MAGELLAN HEALTH INC
Form 4
December 12, 2016

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
BROSHY ERAN

(Last) (First) (Middle)

55 NOD ROAD

(Street)

AVON, CT 06001

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MAGELLAN HEALTH INC [MGLN]

3. Date of Earliest Transaction (Month/Day/Year)
12/08/2016

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Ordinary Common Stock, $0.01 par value	12/08/2016		S (1)		2,433	D	$ 75	12,827	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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

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

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BROSHY ERAN 55 NOD ROAD AVON, CT 06001	X			

Signatures

/s/ Eran Broshy	12/12/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This transaction was effectuated pursuant to a Rule 10b-5-1 Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. olid #000000; BORDER-BOTTOM:1px solid #000000"> **Non-cash Collateral Pledged[2] Cash Collateral Pledged Net Amount of Derivative Liabilities[3]**

Bank of America N.A.

$120,561 $120,561

Citibank N.A.

425,025 425,025

Credit Suisse International				
198,522				198,522
Deutsche Bank AG				
215,552	$(88,862)	$(100,000)	26,690	
Goldman Sachs International				
513,773				513,773
Morgan Stanley & Co. International PLC				
934,058	(934,058)			
UBS AG				
880,268	(880,268)			
Total				
$3,287,759	$(1,903,188)	$(100,000)	1,284,571	

BDJ

Counterparty	**Derivative Liabilities Subject to an MNA by Counterparty**	**Derivatives Available for Offset**	**Non-cash Collateral Pledged[2]**	**Cash Collateral Pledged**	**Net Amount of Derivative Liabilities[3]**
Bank of America N.A.	$71,607				$71,607
Citibank N.A.	2,571,972		$(2,471,972)	$(100,000)	
Credit Suisse International					

1,214,546	(1,214,546)		
Deutsche Bank AG			
412,644	(412,644)		
Goldman Sachs International			
1,083,080	(1,083,080)		
Morgan Stanley & Co. International PLC			
1,314,351	(1,314,351)		
UBS AG			
262,464			262,464
Total			
$6,930,664	$(6,496,593)	$(100,000)	$334,071

[1] The amount of derivatives available for offset is limited to the amount of derivative assets and/or liabilities that are subject to an MNA.

[2] Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

[3] Net amount represents the net amount payable due to the counterparty in the event of default. Net Amount may be offset further by the net options written receivable/payable on the Statement of Assets and Liabilities.

Notes to Financial Statements (continued)

BOE

Counterparty	Derivative Liabilities Subject to an MNA by Counterparty	Derivatives Available for Offset	Non-cash Collateral Pledged[1]	Cash Collateral Pledged	Net Amount of Derivative Liabilities[2]
Bank of America N.A.	$ 593,226		$ (156,600)		$ 436,626
Barclays Bank PLC	499,450				499,450
BNP Paribas S.A.	4,569				4,569
Citibank N.A.	567,533		(567,533)		
Credit Suisse International	398,707		(398,707)		
Deutsche Bank AG	2,138,983		(2,138,983)		
Goldman Sachs International	1,627,617		(512,093)		1,115,524
Morgan Stanley & Co. International PLC	1,694,258		(1,443,053)		251,205
UBS AG	1,825,214		(1,493,982)		331,232
Total	$ 9,349,557		$ (6,710,951)		$ 2,638,606

BME

Counterparty	Derivative Liabilities Subject to an MNA by Counterparty	Derivatives Available for Offset	Non-cash Collateral Pledged[1]	Cash Collateral Pledged	Net Amount of Derivative Liabilities[2]
Bank of America N.A.	$ 80,918				$ 80,918
Citibank N.A.	93,539				93,539
Credit Suisse International	3				3
Deutsche Bank AG	51,082				51,082
Goldman Sachs International	307,040				307,040
Morgan Stanley & Co. International PLC	107,185		$ (107,185)		
UBS AG	355,644				355,644
Total	$ 995,411		$ (107,185)		$ 888,226

