BLACKROCK DEBT STRATEGIES FUND, INC.
Form 486BPOS
June 17, 2016

As filed with the Securities and Exchange Commission on June 17, 2016

Securities Act Registration No. 333-196682
Investment Company Act Registration No. 811-08603

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

FORM N-2

ý Registration Statement under the Securities Act of 1933
o Pre-Effective Amendment No.
x Post-Effective Amendment No. 3
and/or
ý Registration Statement Under the Investment Company Act of 1940
ý Amendment No. 7

BlackRock Debt Strategies Fund, Inc.
(Exact Name of Registrant as Specified in Charter)

100 Bellevue Parkway
Wilmington, Delaware 19809
(Address of Principal Executive Offices)

(800) 882-0052
(Registrant's Telephone Number, Including Area Code)

John Perlowski, President
BlackRock Debt Strategies Fund, Inc.
55 East 52nd Street
New York, New York 10055
(Name and Address of Agent for Service)

Copies to:

Janey Ahn, Esq. BlackRock Advisors, LLC 55 East 52nd Street New York, New York 10055	Thomas A. DeCapo, Esq. Skadden, Arps, Slate, Meagher & Flom LLP 500 Boylston Street Boston, Massachusetts 02116

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

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box . . . . ý

It is proposed that this filing will become effective (check applicable box):
o When declared effective pursuant to Section 8(c).
x Immediately upon filing pursuant to no-action relief granted to Registrant on October 19, 2015.

16,125,000 Shares
BlackRock Debt Strategies Fund, Inc.
Common Stock

PART I
INFORMATION ABOUT BLACKROCK DEBT STRATEGIES FUND, INC.

Item 1. Outside Front Cover

1.a. The registrant's name is BlackRock Debt Strategies Fund, Inc. (the "Fund").

1.b. The Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified, closed-end management investment company. The Fund's primary investment objective is to seek to provide current income by investing primarily in a diversified portfolio of U.S. companies' debt instruments, including Corporate Loans (defined herein), which are rated in the lower rating categories of the established rating services (Baa or lower by Moody's Investors Service, Inc. ("Moody's") or BBB or lower by Standard & Poor's Ratings Services ("Standard & Poor's" or "S&P")) or unrated debt instruments which are in the judgment of the Investment Advisor of equivalent quality. Debt securities rated below investment grade commonly are referred to as "junk bonds." As a secondary objective, the Fund will seek to provide capital appreciation. The Fund's investment objectives are fundamental policies and may not be changed without the approval of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act). No assurance can be given that the Fund's investment objectives will be achieved.

Up to 20% of the Fund's total assets may be invested in Distressed Securities (defined herein), which includes publicly offered or privately placed debt securities and Corporate Loans which, at the time of investment, are the subject of bankruptcy proceedings or otherwise in default as to the repayment of principal or payment of interest or are rated in the lowest rating categories (Ca or lower by Moody's and CC or lower by Standard & Poor's) or which, if unrated, are in the judgment of the Investment Advisor of equivalent quality.

Up to 20% of the Fund's total assets may be invested in financial instruments of issuers domiciled outside the United States or that are denominated in various foreign currencies and multinational foreign currency units, provided that the foreign issuers of any non-U.S. dollar denominated instruments purchased by the Fund are domiciled in a country that is a member of the Organisation for Economic Co-operation and Development (the "OECD"). Up to 20% of the Fund's total assets can be invested in convertible debt instruments and preferred stock, each of which may be converted into common stock or other securities of the same or a different issuer, and non-convertible preferred stock. As a result of conversions of convertible securities or upon an exchange offer or bankruptcy plan of reorganization, a significant portion of the Fund's total assets may be invested in common stock at certain points in time. Under normal market conditions, at least 80% of the Fund's total assets will be invested in debt instruments.

The Fund may invest directly in debt instruments or synthetically through the use of derivatives.

The Fund has no restrictions on portfolio maturity or duration of the debt securities in which it may invest.

The Fund may engage in various portfolio strategies to seek to increase its return and to hedge its portfolio against movements in interest rates or foreign currencies through the use of interest rate or foreign currency swap transactions, the purchase of call and put options on securities, the sale of covered call and put options on its portfolio securities and transactions in financial futures and related options on such futures. There can be no assurance that the Fund will employ these strategies or that, if employed, they will be effective.

1.c. The Fund is offering up to 16,125,000 shares of common stock.

1.d. This Prospectus concisely provides information that you should know about the Fund before investing. You are advised to read this Prospectus carefully and to retain it for future reference. Additional information about the Fund and materials incorporated by reference have been filed with the Securities and Exchange Commission (the "SEC") and are available upon either written or oral request, free of charge, by calling 1-800-882-0052, by writing to the Fund, or may be found on the SEC's website at www.sec.gov. You may also request a copy of this Prospectus, annual and semi-annual reports, other information about the Fund, and/or make investor inquiries by calling 1-800-882-0052, or by writing to the Fund. The Fund also makes this Prospectus, annual and semi-annual reports and other information regarding the Fund available, free of charge under "Closed-End Funds" at www.blackrock.com and BlackRock will update performance and certain other data for the Fund on a monthly basis on its website in the "Closed-End Funds" section as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Fund. This reference and any other reference to BlackRock's website is intended to allow investors public access to information regarding the Fund and does not, and is not intended to, incorporate BlackRock's website into this Prospectus.

You should not construe the contents of this Prospectus as legal, tax or financial advice. You should consult with your own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of an investment in the Fund.

The Fund's common stock does not represent a deposit or an obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

1.e. This Prospectus is dated June 17, 2016 .

1.f. Not applicable.

1.g. The Fund's common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "DSU." Sales of the Fund's common stock, if any, under this Prospectus may be made in transactions that are deemed to be "at the market" as defined in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), which currently would only include sales made directly on the NYSE. The minimum price on any day at which Fund common stock may be sold will not be less than the current net asset value ("NAV") per share plus the per share amount of the commission to be paid to the Fund's distributor (the "Minimum Price"), BlackRock Investments, LLC (the "Distributor"). The Fund and the Distributor will determine whether any sales of the Fund's common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund's common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund's common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund's common stock will be authorized on a particular day and, if so, in what amounts. As of June 16, 2016 , the last reported sale price for the Fund's common stock on the NYSE was $ 3.52 per share.

The Distributor has entered into a sub-placement agent agreement, dated October 10, 2014 (the " Sub-Placement Agent Agreement "), with UBS Securities LLC (the " Sub-Placement Agent Agreement ") with respect to the Fund relating to the common stock offered by this Prospectus. In accordance with the terms of the Sub-Placement Agent Agreement, the Fund may offer and sell its common stock from time to time through the Sub-Placement Agent as sub-placement agent for the offer and sale of its common stock. The Fund will compensate the Distributor with respect to sales of common stock at a commission rate of 1.00% of the gross proceeds of the sale of the Fund's common stock. Out of this commission, the Distributor will compensate broker-dealers at a rate of up to 0.80% of the gross sales proceeds of the sale of the Fund's common stock sold by that broker-dealer.

1.h. Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

1.i. The Fund's common stock has traded both at a premium and a discount to NAV. The Fund cannot predict whether its common stock will trade at a premium or discount to NAV in the future. The provisions of the 1940 Act generally require that the public offering price of common stock (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company's common stock (calculated within 48 hours of pricing). The Fund's issuance of common stock may have an adverse effect on prices for the Fund's common shares in the secondary market by increasing the number of shares of common stock available in the market, which may put downward pressure on the market price for the Fund's common stock. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV, which may increase investors' risk of loss.

1.j. Investing in the Fund's common stock involves certain risks that are described in Item 8.3 beginning on page I-19 of Part I of this Prospectus, and under Item 8 in Part II of this Prospectus under "Risk Factors," beginning on page II-30 of Part II. Certain of these risks are summarized in Item 3.2 beginning on page I-9 of Part I of this Prospectus.

1.k. Not applicable.

2. Not applicable.

Item 2. Cover Pages; Other Offering Information

1. Exchange listing: see Item 1.g.

2. Not applicable.

3. Not applicable.

Item 3. Fee Table and Synopsis

1. Shareholder Transaction Expenses

Sales load paid by you (as a percentage of offering price)	1.00%(1)
Offering expenses borne by the Fund (as a percentage of offering price)	0.02%(2)
Dividend reinvestment plan fees	$0.02 per share for open-market purchases of common stock (3)

	Percentage of net assets attributable to common shares
Annual Expenses	
Management fees(4)	0.73 %
Interest expense(5)	0.34 %
Other expenses(6)	0.11 %
Total annual expenses(7)	1.18 %

(1) Represents the estimated commission with respect to the Fund's common stock being sold in this offering. There is no guarantee that there will be any sales of the Fund's common stock pursuant to this Prospectus. Actual sales of the Fund's common stock under this Prospectus, if any, may be less than as set forth under "Capitalization" below. In addition, the price per share of any such sale may be greater or less than the price set forth under "Capitalization" below, depending on market price of the Fund's common stock at the time of any such sale.

(2) Based on a sales price per share of $3.52, which represents the last reported sales price per share of the Fund's common shares on the NYSE on June 16, 2016. Offering expenses generally include, but are not limited to, the preparation, review and filing with the SEC of the Fund's registration statement (including this Prospectus), the preparation, review and filing of any associated marketing or similar materials, costs associated with the printing, mailing or other distribution of the Prospectus and/or marketing materials, associated filing fees, NYSE listing fees, and legal and auditing fees associated with the offering.

