX at an annual rate of 0.19% of its average daily Managed Assets from October 31, 2008 through October 31, 2009, 0.13% thereafter through October 31, 2010, and 0.07% thereafter through October 31, 2011. NB Management has not agreed to waive any portion of its fees or expenses beyond October 31, 2011, however, NB Management has voluntarily agreed to extend for one year these contractual fee waivers. If this voluntary waiver were reflected, "Net Annual Fund Operating Expenses and Distributions on Preferred Stock" would have been [_]%. Because the management and administrative fees are based on Managed Assets, the dollar amount of such fees is higher due to the issuance of the Preferred Stock and Notes.

(8) NB Management has voluntarily agreed to waive a portion of the management fee it is entitled to receive from New NHS at a rate of 0.05% of average daily managed assets. This voluntary waiver is expected to remain in effect until July 1, 2012, but may be changed or terminated by NB Management at any time. If this waiver were reflected, "Net Annual Fund Operating Expenses and Distributions on Preferred Stock" would have been [_]%. Because the management and administrative fees are based on Managed Assets, the dollar amount of such fees is higher due to the issuance of the Preferred Stock and Notes.

Example

The following example helps you compare the costs of investing in the Funds' Common Shares with the costs of investing in other funds. The example reflects the total expenses of the Funds excluding distributions paid on Preferred Stock and including interest paid on Notes. The example assumes that you invest $1,000 in Common Stock for the periods shown, that your investment has a 5% return each year, that you reinvest all distributions and dividends, that the Funds' operating expenses remain the same (excluding distributions paid on Preferred Stock and including interest paid on Notes) and that the contractual management fee waiver described above is in effect. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| NHS | $309 | $945 | $1,606 | $3,374 |
| NOX | $475 | $1,457 | $2,453 | $4,945 |
| New NHS (assuming Reorganization occurs) | $265 | $814 | $1,390 | $2,954 |

COMPARISON OF PRINCIPAL RISKS OF INVESTING IN THE FUNDS

The Funds have the same investment objective and substantially similar principal investment policies, invest in substantially similar markets and present substantially similar general risks. Below are the primary risks of investing in New NHS. Unless indicated otherwise, the risks for investing in NHS and NOX are the same. For a more complete description of the risks of investing in New NHS (to which the word "Fund" refers in this section), please refer to Appendix B. Risk is inherent in all investing. Therefore, before investing in New NHS, you should consider certain risks carefully. In this section and Appendix B, the term "Manager" refers to NB Management or NBFI, as appropriate.

Investment Risk

An investment in the Fund is subject to investment risk, including the possible loss of the entire amount that you invest.

Market Risk

Your investment in Fund shares will represent an indirect investment in high yield debt securities owned by the Fund, substantially all of which are traded in the over-the-counter markets. The value of the Fund's portfolio securities will fluctuate, sometimes rapidly and unpredictably. The Fund's use of leverage magnifies market risk.

Credit Risk

Credit risk is the risk that an issuer of a debt security, or the counterparty to a derivative contract or other obligation, becomes unwilling or unable to meet its obligation to make interest and principal payments when due. In general, lower-rated debt securities carry a greater degree of credit risk. If rating agencies lower their ratings of debt securities in the Fund's portfolio, the value of those obligations could decline, which could reduce the asset coverage on Preferred Stock and Notes and negatively impact the rating agencies' ratings of Preferred Stock or Notes and increase the dividend or interest rate that the Fund must pay on Preferred Stock or Notes. Even if an issuer does not actually default, adverse changes in the issuer's financial condition, management performance or financial leverage or a reduced demand for the issuer's goods and services may negatively affect its credit rating or presumed creditworthiness. These developments would adversely affect the market value of the issuer's obligations and, correspondingly, the net asset value of the Fund.

Risks of Below Investment Grade Quality Securities

Below investment grade debt securities (also called "high-yield debt securities") are commonly referred to as "junk bonds." Investment in high yield debt securities involves substantial risk of loss. Below investment grade debt securities are considered predominantly speculative with respect to an issuer's capacity to pay interest and repay principal and are susceptible to default or decline in market value due to real or perceived adverse economic and business developments relating to the issuer or the industry in general. The market value of these securities tends to be volatile. If a negative perception of the high yield debt securities market develops, the price and liquidity of high yield debt securities could be depressed and this negative perception may last for a significant period of time. Issuers of below investment grade debt securities may be highly leveraged and may not have available to them more traditional methods of financing. Below investment grade securities are less liquid than investment grade securities. There are fewer dealers in the market for high-yield securities than for investment grade securities. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much higher than for high-quality instruments. Under adverse market or economic conditions, the secondary market for high-yield debt securities may contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower-rated or unrated securities under these circumstances may be less than the prices used in calculating the Fund's net asset value.

Interest Rate Risk

Interest rate risk is the risk that fixed-income investments such as preferred stocks and debt securities will decline in value because of changes in interest rates. When market interest rates rise, the market value of such securities generally will fall. Generally, the longer the maturity of a fixed-income security, the more its value falls in response to a given rise in interest rates. The Fund's investment in such securities means that its net assets and the

14

asset coverage for Preferred Stock and Notes will tend to decline if market interest rates rise. Because the Fund's portfolio maturity is expected to be initially within the intermediate range (2 to 7 years), the net asset value of the Fund and the market price of Common Shares are likely to fluctuate more in response to changes in interest rates than if the Fund invested primarily in short-term debt securities.

Reinvestment Risk

Income from the Fund's investments will decline if and when the Fund invests the proceeds from matured, traded or called debt securities at market interest rates that are below the Fund's current earnings rate. A decline in income could affect the Fund's overall return.

Call Risk

Some debt securities allow the issuer to call them for early repayment. Issuers of such securities will often call them when interest rates are low or declining. To the extent this occurs, the Fund may not benefit fully from the increase in market value that other debt securities experience when rates decline. In addition, the Fund likely would have to reinvest the proceeds of the payoff at current yields, which will likely be lower than those paid by the callable security that was paid off.

Extension Risk

During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below-market interest rate, increase the security's duration and reduce the value of the security.

Variable and Floating Rate Risk

The Fund may invest in variable and floating rate securities that provide for adjustment in the interest rate paid on the securities on a periodic basis or when there is a change in a specified reference rate. These interest rate reset features may result in a reduction in the interest payable to the Fund with respect to floating rate and variable rate securities if interest rates fall.

Management Risk

The Fund is subject to management risk because it is an actively managed investment portfolio. The Manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Counterparty Risk

The Fund will be subject to various risks with respect to counterparties in connection with certain types of investment transactions, including transactions in certain options and other derivatives (such as interest rate and credit default swaps). If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Risks of Leveraged Structure

Leverage Risk. NHS and NOX each have Preferred Stock and Notes outstanding and it is expected that New NHS will have Preferred Stock and Notes outstanding after the Reorganization. Assuming such Preferred Stock and Notes are outstanding, the Fund's leveraged capital structure would create special risks not associated with unleveraged funds having a similar investment objective and policies. These include the possibility of higher volatility of the Fund's net asset value and the asset coverage of Preferred Stock and Notes.



---

The Preferred Stock and Notes pay distributions or interest based on short-term interest rates. The proceeds of Preferred Stock and Notes would be used to buy portfolio securities. If short-term interest rates rise, distributions rates on Preferred Stock and interest rates on Notes may rise so that the amount of distributions to be paid to holders of Preferred Stock and the amount of interest to be paid to holders of Notes exceeds the income from the portfolio securities. Because income from the Fund's entire investment portfolio would be available to pay distributions on Preferred Shares and interest on Notes, however, dividend rates on Preferred Stock and interest rates on Notes would need to greatly exceed the Fund's net portfolio income before the Fund's ability to pay dividends on Preferred Stock and interest on Notes would be jeopardized. If long-term interest rates rise, this could negatively impact the value of the Fund's investment portfolio, reducing the amount of assets serving as asset coverage for Preferred Stock and Notes.

Rating Agency and Asset Coverage Risk. A rating agency could downgrade any Preferred Stock or Notes issued by the Fund, which would increase their dividend rate or interest rate. The value of the Fund's investment portfolio may decline, reducing the asset coverage for Preferred Stock and Notes. The Fund may be forced to redeem Preferred Stock or prepay Notes to meet regulatory or rating agency requirements or may voluntarily redeem Preferred Stock or prepay Notes.

In addition to these risks, certain general risks of investing in the Fund, as described in this section, may under certain circumstances limit the Fund's ability to pay dividends, pay interest or meet its asset coverage requirements on any outstanding Preferred Stock and Notes.