BGY

Counterparty	Derivative Liabilities Subject to an MNA by Counterparty	Derivatives Available for Offset	Non-cash Collateral Pledged[1]	Cash Collateral Pledged[1]	Net Amount of Derivative Liabilities[2]
Bank of America N.A.	$ 643,128			$ (83,000)	$ 560,128
Barclays Bank PLC	404,721				404,721
BNP Paribas S.A.	25,610				25,610
Citibank N.A.	476,872		$ (476,872)		
Credit Suisse International	54,077				54,077
Deutsche Bank AG	1,923,519			(867,000)	1,056,519
Goldman Sachs International	3,901,259			(1,920,000)	1,981,259
Morgan Stanley & Co. International PLC	3,269,217		(1,070,180)	(810,184)	1,388,853
UBS AG	2,439,484			(978,000)	1,461,484
Total	$ 13,137,887		$ (1,547,052)	$ (4,658,184)	$ 6,932,651

BCF

Counterparty	Derivative Liabilities Subject to an MNA by Counterparty	Derivatives Available for Offset	Non-cash Collateral Pledged[1]	Cash Collateral Pledged	Net Amount of Derivative Liabilities[2]
Bank of America N.A.	$ 105,998				$ 105,998
Citibank N.A.	227,796				227,796

Credit Suisse International	258,945	$ (258,945)	
Deutsche Bank AG	407,318	(407,318)	
Goldman Sachs International	182,055	(182,055)	
Morgan Stanley & Co. International PLC	536,008	(481,845)	54,163
UBS AG	305,098	(305,098)	
Total	$ 2,023,218	$ (1,635,261)	$ 387,957

[1] Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

[2] Net amount represents the net amount payable due to the counterparty in the event of default. Net Amount may be offset further by the net options written receivable/ payable on the Statement of Assets and Liabilities.

Notes to Financial Statements (continued)

BCX

Counterparty	Derivative Liabilities Subject to an MNA by Counterparty	Derivatives Available for Offset	Non-cash Collateral Pledged[1]	Cash Collateral Pledged	Net Amount of Derivative Liabilities[2]
Bank of America N.A.	$ 6,048				$ 6,048
Citibank N.A.	250,119		$ (250,119)		
Credit Suisse International	145,204				145,204
Deutsche Bank AG	200,990		(200,990)		
Goldman Sachs International	344,712		(39,628)		305,084
Morgan Stanley & Co. International PLC	323,728		(323,728)		
UBS AG	232,016		(121,371)		110,645
Total	$ 1,502,817		$ (935,836)		$ 566,981

BUI

Counterparty	Derivative Liabilities Subject to an MNA by Counterparty	Derivatives Available for Offset	Non-cash Collateral Pledged[1]	Cash Collateral Pledged	Net Amount of Derivative Liabilities[2]
Bank of America N.A.	$ 139,322				$ 139,322
Citibank N.A.	460,885		$ (460,885)		
Credit Suisse International	286,612				286,612
Deutsche Bank AG	205,691		(205,691)		
Goldman Sachs International	565,358		(565,358)		
Morgan Stanley & Co. International PLC	673,102		(673,102)		
UBS AG	422,476		(422,476)		
Total	$ 2,753,446		$ (2,327,512)		$ 425,934

1 Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

2 Net amount represents the net amount payable due to the counterparty in the event of default. Net Amount may be offset further by the net options written receivable/ payable on the Statement of Assets and Liabilities.

5. Investment Advisory Agreement and Other Transactions with Affiliates:

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

Each Trust entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Trusts investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Trust s portfolio and provides the necessary personnel, facilities, equipment and certain other services to the operations of each Trust. For such services, each Trust pays the Manager a monthly fee at the following annual rates:

Average weekly value of each Trust s net assets:	
BQY	0.75%
BGR	1.20%
BDJ	0.81%
BOE	1.00%
BME	1.00%
BCF	1.20%
Average daily value of each Trust s net assets:	

BQR	1.20%
CII	0.85%
BGY	1.00%
BCX	1.20%
BUI	1.00%

Prior to September 29, 2014, the Manager had agreed to waive 0.05% of the investment advisory fees on BCF as a percentage of their average weekly net assets. Effective September 30, 2014, this waiver expired.