(3) The Reinvestment Plan Agent's (as defined under "Item 10—Dividend Reinvestment Plan" in Part II) fees for the handling of the reinvestment of dividends will be paid by the Fund. However, you will pay a $0.02 per share fee incurred in connection with open-market purchases, which will be deducted from the value of the dividend. You will also be charged a $0.02 per share fee if you direct the Reinvestment Plan Agent to sell your shares of common stock held in a dividend reinvestment account. Per share fees include any applicable brokerage

commissions the Reinvestment Plan Agent is required to pay.

(4) The Fund currently pays BlackRock Advisors, LLC, its investment adviser (the “Investment Advisor”), a contractual management fee at an annual rate of 0.55% based on an aggregate of (i) the Fund’s average daily net assets and (ii) the proceeds of any outstanding borrowings used for leverage (“average daily Managed Assets”). The Fund uses leverage, in the form of a credit facility, which as of February 29, 2016 amounted to approximately 21% of the Fund’s Managed Assets (approximately 27% of the Fund’s net assets). “Managed Assets” means the total assets of the Fund (including any assets attributable to money borrowed for investment purposes) minus the sum of the Fund’s accrued liabilities (other than money borrowed for investment purposes). The Fund’s net assets attributable to common shares are the Fund’s Managed Assets minus the value of the Fund’s assets attributable to money borrowed for investment purposes. Thus, when the Fund uses leverage, its net assets attributable to common shares are less than its Managed Assets and its expenses (including the management fee) stated as a percentage of its net assets attributable to common shares are greater than they would be if stated as a percentage of its Managed Assets. This table reflects the fact that you, as a common shareholder, bear the expenses of the Fund’s use of leverage in the form of higher fees as a percentage of the Fund’s net assets attributable to common shares than if the Fund did not use leverage.

(5) Reflects leverage, in the form of a credit facility, in an amount equal to approximately 21.0 % of the Fund's Managed Assets (approximately 27 % of the Fund's net assets) as of February 29, 2016 . The interest expense borne by the Fund will vary over time in accordance with the level of the Fund's use of leverage and variations in market interest rates. Interest expense is required to be treated as an expense of the Fund for accounting purposes.

(6) Based on the fiscal year ended February 29, 2016 .

(7) Represents total annual expenses including interest expense. The total annual expense excluding interest and tax is 0.84 %.

The Investment Advisor voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Investment Advisor indirectly through its investment in affiliated money market funds. However, the Investment Advisor does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with the Fund's investment in other affiliated investment companies, if any. This waiver amounted to less than 0% of the Fund's net assets attributable to common shares for the fiscal year ended February, 2016. See Item 20, below.

The purpose of the foregoing table and the example below is to help you understand all fees and expenses that you, as a holder of common stock of the Fund, bear directly or indirectly. The foregoing table should not be considered a representation of the Fund's future expenses. Actual future expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this Prospectus contains a reference to fees or expenses paid by "you" or "us" or that "we" will pay fees or expenses, shareholders will indirectly bear such fees or expenses as investors in the Fund.

The following example illustrates the expenses (including the sales load of $10.00 and offering costs of $ 0.21) that you would pay on a $1,000 investment in common stock , assuming (i) total net annual expenses of 1.18 % of net assets attributable to common stock in years 1 through 10, and (ii) a 5% annual return:

	1 Year	3 Years	5 Years	10 Years
Total expenses incurred	$ 22	$ 47	$ 74	$ 152

The example should not be considered a representation of future expenses. The example assumes that the "Other expenses" set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at NAV. Actual expenses may be greater or less than those assumed. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

Capitalization

The Fund may offer and sell up to 16,125,000 shares of its common stock, $0.10 par value per share, from time to time through the Sub-Placement Agent as sub-placement agent under this Prospectus. There is no guarantee that there will be any sales of the Fund's common stock pursuant to this Prospectus. The table below assumes that the Fund will sel1 16,125,000 shares of its common stock at a price of $ 3.52 per share (which represents a small premium to the Minimum Price – i.e., NAV plus sales load of the Fund's common stock on June 16, 2016). Actual sales, if any, of the Fund's common stock under this Prospectus may be greater or less than $ 3.52 per share, depending on the market price of the Fund's common stock at the time of any such sale and/or the Fund's NAV for purposes of calculating the Minimum Price. The Fund and the Distributor will determine whether any sales of the Fund's common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund's common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund's common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund's common stock will be authorized on a particular day and, if so, in what amounts.

The following table sets forth the Fund's capitalization (1) on a historical basis as of February 29, 2016 (audited); and (2) on a pro forma as adjusted basis to reflect the assumed sale of 16,125,000 shares of common stock at $ 3.52 per share, in an offering under this Prospectus, after deducting the assumed commission of $ 653,401 (representing an estimated commission to the Distributor of 1.00% of the gross proceeds of the sale of Fund common stock, out of which the Distributor will compensate broker-dealers at a rate of up to 0.80% of the gross sales proceeds of the sale of the Fund's common stock sold by that broker-dealer).

	As of February 29, 2016 (audited)	Pro Forma (unaudited) As adjusted
Common shares outstanding, $0.10 par value per share	186,913,216	203,038,216
Paid-in capital	$ 1,093,454,244	$ 1,158,140,955
Undistributed net investment income	$ 1,232,872	$ 1,232,872
Accumulated net realized loss	$ (302,910,632)	$ (302,910,632)
Net unrealized appreciation (depreciation)	$ (82,540,808)	$ (82,540,808)
Net Assets	$ 709,235,676	$ 773,922,387
Net asset value per share	$ 3.79	$ 3.81

2. A summary of this Prospectus is set forth below. This is only a summary of certain information contained in this Prospectus relating to the Fund. This summary may not contain all of the information that you should consider before investing in the Fund's common stock. You should review the more detailed information contained in this Prospectus.

The Fund

BlackRock Debt Strategies Fund, Inc. is registered under the 1940 Act, as a diversified, closed-end management investment company and has been operational since 1998. The Fund was known as Debt Strategies Fund II, Inc. prior to November 2, 2000 and Debt Strategies Fund, Inc. prior to September 14, 2006.

The Offering

The Fund is offering up to 16,125,000 shares of common stock in transactions that are deemed to be "at the market" as defined in Rule 415 under the Securities Act, which currently would only include sales made directly on the NYSE. The minimum price on any day at which Fund common stock may be sold will not be less than the current NAV per share plus the per share amount of the commission to be paid to the Distributor. The Fund and the Distributor will determine whether any sales of the Fund's common stock will be authorized on a particular day; the Fund and the Distributor, however, will not authorize sales of the Fund's common stock if the per share price of the shares is less than the Minimum Price. The Fund and the Distributor may also not authorize sales of the Fund's common stock on a particular day even if the per share price of the shares is equal to or greater than the Minimum Price, or may only authorize a fixed number of shares to be sold on any particular day. The Fund and the Distributor will have full discretion regarding whether sales of shares of the Fund's common stock will be authorized on a particular day and, if so, in what amounts. As of June 16, 2016 , the last reported sale price for the Fund's common stock on the NYSE was $ 3.52 per share.

The Distributor has entered into the Sub-Placement Agent Agreement with the Sub-Placement Agent with respect to the Fund relating to the common stock offered by this Prospectus. In accordance with the terms of the Sub-Placement Agent Agreement, the Fund may offer and sell its common stock from time to time through the Sub-Placement Agent as sub-placement agent for the offer and sale of its common stock. The

Fund will compensate the Distributor with respect to sales of common stock at a commission rate of 1.00% of the gross proceeds of the sale of the Fund's common stock. Out of this commission, the Distributor will compensate broker-dealers at a rate of up to 0.80% of the gross sales proceeds of the sale of the Fund's common stock sold by that broker-dealer.

The Fund's common stock has traded both at a premium and a discount to NAV. The Fund cannot predict whether its common stock will trade at a premium or discount to NAV in the future. The provisions of the 1940 Act generally require that the public offering price of common stock (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company's common stock (calculated within 48 hours of pricing). The Fund's issuance of common stock may have an adverse effect on prices for the Fund's common stock in the secondary market by increasing the number of shares of common stock available in the market, which may put downward pressure on the market price for the Fund's common stock. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV, which may increase investors' risk of loss.

Investment Objective

The Fund’s primary investment objective is to seek to provide current income by investing primarily in a diversified portfolio of U.S. companies’ debt instruments, including Corporate Loans, which are rated in the lower rating categories of the established rating services (Baa or lower by Moody’s or BBB or lower by Standard & Poor’s) or unrated debt instruments which are in the judgment of the Investment Advisor of equivalent quality. As a secondary objective, the Fund will seek capital appreciation. The Fund's investment objectives are fundamental policies and may not be changed without the approval of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act). No assurance can be given that the Fund's investment objectives will be achieved.

Investment Strategy

BlackRock Advisors, LLC is the Fund's investment adviser. BlackRock Financial Management, Inc., the Investment Advisor's affiliate, served as the Fund's investment sub-adviser until July 1, 2014, when the Sub-Advisory agreement between the Investment Advisor and BlackRock Financial Management, Inc. expired.

In selecting debt instruments and other securities for the Fund, BlackRock will seek to identify issuers and industries that BlackRock believes are likely to experience stable or improving financial conditions. BlackRock's analysis will include:

- credit research on the issuers' financial strength;
- assessment of the issuers' ability to meet principal and interest payments;
- general industry trends;
- the issuers' managerial strength;
- analysis of deal structure and covenants;
- changing financial conditions;
- borrowing requirements or debt maturity schedules; and
- the issuers' responsiveness to changes in business conditions and interest rates.

BlackRock will consider relative values among issuers based on anticipated cash flow, interest or dividend coverage, asset coverage and earnings prospects. Using these tools, BlackRock will seek to add consistent value and control performance volatility consistent with the Fund's investment objectives and policies. BlackRock believes this strategy should enhance the Fund's ability to achieve its investment objectives.