Convertible Security Risk

Convertible securities generally offer lower interest or dividend yields than non-convertible fixed-income securities of similar credit quality because of the potential for capital appreciation. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security's market value also tends to reflect the market price of the common stock of the issuing company, particularly when that stock price is greater than the convertible security's "conversion price." The conversion price is defined as the predetermined price or exchange ratio at which the convertible security can be converted or exchanged for the underlying common stock. As the market price of the underlying common stock declines below the conversion price, the price of the convertible security tends to be increasingly influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before that company's common stockholders. Consequently, an issuer's convertible securities generally entail less risk than its common stock. However, convertible securities fall below debt obligations of the same issuer in order of preference or priority in the event of a liquidation and are typically unrated or rated lower than such debt obligations.

Direct Debt Instruments Risk

Direct debt includes interests in bank loans, notes and other interests in amounts owed to financial institutions by borrowers, such as companies and governments, including emerging market countries. The direct debt in which a Fund may invest may be rated below investment grade by S&P or Moody's (BB or lower by S&P or Ba or lower by Moody's) or, if unrated by either of those entities, considered by the Manager to be of comparable quality. Direct debt instruments are interests in amounts owed by corporate, governmental, or other borrowers (including emerging market countries) to lenders or lending syndicates. Purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest. The borrower may be in financial distress or may default or have a right to borrow additional cash from the owners of direct debt. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's share price and yield could be adversely affected. Direct debt instruments may involve a risk of insolvency of the lending bank or intermediary. In addition, there may be fewer legal protections for owners of direct debt than conventional debt securities. Direct indebtedness of developing countries involves a risk that the governmental entities responsible for the repayment of the debt may be unable or unwilling to pay interest and repay principal when due.

Direct debt instruments may have floating interest rates. These interest rates will vary depending on the terms of the underlying loan and market conditions. Consequently, the value of direct debt instruments held by a Fund may be expected to fluctuate less than the value of other fixed rate high-yield securities as a result of changes in the interest rate environment.

Corporate Loans Risk. The secondary dealer market for corporate loans is not as well developed as the secondary dealer market for high yield debt securities and, therefore, presents increased risks relating to liquidity and pricing. By purchasing a participation interest (which represent interests in loans made by a third party), the Fund will acquire some or all of the interest of a bank or other lending institution in a loan to a corporate borrower. Unlike a direct interest in a loan, ownership of a participation interest typically gives the Fund a contractual relationship only with the lender, and not with the borrower. In such cases, the Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender that sold the participation and only if such lender receives payment from the borrower. In addition, the Fund may not be able to exercise any remedies that the lender would have under the corporate loan if the Fund buys a participation interest. Participation interests are designed to give corporate loan investors preferential treatment over investors in an issuer's high yield debt securities in the event the credit quality of the issuer deteriorates. Even when these arrangements exist, however, there can be no assurance that the principal and interest owed on the corporate loan will be repaid in full.

Bank Loans Risk. Bank loans are generally subject to legal or contractual restrictions on resale. Bank loans are not currently listed on any securities exchange or automatic quotation system. As a result, there may not be a recognized, liquid public market for bank loan interests and it may be difficult for a Fund to value bank loans. Purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest. The borrower may be in financial distress or may default or have a right to borrow additional cash from the owners of direct debt. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's share price and yield could be adversely affected. Direct debt instruments may involve a risk of insolvency of the lending bank or intermediary. In addition, there may be fewer legal protections for owners of direct debt than conventional debt securities. If the Fund acquires a participation interest in a loan, the Fund may not be able to control the exercise of any remedies that the lender would have under the loan. In addition, the Fund normally will have to rely on the participating lender to demand and receive payments in respect of the loans, and to pay those amounts on to the Fund; the Fund will be subject to the risk that the lender may be unwilling or unable to do so. In such a case, the Fund would not likely have any rights against the borrower directly.

Asset-Backed Securities Risk

The investment characteristics of asset-backed securities (including mortgage-backed securities) differ from those of traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. Thus, asset-backed securities (including mortgage-backed securities) are subject to prepayment risk (the risk that the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities) and to extension risk (the risk that an issuer of a security will make principal payments slower than anticipated by the investor) to a greater degree than many other fixed income securities. Because mortgage derivatives and structured securities have embedded leverage features, small changes in interest rates or prepayment rates may cause large and sudden price movements. Mortgage derivatives can also become illiquid and hard to value in declining markets.

Derivatives Risk

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index (or relationship between two indexes). The Fund may invest in a variety of derivative instruments, such as options, futures contracts and swap agreements, and may engage in short sales for hedging purposes or to seek to enhance its returns. The Fund may use derivatives as a substitute for taking a position in an underlying high-yield security or other asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate risk. The Fund also may use derivatives to add leverage to the portfolio. The Fund's use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described

17

elsewhere in this section, such as illiquidity risk, interest rate risk, credit risk, leverage risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If the Fund invests in a derivative instrument, it could lose more than the principal amount invested. The use of derivatives also may increase the amount of taxes payable by to holders of Preferred Stock on distributions made to them. Also, suitable derivative transactions may not be available in all circumstances, and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

Interest Rate Transactions Risk

If the Fund enters into interest rate hedging transactions, a decline in interest rates may result in a decline in the net amount receivable (or increase the net amount payable) by the Fund under the hedging transaction, which could result in a decline in the Fund's net assets.

Risks of Zero Coupon Securities, Pay-in-Kind Securities and Discount Obligations

Zero coupon securities are generally more sensitive to changes in interest rates than debt obligations of comparable maturities that make current interest payments. This means that when interest rates fall, the value of zero coupon securities rises more rapidly than securities paying interest on a current basis. However, when interest rates rise, their value falls more dramatically. Other discount obligations and pay-in-kind securities also are subject to greater fluctuations in market value in response to changing interest rates than debt securities of comparable maturities that make current distributions of interest in cash. Because federal tax law requires that accrued original issue discount and "interest" on pay-in-kind securities be included currently in the Fund's income, the Fund might be required to distribute as a dividend an amount that is greater than the total amount of cash it actually receives.

Inflation Risk

Inflation risk is the risk that the value of assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of payments at future dates.

Deflation Risk

Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation. Deflation may have an adverse affect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Fund's portfolio.

Illiquidity Risk

The Fund may invest in securities that are illiquid at the time of investment, which means a security that cannot be sold within seven days at a price that approximates the price at which the Fund is carrying it. The prices of illiquid securities tend to be volatile and may not be readily ascertainable. The Fund may not be able to sell illiquid securities when it desires to do so or to sell such securities at prices equal to the values used in calculating the Fund's net asset value. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities traded on national securities exchanges or in the over-the-counter markets. In addition, the Fund may hold restricted securities and may be prohibited from disposing of such illiquid securities for specified periods of time. Restricted securities may sell at prices that are lower than, and may entail registration expenses and other costs that are higher than those for, similar securities that are not subject to restrictions on resale. Similar risks are associated with certain derivatives in which the Fund may invest.

Foreign Securities Risk

The prices of foreign securities may be affected by factors not present with securities traded in U.S. markets, including currency exchange rates, foreign political, social, diplomatic and economic conditions, less stringent regulation of issuers, securities markets and market participants and higher volatility.  Withholding and other non-U.S. taxes may also decrease the Fund's return. As a result, many foreign securities may be less liquid and more volatile than U.S. securities. To help control this risk, the Fund will invest in foreign issuers located only in industrialized countries.

Equity Securities Risk

Investments in equity securities entail substantial risks. The values and prices of equity securities depend on business, economic and other factors affecting those issuers. The values and prices of equity securities may fluctuate substantially, often based on factors unrelated to the value of the issuer of the securities. Although equity securities have historically generated higher average returns than fixed income securities, equity securities have also experienced significantly more volatility in returns.

Portfolio Turnover

Due to the limited duration of the Fund's debt security investments, the Fund may have a high portfolio turnover rate. The Fund may engage in active and frequent trading when considered appropriate by the Manager, which may result in increased transaction costs and realized capital gains. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transaction expenses that are borne by the Fund, which would reduce the amount of income available for distributions or interest payments.

Terrorism Risks

Some of the U.S. securities markets were closed for a four-day period as a result of the terrorist attacks on the World Trade Center and Pentagon on September 11, 2001. These terrorist attacks, the war in Iraq and its aftermath, the continuing presence in Iraq and other geopolitical events have led to, and may in the future lead to, increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. Those events could also have an acute effect on individual issuers, related groups of issuers, or issuers concentrated in a single geographic area. A similar disruption of the financial markets or other terrorist attacks could adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to portfolio securities and adversely affect Fund service providers and the Funds' operations. High yield debt securities tend to be more volatile than investment grade debt securities. Thus, these events and any actions resulting from them may have a greater impact on the prices and volatility of high yield debt securities in the Fund's portfolio than on investment grade debt securities.

Recent Market Conditions

Recent events have resulted in fixed income instruments experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. Because the situation in the markets is widespread and largely unprecedented, it may be unusually difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market events.