The Manager has agreed to waive a portion of the investment advisory fees on BCX as a percentage of its average daily net assets as follows:

		Expiration Date
BCX	0.20%	October 31, 2015
	0.15%	October 31, 2016
	0.10%	October 31, 2017
	0.05%	October 31, 2018

Notes to Financial Statements (continued)

The Manager has voluntarily agreed to waive a portion of the investment advisory fees on BQR and BGY as a percentage of their average daily net assets as follows:

BQR	0.05%
BGY	0.05%

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

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Trust pays to the Manager indirectly through its investment in affiliated money market funds. However, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with each Trust s investment in other affiliated investment companies, if any. These amounts are included in fees waived by Manager in the Statements of Operations. For the year ended October 31, 2014, the amounts waived were as follows:

BQY	$ 2,560
BQR	$ 4,108
BGR	$ 25,351
CII	$ 10,357
BDJ	$ 30,697
BOE	$ 18,678
BME	$ 4,244
BGY	$ 20,721
BCF	$ 15,442
BCX	$ 18,128
BUI	$ 6,623

The Manager entered into separate sub-advisory agreements with BlackRock International Limited (BIL), an affiliate of the Manager, to serve as sub-advisor for BQR, BGR, BCF and BCX. The Manager pays BIL for services it provides to a Trust, a monthly fee that is a percentage of the investment advisory fees paid by the Trust to the Manager. Prior to July 1, 2014, the Manager entered into separate sub-advisory agreements with BlackRock Financial Management, Inc. (BFM) for BQY, BGR, CII, BDJ and BUI, BlackRock Investment Management, LLC (BIM) for BQR, CII, BCF and BUI and BlackRock Capital Management, Inc. (BCM) for BGY, BCF and BCX, each an affiliate of the Manager. Each sub-advisor received for services it provides to a Trust a monthly fee from the Manager at an annual rate equal to a percentage of the investment advisory fees paid by the Trust to the Manager. Effective July 1, 2014, each sub-advisory agreement between the Manager and BFM, BIM and BCM, with respect to each Trust, expired.

The U.S. Securities and Exchange Commission has issued an exemptive order which permits BIM, an affiliate of the Manager, to serve as securities lending agent for the Trusts, subject to applicable conditions. As securities lending agent, BIM bears all operational costs directly related to securities lending. The Trusts are responsible for expenses in connection with the investment of cash collateral received for securities on loan (the collateral investment expenses). The cash collateral is invested in a private investment company managed by the Manager or its affiliates. However, BIM has agreed to cap the collateral investment expenses of the private investment company to an annual rate of 0.04%. The investment advisor to the private investment company will not charge any advisory fees with respect to shares purchased by the Trusts.

Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment expenses. Each Trust retains a portion of securities lending income and remits a remaining portion to BIM as compensation for its services as securities lending agent. Pursuant to a securities lending agreement effective February 1, 2014, BIM may lend securities only when the difference between the borrower rebate rate and the risk free rate exceeds a certain level (such securities, the specials only securities).

Pursuant to such agreement, each Trust retains 80% of securities lending income. In addition, commencing the business day following the date that the aggregate securities lending income earned across the Closed-End Complex in a calendar year exceeds the breakpoint dollar threshold applicable in the given year as set forth in the securities lending agreement, each Trust, pursuant to the securities lending agreement, will retain for the remainder

Notes to Financial Statements (continued)

of the calendar year securities lending income in an amount equal to 85% of securities lending income. Prior to February 1, 2014, each Trust retained 65% of securities lending income and paid a fee to BIM equal to 35% of such income.