BlackRock's analysis continues on an ongoing basis for any debt instruments or other securities in which the Fund has invested. Although BlackRock uses due care in making such analysis, there can be no assurance that such analysis will reveal factors that may impair the value of the debt instruments.

Investment Policies	Up to 20% of the Fund's total assets may be invested in Distressed Securities, which includes publicly offered or privately placed debt securities and Corporate Loans which, at the time of investment, are the subject of bankruptcy proceedings or otherwise in default as to the repayment of principal or payment of interest or are rated in the lowest rating categories (Ca or lower by Moody's and CC or lower by Standard & Poor's) or which, if unrated, are in the judgment of the Investment Advisor of equivalent quality. Up to 20% of the Fund's total assets may be invested in financial instruments of issuers domiciled outside the United States or that are denominated in various foreign currencies and multinational foreign currency units, provided that the foreign issuers of any non-U.S. dollar denominated instruments purchased by the Fund are domiciled in a country that is a member of the OECD. For these reasons, an investment in the Fund may be speculative in that it involves a high degree of risk and should not constitute a complete investment program. Up to 20% of the Fund's total assets can be invested in convertible debt instruments and preferred stock, each of which may be converted into common stock or other securities of the same or a different issuer, and non-convertible preferred stock. As a result of conversions of convertible securities or upon an exchange offer or bankruptcy plan of reorganization, a significant portion of the Fund's total assets may be invested in common stock at certain points in time. Under normal market conditions, at least 80% of the Fund's total assets will be invested in debt instruments. The Fund may invest directly in debt instruments or synthetically through the use of derivatives. The Fund's investment policies permit investment in the following asset classes which are described in greater detail below: (i) senior and subordinated Corporate Loans, both secured and unsecured, issued either directly by the borrower or in the form of participation interests in Corporate Loans made by banks and other financial institutions; (ii) publicly offered and privately placed high-yield debt securities, senior and subordinated, both secured and unsecured; and (iii) convertible debt instruments and preferred stock, each of which may be converted into common stock or other securities of the same or a different issuer, and nonconvertible preferred stock. The debt securities and Corporate Loans in which the Fund invests may pay interest at fixed rates or at rates that float at a margin above a generally recognized base lending rate such as the prime rate of a designated U.S. bank, or that adjust periodically at a margin above the CD rate or LIBOR. The debt instruments in which the Fund invests may also include mortgage-related securities. Subject to other investment restrictions applicable to the Fund, up to 10% of the Fund's assets may be invested in debt instruments, including

Corporate Loans, of investment companies (which may or may not be registered under the 1940 Act) whose portfolio securities consist entirely of (i) corporate debt or equity securities acceptable to the Fund's Investment Advisor or (ii) money market instruments.

Under unusual market or economic conditions or for temporary or defensive purposes, the Fund may invest up to 100% of its assets in securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, certificates of deposits, banker's acceptances, and other bank obligations, commercial paper rated in the highest category by a nationally recognized statistical rating organization or other fixed-income securities deemed by the Investment Advisor to be consistent with a defensive posture. The yield on such securities may be lower than the yield on lower-rated fixed income securities.

Although the Fund will invest primarily in lower-rated securities, other than with respect to Distressed Securities (which are discussed below) it will not invest in securities in the lowest rating categories (Ca or below by Moody's and CC or below by Standard & Poor's) unless the Investment Advisor believes that the financial condition of the issuer or the protection afforded to the particular securities is stronger than would otherwise be indicated by such low ratings.

The Fund has no restrictions on portfolio maturity or duration of the debt securities in which it may invest.

The Fund may engage in various portfolio strategies to seek to increase its return and to hedge its portfolio against movements in interest rates or foreign currencies through the use of interest rate or foreign currency swap transactions, the purchase of call and put options on securities, the sale of covered call and put options on its portfolio securities and transactions in financial futures and related options on such futures. There can be no assurance that the Fund will employ these strategies or that, if employed, they will be effective.

For a discussion of risk factors that may affect the Fund's ability to achieve its investment objectives, see "Risk Factors" under Item 8 in Part II.

Leverage

The Fund currently utilizes leverage for investment purposes in the form of a bank credit facility. As of February 29 , 2016 , this leverage represented approximately 21.0 % of the Fund's Managed Assets (approximately 27 % of the Fund's net assets). At times, the Fund could utilize leverage through borrowings, the issuance of short term debt securities, the issuance of shares of preferred stock or a combination thereof. The Fund has the ability to utilize leverage through borrowings or the issuance of short term debt securities in an amount up to 33 1/3% of the value of its Managed Assets (which includes the amount obtained from such borrowings or debt issuance). The Fund also has the ability to utilize leverage through the issuance of shares of preferred stock in an amount up to 50% of the value of its Managed Assets (which includes the amount obtained from such issuance). The Fund may also leverage through the use of reverse repurchase agreements. There can be no assurance that the Fund will borrow in order to leverage its assets or, if it does, what percentage of the Fund's assets such borrowings will represent. The Fund does not currently anticipate issuing any preferred stock.

The Fund also may borrow money as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions which otherwise might require untimely dispositions of Fund securities. The Fund at times may borrow from affiliates of the Investment Advisor, provided that the terms of such borrowings are no less favorable than those available from comparable sources of funds in the marketplace.

See "Leverage" under Item 8 in Part II and the discussion of the Fund's capital structure under Item 10 in Part II.

The use of leverage is subject to numerous risks. When leverage is employed, the NAV and market price of the common stock and the yield to holders of common stock will be more volatile than if leverage were not used. For example, a rise in short-term interest rates, which currently are near historically low levels, will cause the Fund's NAV to decline more than if the Fund had not used leverage. A reduction in the Fund's NAV may cause a reduction in the market price of its common stock . The Fund cannot assure you that the use of leverage will result in a higher yield on the common stock . When the Fund uses leverage, the management fee payable to the Investment Advisor will be higher than if the Fund did not use leverage because these fees are calculated on the basis of the Fund's Managed Assets, which include the proceeds of leverage. The Fund's leveraging strategy may not be successful.

See "Risk Factors—Leverage Risk" under Item 8 in Part II.

Investment Advisor	BlackRock Advisors, LLC is the Fund's investment adviser. BlackRock Financial Management, Inc., the Investment Advisor's affiliate, served as the Fund's investment sub-adviser until July 1, 2014, when the Sub-Advisory agreement between the Investment Advisor and BlackRock Financial Management, Inc. expired. The Investment Advisor receives an annual fee, payable monthly, in an amount equal to 0.55% of the average daily value of the Fund's Managed Assets.
Distributions	The Fund intends to make regular monthly cash distributions of all or a portion of its net investment income to holders of the Fund's shares of common stock. The Fund intends to pay any capital gains distributions at least annually. A return of capital distribution may involve a return of the shareholder's original investment. Though not currently taxable, such a distribution may lower a shareholder's basis in the Fund, thus potentially subjecting the shareholder to future tax consequences in connection with the sale of Fund shares, even if sold at a loss to the shareholder's original investment. When total distributions exceed total return performance for the period, the difference will reduce the Fund's total assets and NAV and, therefore, could have the effect of increasing the Fund's expense ratio and reducing the amount of assets the Fund has available for long term investment. Shareholders will automatically have all dividends and distributions reinvested in common stock of the Fund in accordance with the Fund's dividend reinvestment plan, unless an election is made to receive cash by contacting the Reinvestment Plan Agent (as defined herein), at (800) 699-1236. See "Dividend Reinvestment Plan" under Item 10 in Part II. The Fund reserves the right to change its distribution policy and the basis for establishing the rate of its monthly distributions at any time and may do so without prior notice to common shareholders. See Item 10.1 in Part I and "Distributions" under Item 10 in Part II.
Listing	The Fund's common stock is listed on the NYSE under the symbol "DSU."
Custodian and Transfer Agent	State Street Bank and Trust Company serves as the Fund's custodian, and Computershare Trust Company, N.A. serves as the Fund's transfer agent.
Administrator	State Street Bank and Trust Company serves as the Fund's administrator and fund accountant.
Market Price of Shares	Common shares of closed-end investment companies frequently trade at prices lower than their NAV. The Fund cannot assure you that its common stock will trade at a price higher than or equal to NAV. The Fund's common stock trades in the open market at market prices that are a function of several factors, including dividend levels (which are in turn affected by expenses), NAV, call protection for portfolio securities, portfolio credit quality, liquidity, dividend stability, relative demand for

and supply of the common shares in the market, general market and economic conditions and other factors. The Fund's stock is designed primarily for long-term investors and you should not purchase common stock of the Fund if you intend to sell it shortly after purchase. The issuance of additional common stock pursuant to this Prospectus may also have an adverse effect on prices for the Fund's common stock in the secondary market by increasing the supply of common stock available for sale.

Special Risk Considerations

An investment in the Fund's common stock involves risk. You should consider carefully the risks identified below, which are described in detail under "Risk Factors" beginning on page II-30 of Part II of this Prospectus.

Principal risks of investing in the Fund include:

· Interest Rate Risk. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. This risk is heightened given that certain interest rates are at historical lows.

· Issuer Risk. The value of fixed income securities may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage, reduced demand for the issuer's goods and services, historical and prospective earnings of the issuer and the value of the assets of the issuer.

· Credit Risk. Credit risk is the risk that one or more fixed income securities in the Fund's portfolio will decline in price or fail to pay interest or principal when due because the issuer of the security experiences a decline in its financial status.

· Prepayment Risk. During periods of declining interest rates, borrowers may exercise their option to prepay principal earlier than scheduled.

· Reinvestment Risk. Reinvestment risk is the risk that income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called fixed income securities at market interest rates that are below the Fund portfolio's current earnings rate.