Government Intervention in Financial Markets

The recent instability in the financial markets has led the U.S. Government to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal, state, and other governments, their regulatory agencies or self regulatory organizations may take additional actions that affect the regulation of the securities in which the Fund invests, or the issuers of such securities, in ways that are unforeseeable. Issuers of corporate fixed income securities might seek protection under the bankruptcy laws. Legislation or regulation may also change the way in which the

Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund’s ability to achieve its investment objective. The Manager will monitor developments and seek to manage the Fund’s portfolio in a manner consistent with achieving the Fund’s investment objective, but there can be no assurance that it will be successful in doing so.

Anti-Takeover Provisions

The Fund's Articles and Bylaws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to an open-end fund. If the Fund were converted to open-end status, the Fund would have to redeem Preferred Stock and prepay Notes. By resolution of the Boards, NOX and New NHS have opted into the Maryland Control Share Acquisition Act and the Maryland Business Combination Act. In general, the Maryland Control Share Acquisition Act provides that "control shares" of a Maryland corporation acquired in a control share acquisition may not be voted except to the extent approved by stockholders at a special meeting by a vote of two-thirds of the votes entitled to be cast on the matter (excluding shares owned by the acquirer and by officers or by directors who are employees of the corporation). In general, the Maryland Business Combination Act prohibits an interested stockholder (a stockholder that holds 10% or more of the voting power of the outstanding stock of the corporation) of a Maryland corporation from engaging in a business combination with the corporation for a period of five years after the most recent date on which the interested stockholder became an interested stockholder. See Appendix D for additional information.

INFORMATION ABOUT THE PROPOSED REORGANIZATION

Agreement and Plan of Reorganization

The following is a summary of material terms and conditions of the Agreement. This summary is qualified in its entirety by reference to the form of the Agreement attached as Appendix A to this Proxy Statement/Prospectus. Under the Agreement, NHS will transfer its assets to New NHS on the Closing Date in exchange solely for New NHS Stock and New NHS's assumption of NHS's liabilities. Thereafter, NOX will transfer its assets to New NHS in exchange solely for New NHS Stock and New NHS's assumption of NOX's liabilities. NHS will then dissolve under (a) de-register with the SEC[, (b)] [de-list from the NYSE and (c)] Delaware statutory trust law and NOX will (a) de-register with the SEC, (b) de-list from the NYSE Amex and (c) dissolve under Maryland corporate law.

NHS Common Shareholders and NOX Common Stockholders each would receive newly issued New NHS Common Stock, the aggregate net asset value of which would equal the aggregate net asset value of NHS Common Shares and NOX Common Stock they held immediately prior to the Reorganization. NHS Common Stockholders will receive the same number of NHS Common Shares as they held immediately prior to the Reorganization. NOX Common Stockholders would receive a different number of shares that would be based on the relative net asset value of NOX and New NHS but generally would not include fractional shares of New NHS Common Stock. Instead, New NHS would pay cash to each former NOX Common Stockholder in an amount equal to the value of the fractional shares of New NHS Common Stock that stockholder would otherwise have received in the Merger or New NHS's transfer agent would aggregate all the fractional shares (other than the fractional share the agent for NOX's Distribution Reinvestment Plan would be entitled to receive), sell them on the NYSE Amex, and distribute the cash proceeds thereof (net of transaction costs) to those stockholders (other than that agent) in proportion to the fractional shares they otherwise would have been entitled to receive. Although New NHS Common Stock received in the Reorganization would have the same total net asset value as NHS Common Shares and NOX Common Stock held immediately before the Reorganization (disregarding fractional shares for NOX Common Stockholders), their stock price on the [NYSE Amex][NYSE] may be greater or less than that of New NHS Common Stock, based on current market prices persisting at the time of the Reorganization.

In addition, if the Agreement is approved and the Reorganization occurs, NHS Preferred Shareholders and NOX Preferred Stockholders would receive newly issued shares of New NHS Preferred Stock. New NHS Preferred Stock will have substantially the same rights, preferences, and distribution payment periods as NHS Preferred Shares and

NOX Preferred Stock, except that New NHS Preferred Stock will only be entitled to one vote per share, unlike NHS Preferred Shares, which are entitled to one vote for each dollar of liquidation preference. The aggregate liquidation preference and number of shares of New NHS Preferred Stock received in the Reorganization will equal the aggregate liquidation preference and number of shares of NHS Preferred Shares and NOX Preferred Stock held by a Preferred Stockholder immediately prior to the Reorganization.

New NHS will also issue New NHS Notes in the same principal amounts as, and having terms substantially similar to, NHS Notes and NOX Notes. New NHS Notes will be distributed to each holder of NHS Notes and NOX Notes in exchange for NHS Notes and NOX Notes held by such holder. The principal amount of New NHS Notes received by holders of NHS Notes and NOX Notes will equal the principal amount of NHS Notes and NOX Notes held such holder immediately prior to the Reorganization.

If NOX Stockholders do not approve the Agreement but NHS Shareholders do approve the Agreement, the Conversion will still take place. NHS Common Shareholders would receive newly issued New NHS Common Stock, the aggregate net asset value of which would equal the aggregate net asset value of NHS Common Shares they held immediately prior to the Conversion, NHS Preferred Shareholders would receive newly issued New NHS Preferred Stock and holder of NHS Notes would receive newly issued New NHS Notes. New NHS Preferred Stock will have the same rights, preferences, and distribution payment periods as NHS Preferred Shares, except that New NHS Preferred Stock will only be entitled to one vote per share unlike NHS Preferred Shares which are entitled to one vote for each dollar of liquidation preference. New NHS Notes will have terms substantially similar to NHS Notes.

No sales charge or fee of any kind will be charged to NHS Shareholders or NOX Stockholders in connection with their receipt of shares of New NHS Stock in the Reorganization.

NHS Shareholders and NOX Stockholders are not entitled to demand the fair value of their shares on a reorganization; therefore, NHS Shareholders and NOX Stockholders will be bound by the terms of the Agreement, if it is approved. However, any NHS Common Shareholder or NOX Common Stockholder may sell his or her Common Stock on the NYSE or NYSE Amex, as applicable, at any time prior to the Reorganization.

The Agreement may be terminated and the Reorganization abandoned, whether before or after approval by NHS Shareholders or NOX Stockholders, at any time prior to the Closing Date, (1) by any Fund (a) in the event of the another Fund's material breach of any representation, warranty or covenant contained in the Agreement to be performed on or before the Closing Date, (b) if a condition to its obligations has not been met and it reasonably appears that that condition will not or cannot be met or (c) if the Closing has not occurred during before the [last calendar quarter of 2010], or another date as to which the Funds agree, or (2) by the Funds' mutual agreement.

If the dividends and/or other distributions NOX previously paid for its current taxable year do not equal or exceed the sum of its (1) "investment company taxable income," computed without regard to any deduction for dividends paid, plus (2) "net capital gain," after reduction by any capital loss carryover, for that year through the Closing Date, then on or immediately before that date NOX will declare and pay (a) to the holders of NOX Preferred Stock all accumulated due and unpaid dividends and (b) to the holders of NOX Common Stock one or more distributions in an amount large enough so that, together with those previous distributions and the dividends described in (a), it will have distributed substantially all (and in any event not less than 98%) of that sum.

The Agreement provides that any Fund may waive compliance with any of the terms or conditions made therein for its benefit -- other than the requirements that (a) certain securities law requirements be satisfied and (b) the Fund receive the opinion of K&L Gates LLP ("Counsel") that the Conversion or the Merger, as applicable, will constitute a tax-free reorganization for federal income tax purposes -- if, in the judgment of that Fund's Board, such waiver will not have a material adverse effect on its stockholders' interests.

Each of NHS and NOX will pay $200,000 of the first $400,000 of the costs of the Reorganization. Such expenses include all costs related to the preparation and distribution of this Proxy Statement/Prospectus, proxy solicitation expenses, SEC registration fees, [NYSE Amex][NYSE] listing fees and related legal and accounting fees. NB Management will pay any expenses above $400,000 that are incurred in connection with the Reorganization.

With respect to NHS, approval of the Agreement will require the affirmative vote of a majority of the outstanding NHS Shares, voting together as a single class, and the outstanding NHS Preferred Shares, voting separately. With respect to NOX, approval of the Agreement will require the affirmative vote of a majority of the outstanding NOX Shares, voting together as a single class. See “Voting Information” below.

Reasons for the Reorganization and Board Considerations

The proposed Reorganization was presented simultaneously to the Board of each Fund for consideration and was approved by both Boards in February 2010. In considering the proposal, the Boards did not identify any single factor or piece of information as all-important or controlling. Following extensive discussions, based on its evaluation of all factors material to the Funds participating in the Reorganization, including those described below, the Board of each Fund, including all of its Independent Directors, determined that participation in the Reorganization is in the best interests of its Fund and that the interests of the existing stockholders of its Fund will not be diluted as a result of its effecting the Reorganization. The same individuals serve on the Boards of all Funds.