The share of securities lending income earned by each Trust is shown as securities lending affiliated net in the Statements of Operations. For the year ended October 31, 2014, each Trust paid BIM the following amounts for securities lending agent services:

BQY	$ 4
BQR	$ 374
BGR	$ 4,161
CII	$ 11
BDJ	$ 131
BOE	$ 27,521
BME	$ 2,059
BGY	$ 36,611
BCF	$ 116
BCX	$ 8,311
BUI	$ 137

Certain Trusts recorded payments from an affiliate to compensate for foregone securities lending revenue which is included in other income affiliated in the Statements of Operations as follows:

BQY	$ 1,802
BQR	$ 3,778
BGR	$ 7,901
CII	$ 843
BDJ	$ 7,663
BOE	$ 7,530
BME	$ 2,267
BGY	$ 7,166
BCF	$ 3,498
BCX	$ 21,128
BUI	$ 3,288

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

The Trusts may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is due solely to having a common investment advisor, common officers, or common trustees. For the year ended October 31, 2014, the purchase and sale transactions with an affiliated fund in compliance with Rule 17a-7 under the 1940 Act were as follows:

	Purchases	**Sales**
BQY	$ 170,827	
BGR		$ 9,890,273
BDJ	$ 2,962,425	
BOE	$ 396,740	$ 106,334
BME	$ 1,018,711	$ 1,771,780
BGY	$ 339,380	$ 91,731

Notes to Financial Statements (continued)

6. Purchases and Sales:

For the year ended October 31, 2014, purchases and sales of investments, excluding short-term securities, were as follows:

	Purchases	Sales
BQY	$ 38,195,808	$ 39,396,940
BQR	$ 78,048,787	$ 83,585,763
BGR	$ 678,142,072	$ 750,904,871
CII	$ 545,049,173	$ 543,509,725
BDJ	$ 1,013,050,673	$ 1,108,074,495
BOE	$ 1,701,572,911	$ 1,747,454,107
BME	$ 208,547,829	$ 235,635,840
BGY	$ 1,835,852,799	$ 1,875,535,469
BCF	$ 431,639,573	$ 470,250,678
BCX	$ 380,154,767	$ 405,092,035
BUI	$ 147,508,423	$ 160,278,302

7. Income Tax Information:

It is the Trusts policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of their taxable income to their shareholders. Therefore, no federal income tax provision is required.

The Trusts file U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Trust s U.S. federal tax returns remains open for each of the four years ended October 31, 2014 with the exception of BCX and BUI. The statutes of limitations on BCX s U.S. federal tax returns remains open for the three years ended October 31, 2014 and the period ended October 31, 2011. The statutes of limitations on BUI s U.S. federal tax returns remains open for the two years ended October 31, 2014 and the period ended October 31, 2012. The statute of limitations on each Trust s state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Trusts facts and circumstances and does not believe that there are any uncertain tax positions that require recognition of a tax liability.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of October 31, 2014, the following permanent differences attributable to foreign currency transactions, the sale of stock of passive foreign investment companies, net operating losses, non-deductible expenses, income recognized from investments in partnerships, distributions paid in excess of taxable income and the accounting for real estate investment trusts were reclassified to the following accounts:

	BQY	BQR	BGR	CII	BDJ	BOE
Paid-in capital	$ (215,813)	$ (248,587)				$ (19,478,198)
Undistributed (distributions in excess of) net investment income	$ 138,560	$ (13,518)	$ 20,055,814	$ 2,226,609	$ (275,751)	$ 19,844,084
Accumulated net realized gain (loss)	$ 77,253	$ 262,105	$ (20,055,814)	$ (2,226,609)	$ 275,751	$ (365,886)