· Duration and Maturity Risk. The Fund may incur costs in seeking to adjust the portfolio average duration or maturity. There can be no assurance that the Investment Advisor's assessment of current and projected market conditions will be correct or that any strategy to adjust the portfolio's duration or maturity will be successful at any given time.

· Corporate Bonds Risk. The market value of a corporate bond generally may be expected to rise and fall inversely with interest rates. The market value of intermediate and longer-term corporate bonds is generally more sensitive to changes in interest rates than is the market value of shorter-term corporate bonds. The market value of a corporate bond also may be affected by factors directly related to the issuer, such as investors' perceptions of the creditworthiness of the issuer, the issuer's financial performance, perceptions of the issuer in the market place, performance of management of the issuer, the issuer's capital structure and use of financial leverage and demand for the issuer's goods and services.

· Mortgage Related Securities Risks. The risks associated with MBS include: credit risk associated with the performance of the underlying mortgage properties and of the borrowers owning these properties; risks associated with their structure and execution (including the collateral, the process by which principal and interest payments are allocated and distributed to investors and how credit losses affect the issuing vehicles and the return to investors in such MBS); whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the MBS) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicles or to the investors in such MBS; risks associated with the servicer of the underlying mortgages; adverse changes in economic conditions and circumstances, which are more likely to have an adverse impact on MBS secured by loans on certain types of commercial properties than on those secured by loans on residential properties; prepayment risk, which can lead to significant fluctuations in the value of the MBS; loss of all or part of the premium, if any, paid; and decline in the market value of the security, whether resulting from changes in interest rates, prepayments on the underlying mortgage collateral or perceptions of the credit risk associated with the underlying mortgage collateral.

· Below Investment Grade Securities ("Junk Bonds") Risk. The Fund may invest in securities that are rated, at the time of investment, below investment grade quality (rated Ba/BB or below, or unrated but judged to be of comparable quality by the Investment Advisor), which are commonly referred to as "high yield" or "junk" bonds and are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Issuers of high yield bonds are not perceived to be as strong financially as those with higher credit ratings. These issuers are more vulnerable to financial setbacks and recession than more creditworthy issuers, which may impair their ability to make interest and principal payments.

· Senior Loans Risk. Senior loans typically hold the most senior position in the capital structure of the issuing entity, are typically secured with specific collateral and typically have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. The Fund's investments in senior loans are typically below investment grade and are considered speculative because of the credit risk of their issuer.

3. Not applicable.

Item 4. Financial Highlights

1. The following table includes selected data for a common share outstanding throughout the period and other performance information derived from the Fund's financial statements. It should be read in conjunction with the Fund's financial statements and notes thereto, which are incorporated by reference into this Prospectus. The following information with respect to the fiscal years ended February 29, 2012, February 28, 2013, February 28, 2014, February 28, 2015, and February 29, 2016 has been audited by Deloitte & Touche LLP , independent registered public accountants, whose report thereon is incorporated by reference into this Prospectus. See Item 24.

	Year Ended February 29, 2016	Year Ended February 28, 2015[1]	2014[1]	2013[1]	Year Ended February 29, 2012[1]	Year Ended February 28, 2011	2010	2009	Year Ended February 29, 2008	Year Ended February 28, 2007
Per Share Operating Performance										
Net asset value, beginning of year	$ 4.29	$4.44	$4.38	$4.13	$4.28	$3.89	$2.35	$5.57		
Net investment income2	0.26	0.29	0.30	0.33	0.33	0.33	0.39	0.52		
Net realized and unrealized gain (loss)	(0.49)	(0.14)	0.10	0.25	(0.16)	0.40	1.55	(3.12)		
Net increase (decrease) from investment operations	(0.23)	0.15	0.40	0.58	0.17	0.73	1.94	(2.60)		
Distributions:3										
Net investment income	(0.27)	(0.30)	(0.33)	(0.33)	(0.32)	(0.33)	(0.39)	(0.62)		
Return of capital	—	—	(0.01)	—	—	(0.01)	(0.01)	—		
Total distributions	(0.27)	(0.30)	(0.34)	(0.33)	(0.32)	(0.34)	(0.40)	(0.62)		
Net asset value, end of year	$ 3.79	$ 4.29	$4.44	$4.38	$4.13	$4.28	$3.89	$2.35		
Market price, end of year	$ 3.32	$ 3.81	$4.08	$4.46	$4.13	$4.05	$3.91	$2.07		
Total Return4										
Based on net asset value	(4.73)%	4.15 %	9.91 %	14.78 %	4.53 %	19.92 %	87.82 %	(50.19)%		

Based on market price	(6.03)%	0.66 %	(0.81)%	16.87 %	10.47 %	12.90 %	114.32 %	(54.99)%
Ratios to Average Net Assets								
Total expenses	1.18 %8	1.24 %	1.38 %5	1.41 %	1.44 %6	1.27 %	1.23 %	2.42 %
Total expenses after fees waived and paid indirectly	1.18 %8	1.24 %	1.38 %5	1.41 %	1.44 %6	1.27 %	1.23 %	2.42 %
Total expenses after fees waived and paid indirectly and excluding interest expense and income tax	0.84 %8	0.89 %	1.00 %5	1.04 %7	1.06 %7	1.02 %	1.02 %	1.20 %
Net investment income	6.29 %	6.68 %	6.80 %	7.89 %	7.99 %6	8.22 %	12.16 %	11.79 %
Supplemental Data								
Net assets, end of year (000)	$ 709,236	$ 801,887	$829,737	$474,953	$445,824	$461,247	$419,222	$252,080
Borrowings outstanding, end of year (000)	$ 190,000	$ 295,000	$315,000	$190,000	$145,000	$117,000	$67,000	$90,000
Portfolio turnover rate	41 %	54 %	54 %	72 %	59 %	81 %	86 %	44 %

1 Consolidated Financial Highlights.

2 Based on average shares outstanding.

3 Distributions for annual periods determined in accordance with federal income tax regulations.

4 Total investment returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.

5 Includes reorganization costs. Without these costs, total expenses, total expenses after fees waived, and total expenses after fees waived and excluding interest expense and income tax would have been 1.31%, 1.31% and 0.94%, respectively.

6 Restated to include income taxes for the consolidated entity.

7 For the years ended February 28, 2013 and February 29, 2012, the total expense ratio after fees waived and excluding interest expense, borrowing costs and income tax were 0.98% and 0.95%, respectively.

8 Ratios do not include expenses incurred indirectly as a result of investments in underlying funds of approximately 0.01%.

2.	Not applicable.
3.	See Item 4.1., above.

Item 5. Plan of Distribution

1. The Distributor has agreed to underwrite up to 16,125,000 shares of the Fund's common stock on a reasonable efforts basis. See Item 5 in Part II for additional information regarding the Distributor.

2. The Fund's common stock will only be sold on such days as shall be agreed to by the Fund and the Distributor. The Fund's common stock will be sold at market prices, which shall be determined with reference to trades on the NYSE, subject to the Minimum Price. See Item 1.1.g., above.

3. The sum of all compensation paid to FINRA members in connection with this public offering of shares of common stock, including the sales commission paid to or retained by the Distributor and amounts paid to or retained by participating broker-dealers, will not exceed, in the aggregate, 1.00% of the total public offering price of the shares of common stock sold in this offering. See Item 1.1 ., above, and Item 5 in Part II.

4.	See Item 5 in Part II.
5.	Not applicable.
6.	See Item 5 in Part II.
7.	Not applicable.
8.	Not applicable.
9.	Not applicable.
10.	See Item 5 in Part II.

Item 6. Selling Shareholders

Not applicable.

Item 7. Use of Proceeds

The net proceeds from the issuance of common stock hereunder will be invested in accordance with the Fund's investment objectives and policies as set forth in this Prospectus. It is presently anticipated that the Fund will be able to invest substantially all of the net proceeds in accordance with the Fund's investment objectives and policies within three months from the date on which the proceeds from an offering are received by the Fund. Such investments may be delayed if suitable investments are unavailable at the time or for other reasons, such as market volatility and lack of liquidity in the markets of suitable investments. Pending such investment, it is anticipated that the proceeds will be invested in short-term or long-term securities issued by the U.S. Government and its agencies or instrumentalities or in high quality, short-term money market instruments.

Item 8. Description of the Fund

1. The Fund was organized as a Maryland corporation on December 10, 1997, pursuant to its Articles of Incorporation, as subsequently amended, is governed by the laws of the State of Maryland , and commenced operations on March 27, 1998. The Fund is registered under the 1940 Act as a diversified, closed-end management investment company. The Fund was known as Debt Strategies Fund II, Inc. prior to November 2, 2000 and Debt Strategies Fund, Inc. prior to September 14, 2006. The Fund's principal office is located at 100 Bellevue Parkway, Wilmington, Delaware 19809, and its telephone number is (800) 882-0052.

2. Investment Objectives and Principal Investment Policies:

Investment Objectives. The Fund's primary investment objective is to seek to provide current income by investing primarily in a diversified portfolio of U.S. companies' debt instruments, including Corporate Loans (as defined below), which are rated in the lower rating categories of the established rating services (Baa or lower by Moody's or BBB or lower by Standard & Poor's) or unrated debt instruments which are in the judgment of the Investment Advisor of equivalent quality. Such investments generally involve greater volatility of price and risks to principal and income than securities in the higher rating categories. As a secondary objective, the Fund will seek to provide capital appreciation. The Fund's investment objectives are fundamental policies and may not be changed without the approval of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act). There can be no assurance that the investment objectives of the Fund will be realized.

Debt Instruments. Under normal market conditions, at least 80% of the Fund's total assets will be invested in debt instruments. The Fund may invest directly in debt instruments or synthetically through the use of derivatives. The Fund has no restrictions on portfolio maturity or duration of the debt securities in which it may invest.