In recommending the Reorganization, each Fund's Board, with the advice of counsel to its Independent Directors, considered a number of factors, including the following:

- the benefits to the Funds and their stockholders that are expected to be derived from the Reorganization;
- the fact that the Funds have the same investment objective and substantially similar principal investment strategies, policies and risks;
- the expense ratios of the Funds and information as to specific fees and expenses of the Funds, including fee waivers relating to management fees;
- the fact that the Reorganization will not dilute the interests of current stockholders of any Fund;
- the federal tax consequences of the Reorganization to NHS and NOX and their respective stockholders, including that the Reorganization has been structured to qualify as a tax-free reorganization for federal income tax purposes;
- the potential for greater economies of scale and lower expenses per share of Common Stock resulting from a larger asset base over which to spread certain fixed costs and the elimination of certain duplicative costs such as audit costs;
- the potential for enhanced liquidity in the market due to the larger number of outstanding New NHS Common Stock following the Reorganization;
- the potential for portfolio management efficiencies due to New NHS's greater asset size, which may allow it, relative to NHS and NOX, to obtain better net prices on securities trades and achieve greater diversification of portfolio holdings;
- the benefits of New NHS obtaining assets without incurring the commission expenses and generally greater other expenses associated with offering new shares of stock. In addition, the benefits of New NHS obtaining portfolio securities without the commensurate brokerage costs, dealer spreads or other trading expenses and obtaining these securities in a manner that is likely to minimize the market impact of such acquisition on the short-term prices of these securities; and

In considering the proposed Reorganization, the Boards were aware of the benefits that may be derived by NB Management and its affiliates as a result of the Reorganization as well as from various relationships with the Funds, including the potential for increased profitability of NB Management and its affiliates as a result of the potential decline in operational expenses for administrative, compliance and portfolio management services as a result of the Funds reorganizing into one.

Federal Income Tax Consequences of the Reorganization

The following is a brief summary of the material federal income tax consequences of the Reorganization applicable to an NHS Shareholder and NOX Stockholder who receives New NHS Stock in the Reorganization. This

22

discussion is based on the Internal Revenue Code of 1986, as amended ("Code"), Treasury regulations, judicial authorities, published positions of the Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to U.S. persons who hold NHS Shares and/or NOX Stock as capital assets for federal income tax purposes (generally, assets held for investment). This discussion does not address all of the tax consequences that may be relevant to a particular NHS Shareholder or NOX Stockholder or to NHS Shareholders or NOX Stockholders who are subject to special treatment under the Code.

If a partnership (or other entity classified as a partnership for federal tax purposes) holds NHS Shares or NOX Stock, the tax treatment of a partner in the partnership generally will depend on the partner's status and the partnership's activities. Partnerships and their partners should consult their tax advisers about the tax consequences of the Reorganization to them.

This discussion does not address the tax consequences of the Reorganization under state, local or foreign tax laws. No ruling has been or will be obtained from the IRS regarding any matter relating to the Reorganization. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

NHS Shareholders and NOX Stockholders are urged to consult with their own tax advisers as to the tax consequences of the Reorganization in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Tax Consequences of the Reorganization Generally

Conditioned on the Conversion's being completed according to the terms of the Agreement (without the waiver or modification of any terms or conditions thereofand without taking into account any amendment thereof that Counsel has not approved) and based on certain facts, factual representations and assumptions, all of which must continue to be true and accurate in all material respects as of the Closing Date, Counsel's opinion will be substantially to the effect that, for federal income tax purposes:

(a) New NHS's acquisition of NHS's assets (each, an "NHS Asset") in exchange solely for New NHS Stock and its assumption of NHS's liabilities, followed by NHS's distribution of that New NHS Stock pro rata to NHS Shareholders actually or constructively in exchange for their NHS Shares, will qualify as a "reorganization" (as defined in section 368(a)(1)(F) of the Code), and each of NHS and New NHS will be "a party to a reorganization" within the meaning of section 368(b) of the Code;

(b) NHS will recognize no gain or loss on the transfer of its assets to New NHS in exchange solely for New NHS Stock and New NHS's assumption of its liabilities or on the subsequent distribution of that New NHS Stock to NHS Shareholders in exchange for their NHS Shares;

(c) New NHS will recognize no gain or loss on its receipt of the NHS Assets in exchange solely for New NHS Stock and its assumption of NHS's liabilities;

(d) New NHS's basis in each NHS Asset will be the same as NHS's basis therein immediately before the Conversion, and New NHS's holding period for each NHS Asset will include NHS's holding period therefor (except where New

NHS's investment activities have the effect of reducing or eliminating an asset's holding period);

(e) An NHS Shareholder will recognize no gain or loss on the exchange of all its NHS Shares solely for New NHS Stock pursuant to the Conversion;

(f) An NHS Shareholder's aggregate basis in the New NHS Stock it receives in the Conversion will be the same as the aggregate basis in its NHS Shares it actually or constructively surrenders in exchange for that New NHS Stock, and its holding period for that New NHS Stock will include, in each instance, its holding period for those NHS Shares, provided the NHS Shareholder holds those shares as capital assets on the Closing Date;

(g) A holder of an NHS Note (or Notes) will recognize no gain or loss on the exchange thereof solely for a New NHS Note (or Notes) of equal principal amount having substantially similar terms pursuant to the Conversion; and

(h) For purposes of section 381 of the Code, New NHS will be treated just as NHS would have been treated if there had been no Conversion. Accordingly, the Conversion will not result in the termination of NHS's taxable year, NHS's tax attributes enumerated in section 381(c) of the Code will be taken into account by New NHS as if there had been no Conversion, and the part of NHS's taxable year before the Conversion will be included in New NHS's taxable year after the Conversion.

Notwithstanding subparagraphs (b) and (d), the opinion may state that no opinion is expressed as to the effect of the Conversion on NHS, New NHS or any NHS Shareholder with respect to any NHS Asset as to which any unrealized gain or loss is required to be recognized for federal income tax purposes on the termination or transfer thereof under a mark-to-market system of accounting.

Conditioned on the Merger's being completed according to the terms of the Agreement (without the waiver or modification of any terms or conditions thereof and without taking into account any amendment thereof that Counsel has not approved) and based on certain facts, factual representations and assumptions, all of which must continue to be true and accurate in all material respects as of the Closing Date, Counsel's opinion will be substantially to the effect that, for federal income tax purposes:

(a) New NHS's acquisition of NOX's assets (each, an "NOX Asset") in exchange solely for New NHS Stock (and cash in lieu of fractional shares of NOX Common Stock, if applicable) and its assumption of NOX's liabilities, followed by NOX's distribution of that New NHS Stock pro rata to NOX Stockholders (and the distribution of any such cash to NOX Stockholders entitled thereto) actually or constructively in exchange for their NOX Stock, will qualify as a "reorganization" (as defined in section 368(a)(1)(C) of the Code), and each of NOX and New NHS will be "a party to a reorganization" within the meaning of section 368(b) of the Code;

(b) NOX will recognize no gain or loss on the transfer of its assets to New NHS in exchange solely for New NHS Stock (and cash, if applicable) and New NHS's assumption of its liabilities or on the subsequent distribution of that New NHS Stock (and cash, if applicable) to NOX Stockholders in exchange for their NOX Stock;

(c) New NHS will recognize no gain or loss on its receipt of the NOX Assets in exchange solely for New NHS Stock (and cash, if applicable) and its assumption of NOX's liabilities;

(d) New NHS's basis in each NOX Asset will be the same as NOX's basis therein immediately before the Merger, and New NHS's holding period for each NOX Asset will include NOX's holding period therefor (except where New NHS's investment activities have the effect of reducing or eliminating an asset's holding period);

(e) An NOX Stockholder will recognize no gain or loss on the exchange of all its NOX Stock solely for New NHS Stock pursuant to the Merger, except to the extent the NOX Stockholder receives cash in lieu of fractional New NHS Common Stock in the Merger;

(f) An NOX Stockholder's aggregate basis in the New NHS Stock it receives in the Merger will be the same as the aggregate basis in its NOX Stock it actually or constructively surrenders in exchange for those New NHS Stock less the basis in any fractional NOX Common Stock for which the NOX Stockholder receives cash pursuant to the Merger, and its holding period for those New NHS Stock will include, in each instance, its holding period for those NOX Stock, provided the NOX Stockholder holds those NOX Stock as a capital asset on the Closing Date; and

(g) A holder of an NOX Note (or Notes) will recognize no gain or loss on the exchange thereof solely for an New NHS Note (or Notes) of equal principal amount having substantially similar terms pursuant to the Merger.

Notwithstanding subparagraphs (b) and (d), the opinion may state that no opinion is expressed as to the effect of the Merger on NOX, New NHS or any NOX Stockholder with respect to any NOX Asset as to which any unrealized gain or loss is required to be recognized for federal income tax purposes at the end of a taxable year (or on the termination or transfer thereof) under a mark-to-market system of accounting.