	BME	BGY	BCF	BCX	BUI
Paid-in capital		$ (8,305,169)	$ (400,860)	$ (5,784)	
Undistributed (distributions in excess of) net investment income	$ 443,414	$ 9,265,126	$ 3,499,134	$ 7,636,492	$ (246,768)
Accumulated net realized gain (loss)	$ (443,414)	$ (959,957)	$ (3,098,274)	$ (7,630,708)	$ 246,768

Notes to Financial Statements (continued)

The tax character of distributions paid were as follows:

	BQY	BQR	BGR	CII	BDJ	BOE
Ordinary income						
10/31/14	$ 2,384,891	$ 788,584	$ 44,116,137	$ 28,519,674	$ 29,340,373	$ 30,973,920
10/31/13	$ 4,042,418	$ 1,031,216	$ 13,788,843	$ 13,908,365	$ 68,370,120	$ 74,620,843
Long-term capital gains						
10/31/14	3,151,340		82,539,116			
10/31/13	1,628,628		34,432,429		32,140,223	
Return of capital						
10/31/14	14,758	8,480,844		28,838,146	79,569,763	62,866,563
10/31/13		7,977,500		39,037,315		11,996,866
Total						
10/31/14	$ 5,550,989	$ 9,269,428	$ 126,655,253	$ 57,357,820	$ 108,910,136	$ 93,840,483
10/31/13	$ 5,671,046	$ 9,008,716	$ 48,221,272	$ 52,945,680	$ 100,510,343	$ 86,617,709

	BME	BGY	BCF	BCX	BUI
Ordinary income					
10/31/14	$ 16,767,193	$ 22,280,887	$ 6,486,515	$ 14,352,994	$ 8,735,252
10/31/13	$ 6,308,117	$ 18,226,947	$ 6,692,838	$ 6,452,839	$ 14,081,651
Long-term capital gains					
10/31/14	13,009,161				6,241,040
10/31/13	12,125,678				1,801,216
Return of capital					
10/31/14		57,741,812	30,161,558	32,315,467	11,593,002
10/31/13		55,619,854	43,962,688	47,574,521	8,632,231
Total					
10/31/14	$ 29,776,354	$ 80,022,699	$ 36,648,073	$ 46,668,461	$ 26,569,294
10/31/13	$ 18,433,795	$ 73,846,801	$ 50,655,526	$ 54,027,360	$ 24,515,098

As of October 31, 2014, the tax components of accumulated net earnings (losses) were as follows:

	BQY	BQR	BGR	CII	BDJ	BOE
Undistributed ordinary income			$ 18,470,929			
Undistributed long-term capital gains			21,497,236			
Capital loss carryforwards		$ (53,050,054)		$ (78,562,097)	$ (129,782,134)	$ (90,849,445)
Net unrealized gains (losses)[1]	$ 5,206,956	122,634	29,396,034	67,451,237	260,206,287	98,748,239
Total	$ 5,206,956	$ (52,927,420)	$ 69,364,199	$ (11,110,860)	$ 130,424,153	$ 7,898,794

	BME	BGY	BCF	BCX	BUI
Undistributed ordinary income	$ 10,142,119				
Undistributed long-term capital gains	10,918,686				
Capital loss carryforwards		$ (514,449,397)	$ (77,570,599)	$ (130,214,658)	
Net unrealized gains (losses)[1]	109,664,995	27,480,825	17,997,710	(21,011,490)	$ 79,976,488

Total	$ 130,725,800	$ (486,968,572)	$ (59,572,889)	$ (151,226,148)	$ 79,976,488

[1] The difference between book-basis and tax-basis net unrealized gains (losses) was attributable primarily to the tax deferral of losses on wash sales and straddles, the realization for tax purposes of unrealized gains/losses on certain foreign currency contracts, the realization for tax purposes of unrealized gains on investments in passive foreign investment companies, the timing and recognition of partnership income, the deferral of compensation to Trustees and the accounting for real estate investment trusts.