The Fund's investment policies permit investment in the following asset classes which are described in greater detail below: (i) senior and subordinated corporate loans, both secured and unsecured ("Corporate Loans"), issued either directly by the borrower or in the form of participation interests in Corporate Loans made by banks and other financial institutions; (ii) publicly offered and privately placed high-yield debt securities, senior and subordinated, both secured and unsecured; and (iii) convertible debt instruments and preferred stock, each of which may be converted into common stock or other securities of the same or a different issuer, and nonconvertible preferred stock. The debt securities and Corporate Loans in which the Fund invests may pay interest at fixed rates or at rates that float at a margin above a generally recognized base lending rate such as the prime rate of a designated U.S. bank, or that adjust periodically at a margin above the CD rate or LIBOR.

In connection with its investments in corporate debt securities, or restructuring of investments owned by the Fund, the Fund may receive warrants or other non-income producing debt or equity securities. The Fund may retain such securities until the Investment Advisor determines it is appropriate in light of current market conditions to effect a disposition of such securities.

The Fund will not invest in Corporate Loans that would require the Fund to make any additional investments in connection with its obligation to make future advances to a borrower in connection with revolving credit facilities if such commitments would exceed 20% of the Fund's total assets or would cause the Fund to fail to meet the diversification requirements described herein.

High Yield Securities ("Junk Bonds") . The Fund may invest in high-yield corporate debt securities, including Corporate Loans, which are rated in the lower rating categories of the established rating services (Baa or lower by Moody's and BBB or lower by Standard & Poor's), or in unrated securities considered by the Investment Advisor to be of comparable quality. Securities rated below Baa by Moody's or below BBB by Standard & Poor's, and unrated securities of comparable quality, are commonly known as "junk bonds." See Appendix—" Ratings of Investments " for additional information concerning rating categories. Securities which subsequently are downgraded may continue to be held by the Fund and will be sold only if, in the judgment of the Investment Advisor, it is advantageous to do so.

Distressed Securities. Up to 20% of the Fund's total assets may be invested in Distressed Securities (defined below), which includes publicly offered or privately placed debt securities and Corporate Loans which, at the time of investment, are the subject of bankruptcy proceedings or otherwise in default as to the repayment of principal and/or payment of interest or are rated in the lowest rating categories (Ca or lower by Moody's and CC or lower by Standard & Poor's) or which, if unrated, are in the judgment of the Investment Advisor of equivalent quality ("Distressed

Securities"). Although the Fund will invest primarily in lower-rated securities, other than with respect to Distressed Securities (which are discussed below) it will not invest in securities in the lowest rating categories (Ca or below by Moody's and CC or below by Standard & Poor's) unless the Investment Advisor believes that the financial condition of the issuer or the protection afforded to the particular securities is stronger than would otherwise be indicated by such low ratings. Securities which subsequently are downgraded may continue to be held by the Fund and will be sold only if, in the judgment of the Investment Advisor, it is advantageous to do so.

Non-U.S. Securities. Up to 20% of the Fund's total assets may be invested in financial instruments of issuers domiciled outside the United States or that are denominated in various foreign currencies and multinational foreign currency units, provided that the foreign issuers of any non-U.S. dollar denominated instruments purchased by the Fund are domiciled in a country that is a member of the OECD.

Convertible Securities and Preferred Stock. Up to 20% of the Fund's total assets can be invested in convertible debt instruments and preferred stock, each of which may be converted into common stock or other securities of the same or a different issuer, and non-convertible preferred stock. The types of preferred securities in which the Fund may invest include trust preferred securities.

As a result of conversions of convertible securities or upon an exchange offer or bankruptcy plan of reorganization, a significant portion of the Fund's total assets may be invested in common stock at certain points in time.

Strategic Transactions. The Fund may engage in various portfolio strategies to seek to increase its return and to hedge its portfolio against movements in interest rates or foreign currencies through the use of interest rate or foreign currency swap transactions, the purchase of call and put options on securities, the sale of covered call and put options on its portfolio securities and transactions in financial futures and related options on such futures. There can be no assurance that the Fund will employ these strategies or that, if employed, they will be effective.

Short Sales. The Fund may make short sales of securities, provided that the market value of all securities sold short does not exceed 10% of its total assets. The Fund may make short sales both as a form of hedging to offset potential declines in long positions in similar securities and in order to seek to enhance return. The Fund's obligation to replace the borrowed security will be secured by collateral deposited with the broker dealer, usually cash, U.S. government securities or other liquid securities similar to those borrowed. The Fund also will be required to segregate similar collateral with its custodian or designate such collateral on its books and records to the extent, if any, necessary so that the value of both collateral amounts in the aggregate is at all times equal to at least 100% of the current market value of the security sold short. The Fund also may make short sales "against the box." Short sales "against the box" are not subject to the foregoing 10% limitation.

Other Investment Companies. Subject to other investment restrictions applicable to the Fund, up to 10% of the Fund's assets may be invested in debt instruments, including Corporate Loans, of investment companies (which may or may not be registered under the 1940 Act) whose portfolio securities consist entirely of (i) corporate debt or equity securities acceptable to the Fund's investment Advisor or (ii) money market instruments.

Illiquid Securities. The Fund has no limitation on the amount of its investments that are not readily marketable or are subject to restrictions on resale.

1940 Act and Tax Diversification Requirements. The Fund is classified as diversified within the meaning of the 1940 Act, which means that it is must satisfy the 5% and 10% requirements described in item (ii) below with respect to 75% of its total assets. The Fund's investments will be limited so as to qualify the Fund as a "regulated investment company" for purposes of Federal tax laws. Requirements for qualification as a "regulated investment company" include limiting its investments so that, at the close of each quarter of the taxable year, (i) not more than 25% of the market value of the Fund's total assets will be invested in (A) the securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies), (B) the securities of two or more issuers (other than securities of other regulated investment companies) controlled by the Fund and engaged in the same, similar or related trades or businesses, or (C) the securities of one or more qualified publicly traded partnerships, and (ii) with respect to 50% of the market value of its total assets, not more than 5% of the market value of its total assets will be invested in the securities of a single issuer and the Fund will not own more than 10% of the outstanding voting securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies). Tax-related limitations may be changed by the Board to the extent appropriate in light of changes to applicable tax requirements.

Other Investment Policies.

Leverage. The Fund currently utilizes leverage for investment purposes in the form of a bank credit facility. As of February 29, 2016 , this leverage represented approximately 21.0 % of the Fund's Managed Assets (which includes the amount obtained from such borrowings or debt issuance) (approximately 27% of the Fund's net assets). The Fund generally will not utilize leverage if it anticipates that the Fund's leveraged capital structure would result in a lower return to common stockholders than that obtainable if the common stock were unleveraged for any significant amount of time. At times, the Fund could utilize leverage through borrowings, including the issuance of short term debt securities, the issuance of shares of preferred stock or a combination thereof. The Fund has the ability to utilize leverage through borrowings or the issuance of short term debt securities in an amount up to 33 1/3% of the value of its Managed Assets (which includes the amount obtained from such borrowings or debt issuance). The Fund also has the ability to utilize leverage through the issuance of shares of preferred stock in an amount up to 50% of the value of its Managed Assets (which includes the amount obtained from such issuance). The Fund may also utilize leverage through the use of reverse repurchase agreements.

The Fund may also borrow money as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions which may otherwise require untimely dispositions of Fund securities. The Fund at times may borrow from affiliates of the Investment Advisor, provided that the terms of such borrowings are no less favorable than those available from comparable sources of funds in the marketplace.

There can be no assurance that the Fund will borrow in order to leverage its assets or, if it does, what percentage of the Fund's assets such borrowings will represent. The Fund does not currently anticipate issuing any preferred stock.

Interest Rate Transactions. In order to seek to hedge the value of the Fund's portfolio against interest rate fluctuations or to seek to enhance the Fund's income, the Fund may enter into various interest rate transactions, such as interest rate swaps and the purchase or sale of interest rate caps and floors. The Fund may enter into these transactions to seek to preserve a return or spread on a particular investment or portion of its portfolio or to seek to protect against any increase in the price of securities the Fund anticipates purchasing at a later date. The Fund may also invest in interest rate swaps to seek to enhance income or increase the Fund’s yield, for example, during periods of steep interest rate yield curves (i.e., wide differences between short term and long term interest rates).

The Fund may also engage in interest rate transactions in the form of purchasing or selling interest rate caps or floors. The Fund will not enter into caps or floors if, on a net basis, the aggregate notional principal amount with respect to such agreements exceeds the net assets of the Fund. The Fund will only enter into interest rate swap, cap or floor transactions with counterparties the Investment Advisor believes to be creditworthy at the time they enter into such transactions.

The Fund is not required to pursue these portfolio strategies and may choose not to do so. The Fund cannot guarantee that any strategies it uses will work.

Foreign Currency Swaps. The Fund may enter into foreign currency swaps in order to hedge non-U.S. dollar denominated portfolio investments. The Fund will generally enter into a transaction subject to a foreign currency swap only if, at the time of entering into such swap, the outstanding debt obligations of the counterparty are investment grade; i.e., rated BBB or A-3 or higher by Standard & Poor’s, Baa or B3 or higher by Moody’s, BBB or F4 or higher by Fitch, Inc., or are determined to be of comparable quality in the judgment of the Investment Advisor.

Options on Portfolio Securities.

Call Options. The Fund may purchase call options on any of the types of securities or instruments in which it may invest. The Fund also is authorized to write (i.e., sell) covered call options on the securities in which it may invest and to enter into closing purchase transactions with respect to certain of such options. The Fund may also purchase and sell call options on indices.