Other Tax Considerations

While the Funds are not aware of any adverse state or local tax consequences of the Reorganization, the Funds have not requested any ruling or opinion with respect to any such consequences, and each Fund's stockholders should consult their own tax advisers with respect to those matters.

If the dividends and/or other distributions NOX previously paid for its current taxable year do not equal or exceed the sum of its (1) "investment company taxable income," computed without regard to any deduction for dividends paid, plus (2) "net capital gain," after reduction by any capital loss carryover, for that year through the Closing Date, then on or immediately before that date NOX will declare and pay (a) to the holders of NOX Preferred Stock all accumulated due and unpaid dividends and (b) to the holders of NOX Common Stock one or more distributions in an amount large enough so that, together with those previous distributions and the dividends described in (a), it will have distributed substantially all (and in any event not less than 98%) of that sum. On or immediately before the Closing Date, NOX also will pay to the holders of its Notes all accumulated unpaid interest.

The Board of each Fund, including its Independent Directors, unanimously recommends approval of the Agreement.  Any signed and dated proxy cards without instructions to the contrary will be voted FOR the Agreement.

## COMPARISON OF INVESTMENT OBJECTIVE AND STRATEGIES

The Funds have the same investment objective and substantially similar principal investment policies, invest in substantially similar markets and present substantially similar general risks. There are no significant differences between the investment objective and principal investment policies of the Funds. However, New NHS has more flexibility than NHS or NOX with respect to certain of its investment policies, which permit New NHS greater flexibility in portfolio management.  For example, New NHS will not have a limit on its investment in illiquid securities and may invest a greater percentage of its assets in foreign securities and securities that are rated Caa/CCC or lower by a rating agency or unrated securities determined by the Manager to be of comparable quality.

Except as noted, below is a discussion of New NHS's investment objective and strategies (to which the word "Fund" refers in this section).  Please refer to Appendix C for a more complete discussion of New NHS's investment strategies, parameters of its portfolio, investment approach and use of interest rate transactions.  In this section and Appendix C, the term "Manager" refers to NB Management or NBFI, as appropriate.

The investment objectives and, unless otherwise specified, the investment policies and limitations of New NHS and NOX are not fundamental. NHS's investment objective is a fundamental policy and may not be changed without the approval of a majority of the outstanding voting securities (as defined by the 1940 Act) of NHS; however, unless otherwise specified, the investment policies and limitations of NHS are not fundamental. Any investment objective, policy or limitation that is not fundamental may be changed by the Board without stockholder approval.  See the SAI for additional fundamental and non-fundamental policies of each Fund.

Prior to February 2010, NOX's investment objective and investment policies and strategies were different since it invested at least 80% of its total assets in a combination of (1) high-yield corporate debt securities rated, at the time of investment, below investment grade, or determined by the Manager to be of comparable quality, and (2) income-producing common equity securities, preferred equity securities, securities convertible into equity securities and non-convertible debt securities issued by real estate companies (including real estate investment trusts).

Investment Objective and Strategies

The Fund's investment objective is to seek high total return (income plus capital appreciation).  Under normal market conditions, the Fund invests at least 80% of its total assets in high yield debt securities of U.S. and foreign issuers. High yield debt securities include securities that are rated below investment grade by a rating agency or are unrated debt securities determined to be of comparable quality by the Fund's investment manager.  To the extent not invested in high yield debt securities, the Fund may invest a portion of its assets (normally, not more than 20% of its total assets ) in other securities and financial instruments, including investment grade debt securities, equity securities and derivatives.

The Fund invests primarily in securities of U.S. issuers, but may also invest in securities of foreign issuers. Up to 25% of the Fund's total assets (20% for NHS and NOX) may be invested in securities of foreign issuers traded outside of the U.S. (In addition, NHS and NOX each may invest up to 20% of its total assets in restricted securities and other illiquid investments. These securities and investments may be subject to legal or other restrictions on resale and lack a liquid secondary market.) Liquid securities purchased by a Fund may subsequently become illiquid.

In addition to the issuance of the Preferred Stock and Notes, the Fund may issue additional preferred stock or notes, borrow money or use a variety of additional strategies to increase funds available for investment. This practice, which is known as leverage, is speculative and involves significant risks.

Securities purchased by the Fund may have fixed or variable principal payments and various types of interest rate and dividend payment and reset terms, including fixed rate, variable rate, floating rate, zero coupon, contingent, deferred, payment in kind and auction rate features.

High Yield Debt Securities. High yield debt securities are rated below investment grade by a rating agency (for example, Ba or lower by Moodys Investors Service, Inc. ("Moody's") or BB or lower by Standard & Poor's Ratings Services ("S&P") or Fitch, Inc. ("Fitch")), or are unrated debt securities determined to be of comparable quality by the Manager at the time of purchase. Debt securities rated below investment grade (commonly referred to as "high yield securities" or "junk bonds") are considered speculative with respect to the issuer's capacity to pay interest and repay principal. They involve greater risk of loss, are subject to greater price volatility and are potentially less liquid, especially during periods of economic uncertainty or change, than higher rated debt securities. If rating agencies assign different ratings to the same security, the Manager will determine which rating it believes best reflects the security's quality and risk at that time, which may be the highest of the several assigned ratings.

Although the Fund may invest in debt securities having a broad range of maturities, the average portfolio maturity of the Fund is initially expected to be within the intermediate range (2 to 7 years) and will vary over time, based on the judgment of the Manager.

Direct Debt Instruments. Direct debt includes interests in bank loans, notes and other interests in amounts owed to financial institutions by borrowers, such as companies and governments. The direct debt instruments in which the Fund may invest may be rated below investment grade or, if unrated by either of those entities, considered by the Manager to be of comparable quality. Direct debt determined to be below investment grade will be included in the Fund's calculation of its 80% investment in high yield debt securities. Direct debt instruments are interests in amounts owed by corporate, governmental, or other borrowers to lenders or lending syndicates.

Corporate Loans. Corporate loans, which are a type of direct debt instrument, include various types of direct obligations of corporate borrowers and loan participations. Corporate loans in which the Fund may invest will primarily consist of direct obligations of borrowers. The Fund may invest in corporate loans at origination as a co-lender or may acquire loans in the secondary market by purchasing participations in, assignments of or novations of corporate loans.

Bank Loans. Bank loans, which are a type of a direct debt instrument, are a type of debt security that may be made in connection with, among other things, recapitalizations, acquisitions, leveraged buyouts, dividend issuances and refinancings. The bank loans in which the Fund invests may be structured and administered by a third party that acts as agent for a group of lenders that make or hold interests in the loan. The Fund may acquire interests in such loans by taking an assignment of all or a portion of a direct interest in a loan previously held by another institution or by acquiring a participation in an interest in a loan that continues to be held by another institution.

Asset-Backed Securities. The Fund may invest in asset-backed securities, including mortgage-backed securities.

Equity Securities. The Fund may invest in equity securities, including common stocks, preferred stocks, depositary receipts, warrants and rights.

Convertible Securities. The Fund may invest in bonds and preferred stocks that are convertible into equity securities.

Preferred Stocks. The Fund may invest in preferred stocks.

Structured Securities. The Fund may invest in structured securities.

Derivatives. The Fund may invest in derivatives. The Fund may purchase and sell derivative instruments such as exchange listed and over-the-counter put and call options on securities, foreign currencies and securities indices. It may also purchase and sell financial futures contracts (and options thereon) and enter into various other types of transactions in derivatives, such as swaps, caps, floors and collars. These transactions may include the use of interest rate swaps (to hedge against adverse changes in interest rates affecting securities held by the Fund, dividends payable on any preferred stock issued by the Fund or interest payable on the Fund's borrowings) and credit default swaps. Although the Fund will not use derivatives as a primary investment technique, it may use derivatives for a variety of purposes, including: (1) as a hedge against adverse changes in securities prices, interest rates or foreign currency exchange rates; and (2) as a substitute for purchasing or selling securities.

Other Policies. The Fund may for cash management purposes or for defensive purposes, temporarily hold all or a substantial portion of its assets in cash, in high-quality, short-term money market instruments, including shares of money market funds that are managed by NB Management ("Affiliated Money Market Funds"), or in high-quality debt securities.

The Fund’s investments are subject to diversification, liquidity and related guidelines that may be established in connection with the Fund’s efforts to maintain ratings of AAA from S&P for Preferred Stock and Notes.

In connection with the Fund’s use, or expected use, of leverage through the issuance of Preferred Stock and Notes, the Fund may seek to hedge the interest rate risks associated with leverage through interest rate swaps, caps or other derivative transactions. These transactions involve investment techniques and risks different from those associated with portfolio transactions in securities of high yield debt securities. There is no assurance that any interest rate hedging transactions, if undertaken, will be successful, and such transactions may adversely affect the Fund's achievement of its investment objective.