Notes to Financial Statements (continued)

As of October 31, 2013, the Trusts had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

Expires October 31,	BQR	CII	BDJ	BOE	BGY	BCF	BCX
2016		$ 2,664,939	$ 29,846,203	$ 52,701,404			
2017	$ 21,140,114	70,040,876	77,635,340	38,148,041	$ 458,843,935		
2018	9,080,494	2,615,197	8,526,748		55,605,462		
2019	1,795,201						
No expiration date[1]	21,034,245	3,241,085	13,773,843			$ 77,570,599	$ 130,214,658
Total	$ 53,050,054	$ 78,562,097	$ 129,782,134	$ 90,849,445	$ 514,449,397	$ 77,570,599	$ 130,214,658

[1] Must be utilized prior to losses subject to expiration.

During the year ended October 31, 2014, the Funds listed below utilized the following amounts of their respective capital loss carryforward:

CII	$ 9,312,099
BOE	$ 19,478,198
BGY	$ 28,762,210

As of October 31, 2014, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

	BQY	BQR	BGR	CII	BDJ	BOE
Tax cost	$ 83,017,400	$ 110,947,156	$ 716,605,509	$ 617,299,465	$ 1,397,451,073	$ 981,489,005
Gross unrealized appreciation	$ 11,151,344	$ 15,805,060	$ 69,093,355	$ 115,043,156	$ 334,511,963	$ 148,659,517
Gross unrealized depreciation	(4,472,043)	(13,801,348)	(40,770,103)	(40,094,197)	(59,134,677)	(35,338,685)
Net unrealized appreciation	$ 6,679,301	$ 2,003,712	$ 28,323,252	$ 74,948,959	$ 275,377,286	$ 113,320,832

	BME	BGY	BCF	BCX	BUI
Tax cost	$ 204,245,753	$ 844,262,891	$ 512,237,697	$ 609,399,940	$ 304,574,500
Gross unrealized appreciation	$ 116,093,958	$ 76,234,179	$ 80,323,015	$ 35,663,971	$ 89,805,524
Gross unrealized depreciation	(2,619,896)	(33,556,087)	(49,604,418)	(55,816,334)	(1,303,019)
Net unrealized appreciation (depreciation)	$ 113,474,062	$ 42,678,092	$ 30,718,597	$ (20,152,363)	$ 88,502,505

8. Principal Risks:

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

As of October 31, 2014, the Trusts listed below invested a significant portion of their assets in securities in the following sectors:

Utilities	BQR, BUI
Energy	BGR, BCF, BCX, BUI
Health Care	BME
Financials	BQY, CII, BDJ
Information Technology	CII
Materials	BCF, BCX
Consumer Staples	BQR

Notes to Financial Statements (continued)

Changes in economic conditions affecting these sectors would have a greater impact on these Trusts and could affect the value, income and/or liquidity of positions in such securities.

BOE and BGY invest a substantial amount of their assets in issuers located in a single country or a limited number of countries. When a Trust concentrates its investments in this manner, it assumes the risk that economic, political and social conditions in those countries may have a significant impact on their investment performance. Foreign issuers may not be subject to the same uniform accounting, auditing and financial reporting standards and practices as used in the U.S. Foreign securities markets may also be less liquid, more volatile, and less subject to governmental supervision not typically associated with investing in United States securities. Please see the Schedule of Investments for concentrations in specific countries.

As of October 31, 2014, the Trusts investments listed below had the following industry classifications:

Industry	**BOE**	**BGY**
Banks	11%	9%
Pharmaceuticals	9%	16%
Oil, Gas & Consumable Fuels	7%	5%
Internet Software & Services	7%	5%
Software	5%	1%
Machinery	2%	7%
Other*	59%	57%

* All other industries held were each less than 5%.

9. Capital Share Transactions:

There are an unlimited number of $0.001 par value common shares of beneficial interest authorized for each Trust, with the exception of CII. CII is authorized to issue 200 million shares of $0.10 par value shares, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares without approval of Common Shareholders.