Put Options. The Fund is authorized to purchase put options to seek to hedge against a decline in the value of its securities. The Fund also has authority to write (i.e., sell) put options on the types of securities or instruments that may be held by the Fund, provided that such put options are covered, meaning that such options are secured by designating liquid assets segregated by the Fund’s custodian or earmarked on the Fund’s books and records. The Fund will not sell puts if, as a result, more than 50% of the Fund’s assets would be required to cover its potential obligations under its hedging and other investment transactions. The Fund may purchase and sell put options on indices.

Financial Futures and Options Thereon. The Fund is authorized to engage in transactions in financial futures contracts ("futures contracts") and related options on such futures contracts either as a hedge against adverse changes in the market value of its portfolio securities and interest rates or to seek to enhance the Fund’s income. The Fund also has authority to purchase and write call and put options on futures contracts.

The Fund may engage in options and futures transactions on exchanges and options in the over-the-counter markets ("OTC O ptions").

The Fund will engage in transactions in OTC options only with banks or dealers the Investment Advisor believes to be creditworthy at the time they enter into such transactions.

The Fund intends to enter into options and futures transactions, on an exchange or in the over-the-counter market, only if there appears to be a liquid secondary market for such options and futures.

The Commodity Futures Trading Commission ("CFTC") subjects advisers to registered investment companies to regulation by the CFTC if a fund that is advised by the investment adviser either (i) invests, directly or indirectly, more than a prescribed level of its liquidation value in CFTC-regulated futures, options and swaps ("CFTC Derivatives"), or (ii) markets itself as providing investment exposure to such instruments. To the extent the Fund uses CFTC Derivatives , it intends to do so below such prescribed levels and will not market itself as a "commodity pool" or a vehicle for trading such instruments. Accordingly, the Investment Advisor has claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act ("CEA") pursuant to Rule 4.5 under the CEA. The Investment Advisor is not, therefore, subject to registration or regulation as a "commodity pool operator" under the CEA in respect of the Fund.

Other Investment Strategies. The Fund will only enter into repurchase agreements with registered securities dealers or domestic banks that, in the opinion of the Investment Advisor, present minimal credit risk. The Fund may enter into reverse repurchase agreements, or purchase securities on a "when-issued" basis or purchase or sell securities on a "forward commitment" basis in order to hedge against anticipated changes in interest rates and prices. When-issued securities and forward commitments may be sold prior to the settlement date, but the Fund will generally enter into when-issued and forward commitments only with the intention of actually receiving or delivering the securities, as the case may be. The Fund may sell or enter into when-issued and forward commitments when the Investment Advisor determines it is appropriate in light of current market conditions.

Securities Lending . The Fund may from time to time lend securities from its portfolio, with a value not exceeding 33 1/3% of its total assets, to banks, brokers and other financial institutions and receive collateral in cash or securities issued or guaranteed by the U.S. government, its agencies or instrumentalities which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities.

Temporary Defensive Strategies. Under unusual market or economic conditions or for temporary or defensive purposes, the Fund may invest up to 100% of its assets in securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, certificates of deposit, banker s' acceptances and other bank obligations, commercial paper rated in the highest category by a nationally recognized statistical rating organization or other fixed-income securities deemed by the Investment Advisor to be consistent with a defensive posture. The yield on such securities may be lower than the yield on lower-rated fixed income securities.

Investment Process

In selecting debt instruments and other securities for the Fund, BlackRock will seek to identify issuers and industries that BlackRock believes are likely to experience stable or improving financial conditions. BlackRock's analysis will include:

- credit research on the issuers' financial strength;
- assessment of the issuers' ability to meet principal and interest payments;
- general industry trends;
- the issuers' managerial strength;
- analysis of deal structure and covenants;
- changing financial conditions;
- borrowing requirements or debt maturity schedules; and
- the issuers' responsiveness to changes in business conditions and interest rates.

BlackRock will consider relative values among issuers based on anticipated cash flow, interest or dividend coverage, asset coverage and earnings prospects. Using these tools, BlackRock will seek to add consistent value and control performance volatility consistent with the Fund's investment objectives and policies. BlackRock believes this strategy should enhance the Fund's ability to achieve its investment objectives.

BlackRock's analysis continues on an ongoing basis for any debt instruments or other securities in which the Fund has invested. Although BlackRock uses due care in making such analysis, there can be no assurance that such analysis will reveal factors that may impair the value of the debt instruments.

Fundamental Investment Restrictions:

The following investment restrictions are considered fundamental by the Fund, which means that they may not be changed without the approval of the holders of a majority of the Fund's outstanding shares of common stock (which for this purpose and under the 1940 Act means the lesser of (i) 66 2/3% of the shares of common stock represented at a meeting at which more than 50% of the outstanding shares of common stock are represented, or (ii) more than 50% of the outstanding shares of common stock). Under the fundamental investment restrictions, the Fund may not:

(1) make any investment inconsistent with the Fund's classification as a diversified company under the 1940 Act;

(2) make investments for the purpose of exercising control or management;

(3) purchase or sell real estate, commodities or commodity contracts; provided that the Fund may invest in securities secured by real estate or interests therein or issued by companies that invest in real estate or interests therein, and the Fund may purchase and sell financial futures contracts and options thereon;

(4) issue senior securities or borrow money except as permitted by Section 18 of the 1940 Act

(5) underwrite securities of other issuers, except insofar as the Fund may be deemed an underwriter under the Securities Act in selling portfolio securities;

(6) make loans to other persons, except (i) to the extent that the Fund may be deemed to be making loans by purchasing Corporate Loans, as a Co-Lender or otherwise, and other debt securities and entering into repurchase agreements in accordance with its investment objectives, policies and limitations, and (ii) the Fund may lend its portfolio securities in an amount not in excess of 33 1/3% of its total assets, taken at market value, provided that such loans shall be made in accordance with the guidelines set forth herein;

(7) invest more than 25% of its total assets in the securities of issuers in any one industry; provided that this limitation shall not apply with respect to obligations issued or guaranteed by the U.S. Government or by its agencies or instrumentalities; and provided further that to the extent that the Fund invests in Corporate Loans the Fund may invest more than 25% and may invest up to 100% of its assets in securities of issuers in the industry group consisting of financial institutions and their holding companies, including commercial banks, thrift institutions, insurance companies and finance companies. For purposes of this restriction, the term "issuer" includes the Borrower, the Agent Bank and any Intermediate Participant (as defined herein).

As a fundamental investment policy, to the extent the Fund invests in Corporate Loans, the Fund will invest more than 25% and may invest up to 100% of its assets in securities of issuers in the industry group consisting of financial institutions and their holding companies, including commercial banks, thrift institutions, insurance companies and finance companies.

As a fundamental investment policy, the Fund will invest at all times a portion of its assets in Corporate Loans; thus, the Fund intends to have at all times more than 25% of its assets invested in securities of issuers in the industry group consisting of financial institutions and their holding companies, including commercial banks, thrift institutions, insurance companies and finance companies.

The Fund interprets its policies with respect to borrowing and lending to permit such activities as may be lawful for the Fund, to the full extent permitted by the 1940 Act or by exemption from the provisions therefrom pursuant to exemptive order of the SEC.

Non-Fundamental Investment Restrictions:

Any policies of the Fund not described as fundamental in this Prospectus may be changed by the Board of Directors without stockholder approval. Additional investment restrictions adopted by the Fund, which may be changed by the Board of Directors without stockholder approval, provide that the Fund:

(1) may not purchase securities of other investment companies, except to the extent that such purchases are permitted by applicable law;

(2) may not mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary in connection with borrowings mentioned in investment restriction (4) above or except as may be necessary in connection with transactions in financial futures contracts and options thereon; or

(3) may not purchase any securities on margin, except that the Fund may obtain such short term credit as may be necessary for the clearance of purchases and sales of portfolio securities (the deposit or payment by the Fund of initial or variation margin in connection with financial futures contracts and options thereon is not considered the purchase of a security on margin); and

(4) may make short sales of securities, except that the market value of all securities sold short may not exceed 10% of its total assets.

Percentage and Rating Limitations:

All percentage and ratings limitations on securities in which the Fund may invest apply at the time of making an investment and shall not be considered violated if an investment rating is subsequently downgraded to a rating that would have precluded the Fund's initial investment in such security. In the event that the Fund disposes of a portfolio security subsequent to its being downgraded, the Fund may experience a greater risk of loss than if such security had been sold prior to such downgrade.

All references to securities ratings by Moody's and S&P herein shall, unless otherwise indicated, include all securities within each such rating category (i.e., Ba1, Ba2 and Ba3 in the case of Moody's and BB+, BB and BB– in the case of S&P).

Subsidiary:

The Fund wholly owns DSU Subsidiary, LLC, a Delaware-domiciled entity (the "Subsidiary"). The Subsidiary enables the Fund to hold investments that are organized as an operating partnership and satisfy regulated investment company ("RIC") tax requirements. Income earned and gains realized on the investments held by the Subsidiary are taxable to the Subsidiary. The Fund may invest up to 25% of its total assets in the Subsidiary. The Subsidiary's assets are managed by the Investment Advisor and are subject to the same investment policies and restrictions that apply to the Fund.

The Subsidiary is organized as a Delaware limited liability company and taxed as a corporation for Federal income tax purposes. The Subsidiary’s limited liability company agreement provides that the business and affairs of the Subsidiary shall be managed by the Investment Advisor, as the manager of the Subsidiary within the meaning of the Delaware Limited Liability Company Act, subject to the supervision of the Board. The Investment Advisor does not receive separate compensation from the Subsidiary for providing investment management or administrative services. The Fund can remove the manager of the Subsidiary at any time. The Subsidiary does not make investments that Section 17 of the 1940 Act would prohibit the Fund or the Subsidiary from making. State Street Bank and Trust Company serves as the Subsidiary’s custodian.