The Fund is not intended to be a complete investment program, and there is no assurance that the Fund will achieve its objective.

## PORTFOLIO SECURITIES

Because NHS and NOX have the same investment objective and substantially similar principal investment policies, management does not expect to dispose of a material amount of portfolio securities of either Fund in connection with the Reorganization.

No securities of NHS or NOX need to be sold in order for New NHS to comply with its investment restrictions or policies. The Funds may buy and sell securities in the normal course of their operations.

## MANAGEMENT OF THE FUNDS

### Directors and Officers

The Directors of each Fund are the same. The Board of each Fund is broadly responsible for the management of each Fund, including general supervision of the duties performed by NB Management, NBFI and NB LLC, as applicable. The names and business addresses of the Directors and officers of each Fund and their principal occupations and other affiliations during the past five years are set forth under "Management of the Funds" in the SAI.

### Investment Manager

NB Management serves as the investment manager of each Fund. Subject to the general supervision of the Boards of Directors of each Fund, NB Management is responsible for managing the investment activities of each Fund and each Fund's business affairs and other administrative matters. NB Management is located at 605 Third Avenue, New York, New York 10158-0180.

Continuing an asset management history that began in 1939, NB Management provides investment management and advisory services to several investment company clients and other institutional investors, as well as to individuals. As of March 31, 2010, Neuberger Berman and its affiliates had approximately $[___] billion in assets under management.

NB Management has retained NBFI to serve as sub-adviser to each Fund. NB Management has also retained NB LLC to serve as an additional sub-adviser to NOX. See "Sub-Adviser" below. NB Management, NBFI and NB LLC are wholly-owned subsidiaries of Neuberger Berman Group LLC, a holding company that is majority owned by employees, located at 605 Third Avenue, New York, New York 10158-0180.

Ann H. Benjamin and Thomas P. O'Reilly serve as portfolio managers for each Fund. Ann H. Benjamin is a Managing Director of NB Management, NB LLC and NBFI. She has been part of NHS's and NOX's management team since 2005. Ms. Benjamin also manages high yield portfolios for NBIF and its predecessor, an affiliate of NB LLC. She has managed money for NBFI since 1997. Thomas P. O'Reilly is a Managing Director of NB Management, NB LLC and NBFI. He has been part of NHS's and NOX's management team since 2005. Mr. O'Reilly also manages high yield portfolios for NBFI and its predecessor, an affiliate of NB LLC. He has managed money for NBFI since 1997.

Please see the SAI for additional information about the each Portfolio Manager's compensation, other accounts managed by each Portfolio Manager, and each Portfolio Manager's ownership of stock of each Fund.

28

Sub-Adviser

NB Management has retained NBFI, 200 South Wacker Drive, Suite 2100, Chicago, IL 60601, to serve as NHS's and New NHS's sub-adviser, responsible for day-to-day management of each Fund. NB Management has retained NBFI and NB LLC, 605 Third Avenue, New York, New York 10158-3698, to serve as NOX's sub-adviser, responsible for providing investment recommendations and research.

For NHS, NB Management (and not NHS) pays for the services rendered by NBFI by paying NBFI a monthly sub-advisory fee calculated at the following annual percentage rates of NHS's average daily Managed Assets: 0.55% on the Fund's first $25 million of Managed Assets, 0.45% on the next $25 million of Managed Assets, 0.35% on the next $50 million of Managed Assets, and 0.30% on Managed Assets that are in excess of $100 million. For New NHS, NB Management (and not New NHS) will pay for the services rendered by NBFI by paying NBFI a sub-advisory fee payable on a monthly basis at the annual rate of 0.15% of New NHS's average daily Managed Assets. For NOX, NB Management (and not NOX) pays for the services rendered by NBFI and NB LLC based on the direct and indirect costs to NBIF and NB LLC in connection with those services. NBFI and NB LLC also serve as sub-advisers for many of the open-end management investment companies and the closed-end management investment companies managed by NB Management. NBFI, NB LLC and NB Management employ experienced professionals that work in a competitive environment.

Management Agreement

Pursuant to a management agreement between NB Management and each Fund (the "Management Agreement"), each Fund has agreed to pay NB Management a management fee payable on a monthly basis at the annual rate of 0.60% of the Fund's average daily Managed Assets for the services and facilities it provides. The liquidation preference of Preferred Stock is not considered a liability or permanent equity. NHS and New NHS also pay, or will pay, NB Management a fee payable on a monthly basis at the annual rate of 0.05% of the respective Fund's average daily Managed Assets for services provided under an administration agreement. NOX pays NB Management a fee payable on a monthly basis at the annual rate of 0.25% of the Fund's average daily Managed Assets for services provided under an administration agreement.

A discussion regarding the basis for the approval of the management and sub-advisory agreements by the Boards is available in NHS's and NOX's annual report to stockholders dated December 31, 2009 and October 31, 2009, respectively.

In addition to the fees of NB Management, each Fund pays all other costs and expenses of its operations, including compensation of its Directors (other than those affiliated with NB Management), custodial expenses, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of issuing any preferred stock, expenses of preparing, printing and distributing prospectuses, stockholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any.

NB Management has contractually agreed to waive a portion of the management fees it is entitled to receive from NOX in the amounts, and for the time periods, set forth below.

| Fiscal Period Ending October 31, | NOX Percentage Waived of the Fund's average daily Managed Assets |
|---|---|
| 2010 | 0.13% |
| 2011 | 0.07% |

NB Management has not contractually agreed to waive any portion of its fees beyond October 31, 2011. In addition to this contractual waiver, NB Management also has voluntarily agreed to extend for one year the contractual fee waivers currently in place for NOX so that it will waive a portion of the management fees it is entitled to receive from NOX in the amounts, and for the time periods, set forth below.

| Fiscal Period Ending October 31, | NOX Percentage Waived of the Fund's average daily Managed Assets |
|---|---|
| 2010 | 0.19% |
| 2011 | 0.13% |
| 2012 | 0.07% |

For NHS, NB Management has voluntarily agreed to waive a portion of the management fee it is entitled to receive from NHS at a rate of 0.05% of average daily Managed Assets. For New NHS, NB Management has voluntarily agreed to waive a portion of the management fee it is entitled to receive from New NHS at a rate of 0.05% of average daily managed assets. This voluntary waiver is expected to remain in effect until July 1, 2012, but may be changed or terminated by NB Management at any time. If only the Conversion occurs, New NHS will adopt the same voluntary fee waiver currently adopted by NHS and NOX will continue with the same fee waivers.

Because the fees received by NB Management are based on the Managed Assets of each Fund (including assets attributable to any outstanding preferred stock, notes or the aggregate principal amount of any borrowings), NB Management has a financial incentive for each Fund to utilize leverage, which may create a conflict of interest between NB Management and the holders of each Fund's Common Stock. Because holders of Preferred Stock or Notes receive a specified rate of return, the Fund's investment management fees and other expenses, including expenses incurred in the issuance and maintenance of any leverage, are paid only by the Common Stockholders, and not by holders of Preferred Stock or Notes.

## ADDITIONAL INFORMATION ABOUT THE FUNDS

NB Management has a financial interest in the Reorganization because its respective fees under agreements with New NHS generally increase as the amount of the assets of New NHS increase, and the amount of those assets will increase as a result of the Reorganization (although this increase in assets is expected to be offset by the concomitant loss of NHS's and NOX's assets, which were subject to a higher fee waiver).

Further information about NHS and NOX are included in their annual report for the fiscal year ended December 31, 2009 and October 31, 2009, respectively. Copies of these documents, the SAI related to this Proxy Statement/Prospectus and any subsequently released stockholder reports are available upon request and without charge, by calling 877-461-1899 or by writing either Fund at 605 Third Avenue, New York, New York 10158-0180.

Each Fund is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith, file reports and other information including proxy material, reports and charter documents with the SEC. These reports and other information can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, NE, Washington, DC 20549 and at the Northeast Regional Office at 3 World Financial Center, Room 4300, New York, New York, 10281. Reports and other information about each Fund are available on the Edgar Database on the SEC's website at www.sec.gov. Copies of such material can also be obtained from the Public Reference Branch, Office of Consumer Affairs and Information Services, SEC, 100 F Street, NE, Washington, DC 20549 at prescribed rates. You may obtain information about the operation of the Public Reference Room by calling the SEC at 202-551-8090. Reports, proxy statements and other information concerning NHS also may be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005. Reports, proxy statements and other information concerning NOX also may be inspected at the offices of the NYSE Amex, 86 Trinity Place, New York, New York 10006.