Additional Information:

Additional information regarding the foregoing securities, instruments and investment techniques are included in "Portfolio Contents and Techniques" under Item 8 in Part II.

3.a. The risk factors associated with an investment in the Fund are set forth in "Risk Factors" under Item 8 in Part II. Due to the nature of the Fund's investment program, the Fund is particularly susceptible to the risks of fixed-income securities (such as interest rate risk and credit risk), high-yield and distressed securities, Corporate Loans, asset-backed securities, leveraging, illiquid securities, foreign investing, credit and other derivatives (such as options, credit default swaps and interest rate transactions), currency instruments and counterparty default.

3.b. The Fund currently utilizes leverage for investment purposes in the form of a bank credit facility. As of February 29, 2016 , this leverage represented approximately 21.0 % of the Fund's Managed Assets (approximately 27 % of the Fund's net assets).

Assuming the utilization of leverage by borrowings in the amount of approximately 21.0 % of the Fund's Managed Assets, and an annual interest rate of 0.99 % payable on such leverage based on market rates as of the date of this Prospectus, the annual return that the Fund's portfolio must experience (net of expenses) in order to cover such interest payments would be 0.21 %.

The following table is designed to illustrate the effect on the return to a holder of common stock of the leverage obtained by borrowings in the amount of approximately 21.0 % of the Fund's Managed Assets, assuming hypothetical annual returns on the Fund's portfolio of minus 10% to plus 10%. As the table shows, leverage generally increases the return to stockholders when portfolio return is positive and greater than the cost of leverage and decreases the return when portfolio return is negative or less than the cost of leverage. The figures appearing in the table are hypothetical and actual returns may be greater or less than those appearing in the table.

Assumed Portfolio Return (net of expenses)	(10)%	(5)%	0%	5%	10%
Corresponding Common Stock Return	(12.94) %	(6.60) %	(0.27) %	6.07 %	12.41 %

Common share total return is composed of two elements: the common share dividends paid by the Fund (the amount of which is largely determined by the net investment income of the Fund) and gains or losses on the value of the securities the Fund owns. As required by SEC rules, the table assumes that the Fund is more likely to suffer capital losses than to enjoy capital appreciation. For example, to assume a total return of 0% the Fund must assume that the interest it receives on its securities investments is entirely offset by losses in the value of those securities.

Additional information regarding the risks of the Fund's use of leverage is contained under "Item 8: Description of the Fund—Leverage" in Part II.

4. See Item 8.2, above, and Item 8 in Part II.

5. The following tables set forth the high and low market prices for shares of common stock of the Fund on the NYSE, for each full quarterly period within the Fund's two most recent fiscal years and each full quarter since the beginning of the Fund's current fiscal year, along with the NAV and discount or premium to NAV for each quotation.

	Market Price		Net Asset Value		Premium/(Discount) to Net Asset Value	
Period Ended	High	Low	High	Low	High	Low
May 31, 2016	$3.63	$3.36	$4.02	$3.82	(9.70)%	(12.04)%
February 29, 2016	$3.40	$3.14	$3.86	$3.74	(11.92)%	(16.04)%
November 30, 2015	$3.50	$3.31	$4.04	$3.96	(13.37)%	(16.41)%
August 31, 2015	$3.74	$3.38	$4.28	$4.07	(12.62)%	(16.95)%
May 31, 2015	$3.83	$3.71	$4.29	$4.25	(10.72)%	(12.71)%
February 28, 2015	$3.82	$3.56	$4.29	$4.15	(10.96)%	(14.22)%

November 30, 2014	$4.00	$3.62	$4.42	$4.24	(9.50)%	(14.62)%
August 31, 2014	$4.12	$3.90	$4.45	$4.38	(7.42)%	(10.96)%
May 31, 2014	$4.17	$4.04	$4.45	$4.43	(6.29)%	(8.80)%

As of June 16, 2016 the NAV per share of common stock of the Fund was $ 3.95 and the market price per common share was $ 3.52 , representing a discount to NAV of 10.89 %. Common stock of the Fund has historically traded at both a premium and discount to NAV.

See "Repurchase of Common Stock " under Item 8 in Part II for additional information.

6. Not applicable.

Item 9. Management

1. BlackRock Advisors, LLC acts as the investment adviser for the Fund. Pursuant to an investment management agreement between the Investment Advisor and the Fund (the "Investment Management Agreement"), the Fund pays the Investment Advisor a monthly fee at an annual rate of 0.55% of the Fund's average daily Managed Assets (36.8% of the Fund's net assets, assuming leverage of approximately 27.0% of the Fund's Managed Assets). Because the management fee is calculated on the basis of Managed Assets, which includes assets attributable to leverage, the fee paid to the Investment Advisor will be higher than if the Fund did not use leverage.

A discussion regarding the basis for the approval of the Investment Management Agreement by the Board is available in the Fund's Semi-Annual Report to shareholders for the period ended August 31, 2015 .

The Fund is managed by a team of investment professionals comprised of Mitchell Garfin , Managing Director at BlackRock, James E. Keenan, Managing Director at BlackRock and C. Adrian Marshall, Managing Director at BlackRock, each of whom is jointly and primarily responsible for the day-to-day management of the Fund's portfolio and the selection of its investments.

Portfolio Manager	Primary Role	Since	Title and Recent Biography
Mitchell Garfin	Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, which includes setting the Fund's overall investment strategy, overseeing the management of the Fund and/or selection of its investments.	2016	Managing Director of BlackRock since 2009; Director of BlackRock from 2005 to 2008.
James E. Keenan	Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, which includes setting the Fund's overall investment strategy, overseeing the management of the Fund and/or selection of its investments	2009	Managing Director of BlackRock since 2008 and Head of the Leveraged Finance Portfolio team.
C. Adrian Marshall, CFA	Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, which includes setting the Fund's overall investment strategy, overseeing the management of the Fund and/or selection of its investments.	2009	Managing Director of BlackRock since 2013; Director of BlackRock from 2007 to 2013.

I-21

Additional information regarding the Board, the Investment Advisor and the portfolio managers, including the portfolio managers' compensation, other accounts managed and ownership of Fund securities, is included under Item 21, below, and under Item 9, Item 18 and Item 21 in Part II.

State Street Bank and Trust Company provides certain administration and accounting services to the Fund pursuant to an Administrative Services Agreement (the "Administration Agreement"). State Street Bank and Trust Company is paid a monthly fee at an annual rate ranging from 0.0075% to 0.015% of the Fund's Managed Assets, along with an annual fixed fee ranging from $0 to $10,000 for the services it provides to the Fund.

Certain legal matters will be passed upon by Miles & Stockbridge P.C., which serves as special Maryland counsel to the Fund.

See "Other Service Providers" under Item 9 in Part II for additional information about State Street Bank and Trust Company, the Fund's other service providers and other matters relevant to the Fund's management.

2. Not applicable.

3. Not applicable.

Item 10. Capital Stock, Long-Term Debt and Other Securities

1. The Fund is authorized to issue 400,000,000 shares of capital stock, par value $0.10 per share, all of which shares currently are classified as common stock. The Fund intends to make regular monthly cash distributions of all or a portion of its net investment income to holders of the Fund's shares of common stock. The Fund reserves the right to change its distribution policy and the basis for establishing the rate of its monthly distributions at any time and may do so without prior notice to common shareholders. For additional information about the Fund's common stock, see Item 10 in Part II.

The Fund is party to a senior committed secured, 360-day rolling line of credit facility and a separate security agreement (the "SSB Agreement") with State Street Bank and Trust Company ("SSB"). The SSB Agreement allows for a maximum commitment amount of $405,000,000 for the Fund. At February 29, 2016 , the Fund had drawn $ 190,000,000 on the SSB credit facility. For the year ended February 29, 2016 , the Fund's weighted daily average interest rate under the SSB Agreement was 0.99 %. See "Item 10: Capital Stock, Long-Term Debt and Other Securities—Credit Facility" in Part II for additional information regarding the SSB Agreement.

The Fund does not have any preferred stock outstanding.

2. See Item 10.1, above, and Item 10 in Part II.

3. See Item 10.1, above, and Item 10 in Part II.

4. See "Tax Matters" under Item 10 in Part II.

5. Outstanding Securities, as of May 31 , 2016 :

Title of Class	Amount Authorized	Amount Held by Fund for its Account	Amount Outstanding (Exclusive of Amount Held by Fund for its Account)

Common Stock, par value $0.10	400,000,000	0	186,913,216

6. Not applicable.

Item 11. Defaults and Arrears on Senior Securities

Not applicable.

Item 12. Legal Proceedings

Not applicable.

Item 13. Table of Contents of Statement of Additional Information

Not applicable.

Item 14. Cover Page

Not applicable.

Item 15. Table of Contents

Not applicable.

Item 16. General Information and History

Not applicable.

Item 17. Investment Objective and Policies

1. See Item 8.2 and Item 8.3, above, and Item 8 in Part II.

2. See Item 8.2 and Item 8.3, above, and Item 8 in Part II.

3. See Item 8.2 and Item 8.3, above, and Item 8 in Part II.

4. Not applicable.

Item 18. Management

1. See Item 18 in Part II.

2. See Item 18 in Part II.

3. See Item 18 in Part II.

4. See Item 18 in Part II.

5. During the Fund's fiscal year ended February 29, 2016 , the Board and the Board's committees held the following meetings:

Board or Committee	Number of Meetings
Board (Regular Meetings)	6
Board (Special Meetings)	0

Audit Committee	12
Governance and Nominating Committee	4
Compliance Committee	4
Performance Oversight Committee	4
Leverage Committee *	5
Executive Committee	0

* The Leverage Committee was suspended effective March 1, 2016.

See Item 18 in Part II.

6. See Item 18 in Part II.

7. The Board of the Fund currently consists of eleven individuals, nine of whom are not "interested persons" of the Fund as defined in the 1940 Act (the "Independent Directors"). The registered investment companies advised by the Investment Advisor or its affiliates (the "BlackRock-Advised Funds") are organized into one complex of closed-end funds (the "Closed-End Complex"), two complexes of open-end funds (the "Equity-Liquidity Complex" and the "Equity-Bond Complex") and one complex of exchange-traded funds (the "Exchange-Traded Complex"; each such complex a "BlackRock Fund Complex"). The Fund is included in the Closed-End Complex. The Directors also oversee as Board members the operations of the other closed-end registered investment companies included in the Closed-End Complex.

Information relating to each Director's share ownership in the Fund and in the other funds in the BlackRock Fund Complexes that are overseen by the respective Director as of December 31, 2015 is set forth in the chart below:

Name of Director	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities and Share Equivalents Overseen by Directors in the Family of Registered Investment Companies *
Independent Directors		
Michael J. Castellano	$10,001 – $50,000	Over $100,000
Richard E. Cavanagh	$1 – $10,000	Over $100,000
Cynthia L. Egan**	None	$0
Frank J. Fabozzi	$1 – $10,000	Over $100,000
Jerrold B. Harris	$1 – $10,000	Over $100,000
R. Glenn Hubbard	$1 – $10,000	Over $100,000
W. Carl Kester	$1 – $10,000	Over $100,000
Catherine A. Lynch***	None	$0
Karen P. Robards	None	Over $100,000
Interested Directors		
Barbara G. Novick	None	Over $100,000
John Perlowski	None	Over $100,000

* The term "Family of Registered Investment Companies" refers to all registered investment companies advised by the Investment Advisor or an affiliate thereof. Includes share equivalents owned under the deferred compensation plan in the funds in the Family of Registered Investment Companies by certain Independent Directors who have participated in the deferred compensation plan of the funds in the Family of Registered Investment Companies.

** Ms. Cynthia L. Egan became a Director of the Fund on April 1, 2016. Information relating to her share ownership is provided as of the effective date of her appointment.

*** Ms. Catherine A. Lynch became a Director of the Fund on March 1, 2016. Information relating to her share ownership is provided as of the effective date of her appointment.

8. See Item 18 in Part II.

9. See Item 18 in Part II.

10. See Item 18 in Part II.

11. See Item 18 in Part II.

12. See Item 18 in Part II.

13. The following table sets forth the aggregate compensation, including deferred compensation amounts, paid to each Independent Director by the Fund during its most recently completed fiscal year and by the Closed-End Complex for the most recently completed calendar year. Mr. Perlowski and Ms. Novick serve without compensation from the Fund because of their affiliation with BlackRock, Inc. ("BlackRock") and the Investment Advisor. See Item 18 in Part II for additional information regarding director compensation.

Name	Aggregate Compensation from the Fund (Most Recently Completed Fiscal Year)	Aggregate Compensation from the Fund and other BlackRock-Advised Funds in the Closed-End Complex(1) (Most Recently Completed Calendar Year)
Independent Directors		
Michael J. Castellano	$6,888	$289,583(2)
Richard E. Cavanagh	$10,127	$423,125(2)
Cynthia L. Egan(3)	$0	$0(3)
Frank J. Fabozzi	$8,073	$338,750(2)
Jerrold B. Harris	$7,211	$298,125(2)
R. Glenn Hubbard	$6,775	$281,875(2)
W. Carl Kester	$7,472	$314,583(2)
Catherine A. Lynch(4)	$0	$0(4)
Karen P. Robards	$9,627	$402,083(2)

(1) Represents the aggregate compensation earned by such persons from the Closed-End Complex during the calendar year ended December 31, 2015 . Of this amount, Mr. Castellano, Mr. Cavanagh, Dr. Fabozzi, Mr. Harris, Dr. Hubbard, Dr. Kester and Ms. Robards deferred $85,125, $77,375, $15,313, $143,438, $136,563, $80,000 and $36,625 , respectively, pursuant to the Closed-End Complex's deferred compensation plan.

(2) Total amount of deferred compensation payable by the Closed-End Complex to Mr. Castellano, Mr. Cavanagh, Dr. Fabozzi, Mr. Harris, Dr. Hubbard, Dr. Kester and Ms. Robards is $386,304, $806,302, $625,512, $1,308,426, $1,356,666, $758,272 and $606,536 , respectively, as of December 31, 2015 .

(3) Ms. Cynthia L. Egan became a Director of the Fund on April 1, 2016. As of December 31, 2015, Ms. Egan did not participate in the deferred compensation plan.

(4) Ms. Catherine A. Lynch became a Director of the Fund on March 1, 2016. As of December 31, 2015, Ms. Lynch did not participate in the deferred compensation plan.

14. Not applicable.

15. See Item 18 in Part II.

16. See Item 18 in Part II.

17. See Item 18 in Part II.

Item 19. Control Persons and Principal Holders of Securities

1. Not applicable.

2. Unless otherwise indicated, the information set forth below is as of May 31, 2016 . To the Fund's knowledge, no person beneficially owned more than 5% of the Fund's outstanding shares of common stock, except as set forth

below.

Investor	Address	Common Shares Held†	Common Shares % Held†
Morgan Stanley(1)	1585 Broadway New York, NY 10036	15,756,228	8.40%
Morgan Stanley Smith Barney LLC(1)	1585 Broadway New York, NY 10036	–	–
Saba Capital Management, L.P.(2)	405 Lexington Avenue, 58th Floor New York, New York 10174	16,908,864	9.05%
Boaz R. Weinstein(2)	405 Lexington Avenue, 58th Floor New York, New York 10174	–	–

† The information contained in this table is based on Schedule 13D/13G filings made on or before May 31, 2016 .

(1) Morgan Stanley filed a Schedule 13G jointly with Morgan Stanley Smith Barney LLC. According to this Schedule 13G, these common shares include common shares being reported on by Morgan Stanley as a parent holding company and such common shares reported on by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by Morgan Stanley Smith Barney LLC.

(2) Saba Capital Management, L.P., Saba Capital Master Fund , Ltd., Saba Capital Master Fund II, Ltd., Saba Capital Leveraged Master Fund , Ltd., Saba Capital Series LLC Series 1, Saba Capital CEF Opportunities 1, Ltd. and Boaz R. Weinstein filed their Schedule 13G jointly and did not differentiate holdings as to each entity.

3. See Item 19 in Part II.

Item 20. Investment Advisory and Other Services

1. The table below sets forth information about the total advisory fees, net of any applicable fee waiver, paid by the Fund to the Investment Advisor for the last three fiscal years.

Year Ended February 28/29,		
2016	2015	2014
$5,592,427(1)(2)	$ 6,148,946(1)(2)	$4,514,185(1)(2)(3)

(1) The Investment Advisor voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Investment Advisor indirectly through its investment in affiliated money market funds. However, the Investment Advisor does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with the Fund's investment in other affiliated investment companies, if any. Pursuant to this arrangement, the figures in the table above reflect waivers by the Investment Advisor of its

fees in the amounts of $575, $1,063 and $2,122 for the years ended February 29, 2016 , February 28, 2015 and February 28, 2014, respectively.

(2) The Investment Advisor provides investment management and other services to the Subsidiary. The Investment Advisor does not receive separate compensation from the Subsidiary for providing investment management or administrative services. However, the Fund pays the Investment Advisor based on the Fund's net assets which includes the assets of the Subsidiary.

(3) Prior to December 9, 2013, the Fund's contractual management fee was at an annual rate of 0.60% of the Fund's average daily Managed Assets. In connection with the Fund's reorganizations with BlackRock Senior High Income Fund, Inc. and BlackRock Strategic Bond Trust, effective December 9, 2013, the Investment Advisor reduced its contractual management fee to an annual rate of 0.55% of the Fund's average daily Managed Assets as of December 9, 2013. The increase in the dollar amount of the advisory fee paid by the Fund is a result of the increase in the Fund's Managed Assets following these acquisitions.

The table below sets forth information about the total sub-advisory fees paid by the Investment Advisor to BlackRock Financial Management, Inc. for the last three fiscal years.

Year Ended February 28/29,		
2016(1)	2015(1)	2014
$0	$ 1,209,676	$1,416,088

(1) BlackRock Financial Management, Inc., the Investment Advisor's affiliate, served as the Fund's investment sub-adviser until July 1, 2014, when the Sub-Advisory agreement between the Investment Advisor and BlackRock Financial Management, Inc. expired.

See Item 9.1, above, and Item 9 and Item 20 in Part II for additional information regarding the Investment Advisor.

2. See Item 9.1, above, and Item 9 and Item 20 in Part II.

3. Not applicable.

4. State Street Bank and Trust Company provides certain administration and accounting services to the Fund pursuant to the Administration Agreement. The table below shows the amounts paid by the Fund to State Street Bank and Trust Company for such services for the last three fiscal years:

Year Ended February 28/29,		
2016	2015	2014
$130,216	$ 143,839	$89,692

See Item 9.1, above, and Item 9 in Part II for additional information regarding the Administration Agreement.

5. Not applicable.

6. See Item 9 in Part II.

7. See Item 9 in Part II.

8. Not applicable.

Item 21: Portfolio Managers

1. The following table sets forth information about funds and accounts other than the Fund for which the portfolio managers are primarily responsible for the day-to-day portfolio management as of February 29, 2016, except for Mr. Garfin's information, which is provided as of March 31, 2016.

Number of Other Accounts Managed and Assets by Account Type	Number of Other Accounts and Assets for Which Advisory Fee is