Financial Highlights

The financial highlights tables are intended to help you understand the performance of each of NHS and NOX since inception. Certain information reflects financial results for a single share. Total return represents the rate that a stockholder would have earned (or lost) on a fund share assuming reinvestment of all dividends and other distributions. The information in the following tables has been derived from NHS's and NOX's financial statements, which have been audited by Ernst & Young LLP ("E&Y"), independent registered public accounting firm, whose reports, along with NHS's and NOX's financial statements, are included in NHS's and NOX's annual reports (available upon request).

Financial Highlights for NHS

| | Year Ended December 31, 2009 | 2008 | 2007^^ | 2006 | 2005 |
|---|---|---|---|---|---|
| Net Asset Value, Beginning of Year (Common Shares) | $ 7.42 | $ 13.23 | $ 15.05 | $ 14.51 | $ 15.58 |
| Net Investment Income¢ | 1.43 | 1.52 | 1.67 | 1.65 | 1.71 |
| Net Realized and Unrealized Gain (Loss) on Investments | 4.97 | (5.74) | (1.34) | 0.61 | (0.94) |
| Dividends to Preferred Shareholders From: | | | | | |
| Net Investment Income¢ | (0.04) | (0.27) | (0.40) | (0.37) | (0.24) |
| Net Realized Gains¢ | — | — | (0.01) | — | — |
| Total Dividends to Preferred Shareholders | (0.04) | (0.27) | (0.41) | (0.37) | (0.24) |
| Total From Investment Operations Applicable to Common Shareholders | 6.36 | (4.49) | (0.08) | 1.89 | 0.53 |
| Less Distributions to Common Shareholders From: | | | | | |
| Net Investment Income | (1.26) | (1.22) | (1.69) | (1.35) | (1.58) |
| Net Realized Gains | — | — | (0.05) | — | (0.02) |
| Tax Return of Capital | — | (0.10) | — | — | (0.00)*** |
| Total Distributions to Common Shareholders | (1.26) | (1.32) | (1.74) | (1.35) | (1.60) |
| Accretive Effect of Tender Offers | 0.02 | — | — | — | — |
| Net Asset Value, End of Year (Common Shares) | $ 12.54 | $ 7.42 | $ 13.23 | $ 15.05 | $ 14.51 |
| Market Value—End of Year (Common Shares) | $ 11.95 | $ 6.38 | $ 11.82 | $ 15.18 | $ 15.61 |
| Total Return on Net Asset Value | 92.44 | (35.32) | (0.13) | 13.91 | 3.63 |

| | | | | | |
|---|---|---|---|---|---|
| (Common Shares) (%)† | | | | | |
| Total Return on Market Value (Common Shares) (%)† | 113.27 | (37.75) | (11.54) | 6.79 | 5.40 |
| Ratios/Supplemental Data†† | | | | | |
| Ratios are calculated using Average Net Assets Applicable to Common Shareholders | | | | | |
| Ratio of Gross Expenses (%)# | 2.60Ø | 1.80Ø | 1.44 | 1.49 | 1.53 |
| Ratio of Net Expenses (%) | 2.60§Ø | 1.80§Ø | 1.44§ | 1.49 | 1.53 |
| Ratio of Net Investment Income (%) | 14.30 | 13.43 | 11.33 | 11.29 | 11.44 |
| Portfolio Turnover Rate (%) | 159 | 122 | 129 | 111 | 96 |
| Net Assets Applicable to Common Shares, End of Year (000) | $138,293 | $ 90,907 | $162,091 | $184,389 | $177,659 |
| Perpetual Preferred Shares¢¢ | | | | | |
| Preferred Shares Outstanding, End of Year (000)¢¢ | $ 12,300 | $ 12,300 | $ 90,000 | $ 90,000 | $ 90,000 |
| Asset Coverage Per Share@ | $306,086 | $209,943 | $ 70,107 | $ 76,284 | $ 74,400 |
| Involuntary Liquidation Preference and Approximate Market Value Per Share | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 |
| Notes Payable | | | | | |
| Notes Payable Outstanding, End of Year (000) | $ 45,900 | $ 45,900 | $ — | $ — | $ — |
| Asset Coverage Per $1,000 of Notes Payable@@ | $ 4,281 | $ 3,250 | $ — | $ — | $ — |

† Total return based on per share net asset value reflects the effects of changes in net asset value on the performance of the Fund during each fiscal period. Total return based on per share market value assumes the purchase of common shares at the market price on the first day and sales of common shares at the market price on

31

the last day of the period indicated. Distributions, if any, are assumed to be reinvested at prices obtained under the Fund's distribution reinvestment plan. Results represent past performance and do not guarantee future results. Current returns may be lower or higher than the performance data quoted. Investment returns may fluctuate and shares when sold may be worth more or less than original cost. Total return would have been lower if Management had not waived certain expenses.

# The Fund is required to calculate an expense ratio without taking into consideration any expense reductions related to expense offset arrangements.

§ After waiver of a portion of the investment management fee by Management. Had Management not undertaken such action, the annualized net expenses to average daily net assets would have been:

| Year Ended December 31, | | |
|---|---|---|
| 2009 | 2008 | 2007 |
| 2.65% | 1.65% | 1.44% |

@ Calculated by subtracting the Fund's total liabilities (excluding accumulated unpaid distributions on PPS (MMP prior to November 13, 2008)) from the Fund's total assets and dividing by the number of PPS/MMP outstanding.

@@ Calculated by subtracting the Fund's total liabilities (excluding accumulated unpaid distributions on PPS (MMP prior to November 13, 2008) and the Notes payable) from the Fund's total assets and dividing by the outstanding notes payable balance.

†† Expense ratios do not include the effect of distribution payments to preferred shareholders. Income ratios include income earned on assets attributable to PPS (MMP prior to November 13, 2008) outstanding. Income ratios also include the effect of interest expense from the PNs.

¢ Calculated based on the average number of shares outstanding during each fiscal period.

*** Rounds to less than $0.01.

^^ Effective February 28, 2007, Management became the Fund's investment adviser.

¢¢ From October 22, 2003, to November 13, 2008, the Fund had 3,600 Money Market Cumulative Preferred Shares outstanding; since November 13, 2008, the Fund has 492 PPS outstanding (See Note A-8 to Financial Statements).

Ø Interest expense is included in expense ratios. The annualized ratio of interest expense to average net assets applicable to common shareholders was:

| Year Ended December 31, | |
|---|---|
| 2009 | 2008 |
| 1.05% | 0.16% |

Financial Highlights for NOX

| | Year Ended October 31, | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Common Share Net Asset Value, Beginning of Year | $ 4.69 | $ 15.26 | $ 18.82 | $ 16.37 | $ 16.69 |
| Income From Investment Operations Applicable to Common Shareholders: | | | | | |
| Net Investment Income (Loss)¢ | .58 | 1.43 | 1.38 | 1.24 | 1.07 |
| Net Gains or Losses on Securities (both realized and unrealized) | 1.93 | (9.36) | (2.29) | 2.86 | .57 |

| | | | | | |
|---|---|---|---|---|---|
| Common Share Equivalent of Distributions to Preferred Shareholders From: | | | | | |
| Net Investment Income¢ | (.04) | (.17) | (.21) | (.28) | (.13) |
| Net Capital Gains¢ | — | (.10) | (.16) | (.05) | (.07) |
| Tax Return of Capital¢ | — | — | — | — | (.01) |
| Total Distributions to Preferred Shareholders | (.04) | (.27) | (.37) | (.33) | (.21) |
| Total From Investment Operations Applicable to Common Shareholders | 2.47 | (8.20) | (1.28) | 3.77 | 1.43 |
| Less Distributions to Common Shareholders From: | | | | | |
| Net Investment Income | (.57) | (1.24) | (1.30) | (1.11) | (1.03) |
| Net Capital Gains | — | (.85) | (.98) | (.21) | (.61) |
| Tax Return of Capital | (.14) | (.28) | — | — | (.11) |
| Total Distributions to Common Shareholders | (.71) | (2.37) | (2.28) | (1.32) | (1.75) |
| Accretive Effect of Tender Offer | .03 | — | — | — | — |
| Common Share Net Asset Value, End of Year | $ 6.48 | $ 4.69 | $ 15.26 | $ 18.82 | $ 16.37 |
| Common Share Market Value, End of Year | $ 5.85 | $ 4.40 | $ 13.49 | $ 17.22 | $ 14.23 |
| Total Return, Common Share Net Asset Value† | 65.55% | (61.28)% | (7.32)% | 25.13% | 10.33% |
| Total Return, Common Share Market Value† | 59.31% | (58.91)% | (10.46)% | 31.71% | 6.22% |
| Ratios/Supplemental Data†† | | | | | |
| Net Assets Applicable to Common Shareholders, End of Year (in millions) | $ 93.1 | $ 83.2 | $ 270.7 | $ 333.5 | $ 290.0 |
| Preferred Shares, at Liquidation Value ($25,000 per share liquidation preference) (in millions)¢¢ | $ 14.9 | $ 31.4 | $ 125.5 | $ 125.5 | $ 125.5 |
| | 3.87%Ø | 1.37% | 1.11% | 1.11% | 1.13% |
| Ratios are calculated using Average Net | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Assets Applicable to Common Shareholders | | | | | |
| Ratio of Gross Expenses# | | | | | |
| Ratio of Net Expenses‡ | 3.87%Ø | 1.36% | 1.10% | 1.10% | 1.13% |
| Ratio of Net Investment Income (Loss) Excluding Preferred Share DistributionsØØ | 12.25% | 12.94% | 7.94% | 7.18% | 6.49% |
| Portfolio Turnover Rate | 124% | 79% | 76% | 61% | 49% |
| Asset Coverage Per Preferred Share, End of Year@ | $181,491 | $91,277 | $78,931 | $91,462 | $82,794 |
| Notes Payable (in millions) | $ 37 | $ 19 | $ — | $ — | $ — |
| Asset Coverage Per $1,000 of Notes Payable@@ | $ 3,942 | $ 7,029 | $ — | $ — | $ — |

† Total return based on per share net asset value reflects the effects of changes in net asset value on the performance of the Fund during each fiscal period. Total return based on per share market value assumes the purchase of common shares at the market price on the first day and sale of common shares at the market price on the last day of the period indicated. Distributions, if any, are assumed to be reinvested at prices obtained under the Fund's distribution reinvestment plan. Results represent past performance and do not guarantee future results. Current returns may be lower or higher than the performance data quoted. Investment returns may fluctuate and shares when sold may be worth more or less than original cost. Total return would have been lower if Management had not waived a portion of the investment management fee.

# The Fund is required to calculate an operating expense ratio without taking into consideration any expense reductions related to expense offset arrangements.

33

‡ After waiver of a portion of the investment management fee by Management. Had Management not undertaken such action, the annualized ratios of net operating expenses to average daily net assets applicable to common shareholders would have been:

| Year Ended October 31, | | | | |
|---|---|---|---|---|
| 2009 | 2008 | 2007 | 2006 | 2005 |
| 4.19% | 1.77% | 1.45% | 1.45% | 1.48% |

@ Calculated by subtracting the Fund's total liabilities (excluding accumulated unpaid distributions on PPS (Preferred Shares prior to November 12, 2008)) from the Fund's total assets and dividing by the number of PPS/Preferred Shares outstanding.

@@ Calculated by subtracting the Fund's total liabilities (excluding accumulated unpaid distributions on PPS (Preferred Shares prior to November 12, 2008) and the Notes payable) from the Fund's total assets and dividing by the outstanding notes payable balance.

†† Expense ratios do not include the effect of distribution payments to preferred shareholders. Income ratios include income earned on assets attributable to Private Securities (Preferred Shares prior to November 12, 2008) outstanding.

¢ Calculated based on the average number of shares outstanding during each fiscal period.

¢¢ From September 26, 2003 to October 27, 2008, the Fund had 2,510 Preferred Shares Series A outstanding; and from September 26, 2003 to November 12, 2008, the Fund had 2,510 Preferred Shares Series B outstanding; since November 12, 2008, the Fund has 595 PPS outstanding (see Note A-8 of Notes to Financial Statements).

Ø For the year ended October 31, 2009, interest expense is included in expense ratios. The annualized ratio of interest expense to average net assets applicable to common shareholder is 1.55%.

ØØ The annualized ratios of preferred share distributions to average net assets applicable to common shareholders were:

| Year Ended October 31, | | | | |
|---|---|---|---|---|
| 2009 | 2008 | 2007 | 2006 | 2005 |
| .76% | 2.46% | 2.13% | 1.89% | 1.26% |

Net Asset Value, Market Price and Premium/Discount

Common shares of closed-end investment companies, such as NHS and NOX, have frequently traded at a discount from net asset value, or in some cases trade at a premium. As a result, the market price of NHS Common Shares and NOX Common Stock may be greater or less than the net asset value per share. Since the commencement of NHS's and

NOX's operations, each Fund's Common Stock have traded in the market at prices that were generally below net asset value per share.

The following tables set forth the high and low sales prices for NHS Common Shares on the NYSE and NOX Common Stock on the NYSE Amex, the net asset value per share and the discount or premium to net asset value per share represented by the quotation for each quarterly period during the last two calendar years.

NHS

| Quarterly Period Ending | High Price | Net Asset Value | Premium (Discount) | Low Price | Net Asset Value | Premium (Discount) |
|---|---|---|---|---|---|---|
| March 31, 2010 | | | | | | |
| December 31, 2009 | 12.05 | 12.62 | -4.52% | 10.84 | 12.15 | -10.78% |
| September 30, 2009 | 11.79 | 11.97 | -1.50% | 9.12 | 10.03 | -9.07% |
| June 30, 2009 | 9.73 | 10.33 | -5.81% | 6.84 | 8.01 | -14.61% |
| March 31, 2009 | 7.85 | 8.35 | -5.99% | 5.90 | 7.33 | -19.51% |
| December 31, 2008 | 8.07 | 10.43 | -22.63% | 4.48 | 6.79 | -34.02% |
| September 30, 2008 | 11.03 | 12.25 | -9.96% | 7.47 | 11.52 | -35.16% |
| June 30, 2008 | 12.58 | 13.05 | -3.60% | 11.22 | 12.51 | -10.31% |
| March 31, 2008 | 12.09 | 12.94 | -6.57% | 10.59 | 12.31 | -13.97% |

NOX

| Quarterly Period Ending | High Price | Net Asset Value | Premium (Discount) | Low Price | Net Asset Value | Premium (Discount) |
|---|---|---|---|---|---|---|
| January 31, 2010 | 6.49 | 7.23 | -10.24% | 5.75 | 6.47 | -11.13% |
| October 31, 2009 | 6.32 | 6.55 | -3.51% | 5.07 | 5.79 | -12.44% |
| July 31, 2009 | 4.95 | 5.62 | -11.92% | 4.18 | 4.74 | -11.81% |
| April 30, 2009 | 4.11 | 4.52 | -9.07% | 2.56 | 3.19 | -19.75% |
| January 31, 2009 | 4.40 | 4.89 | -10.02% | 2.35 | 3.26 | -27.91% |
| October 31, 2008 | 9.39 | 9.96 | -5.72% | 3.49 | 4.16 | -16.11% |
| July 31, 2008 | 11.12 | 12.16 | -8.55% | 8.50 | 9.34 | -8.99% |
| April 30, 2008 | 11.86 | 12.57 | -5.65% | 9.75 | 10.74 | -9.22% |
| January 31, 2008 | 13.32 | 14.85 | -10.30% | 10.46 | 11.49 | -8.96% |

As of [___], 2010, (i) the net value per share for NHS Common Shares was $[___] and the market price per share was $[___], representing a discount to NAV of [___]% and (ii) the NAV per share for NOX Common Stock was $[___] and the market price per share was $[___], representing a discount to NAV of [___]%.

CAPITALIZATION

The following table sets forth the unaudited capitalization of each Fund as of the date set out below, and on a pro forma basis as of that date, giving effect to the proposed acquisition of assets at net asset value. The pro forma capitalization information is for informational purposes only. No assurance can be given as to how many shares of New NHS Stock will be received by NHS Shareholders and NOX Stockholders on the Closing Date, and the information should not be relied upon to reflect the number of shares of New NHS Stock that actually will be received.

The following table sets out the effect of the proposed acquisition of assets at net asset value on a pro forma basis:

Pro Forma Combined Capitalization Table
(assuming Reorganization occurs)

As of December 31, 2009 (Unaudited)

35

| | ACTUAL | | ADJUSTMENT | PRO FORMA |
|---|---|---|---|---|
| | NHS | NOX | | New NHS |
| Stock outstanding | | | | |
| Common Stock | 11,029,127 | 14,364,850 | (6,341,586) | 19,052,391 |
| Preferred Stock | 492 | 595 | | 1,087 |
| Net Assets (000's omitted) | | | | |
| Common Stock | 138,293 | 100,603 | (400) | 238,496 |
| Preferred Stock | 12,300 | 14,875 | | 27,175 |
| Net assets including Preferred Stock | 150,593 | 115,478 | (400) | 265,671 |
| Net asset value per share of Common Stock | 12.54 | 7.00 | | 12.52 |

Pro Forma Combined Capitalization Table
(assuming only Conversion occurs)
As of December 31, 2009 (Unaudited)

| | ACTUAL NHS | ADJUSTMENT | PRO FORMA New NHS |
|---|---|---|---|
| Stock outstanding | | | |
| Common Stock | 11,029,127 | | 11,029,127 |
| Preferred Stock | 492 | | 492 |
| Net Assets (000's omitted) | | | |
| Common Stock | 138,293 | (200) | 138,093 |
| Preferred Stock | | | |