Shares issued and outstanding during the year ended October 31, 2014 and the year ended October 31, 2013 increased by the following amounts as a result of dividend reinvestments:

	Year Ended October 31, 2014	**Year Ended October 31, 2013**
BME	67,810	31,115

Shares issued and outstanding remained constant for BQY, BQR, BGR, CII, BDJ, BOE, BGY, BCF, BCX and BUI for the year ended October 31, 2014 and the year ended October 31, 2013.

At October 31, 2014, 7,592 shares of BlackRock Science & Technology Fund (BST) were owned by affiliates.

10. Subsequent Events:

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

The Trusts paid a distribution on November 28, 2014 to shareholders of record on November 14, 2014 as follows:

	Common Dividend Per Share
BQY	$ 0.07670
BQR	$ 0.05000
BGR	$ 0.13500
CII	$ 0.10000
BDJ	$ 0.04670
BOE	$ 0.10390
BME	$ 0.16500
BGY	$ 0.05600
BCF	$ 0.05830
BCX	$ 0.07710
BUI	$ 0.12100

Notes to Financial Statements (continued)

Additionally, certain Trusts declared a distribution in the following amounts per share on December 8, 2014 payable to shareholders of record on December 22, 2014 as follows:

	Common Dividend Per Share
BGR[1]	$ 1.27500
CII	$ 0.10000
BDJ	$ 0.04670
BOE	$ 0.09700
BME[2]	$ 2.53500
BGY	$ 0.04900
BCX	$ 0.07710
BUI	$ 0.12100

1 Includes special distribution of $1.14000.
2 Includes special distribution of $2.37000.

The Board of BDJ and the Board and shareholders of BQY approved the reorganization of BQY with and into BDJ. As a result, BDJ acquired all of the assets and all of the liabilities of BQY in exchange for an equal aggregate value of newly issued shares of BDJ in a merger transaction.

Each shareholder of BQY received shares of BDJ in an amount equal to the aggregate NAV of such shareholder s shares, as determined at the close of business on December 5, 2014. Cash was distributed for any fractional shares.

The Boards and shareholders of BCX, BQR and BCF approved the reorganizations of BQR and BCF with and into BCX. As a result, BCX acquired all of the assets and all of the liabilities of BQR and BCF in exchange for an equal aggregate value of newly issued shares of BCX in a merger transaction.

Each shareholder of BQR and BCF received shares of BCX in an amount equal to the aggregate NAV of such shareholder s shares, as determined at the close of business on December 5, 2014. Cash was distributed for any fractional shares.

The reorganizations were accomplished by a tax-free exchange of shares of BDJ and BCX in the following amounts and at the following conversion ratios:

Target Trust	Shares Prior to Reorganizations	Conversion Ratio	Shares of BDJ
BQY	6,033,028	1.57393059	9,495,566

Target Trusts	Shares Prior to Reorganizations	Conversion Ratio	Shares of BCX
BQR	12,564,457	0.73620796	9,250,050
BCF	57,173,280	0.75619994	43,234,424

Each Target Trust s net assets and composition of net assets on December 5, 2014, the date of the reorganization, were as follows:

Target Trusts	Paid-In Capital	Distributions in Excess of Net Investment Income	Realized Loss	Net Unrealized Appreciation	Net Assets
BQY	$ 82,012,845	$ 74,388	$ (4,394,868)	$ 10,788,969	$ 88,481,334

Target Trusts	Paid-In Capital	Distributions in Excess of Net Investment Income	Realized Loss	Net Unrealized Appreciation	Net Assets
BQR	$ 163,163,281	$	$ (64,418,338)	$ 11,883,961	$ 110,628,904
BCF	$ 581,405,775	$ (315,467)	$ (112,655,107)	$ 48,639,598	$ 517,074,799

Notes to Financial Statements (concluded)

For financial reporting purposes, assets received and shares issued by BDJ and BCX were recorded at fair value. However, the cost basis of the investments being received from the respective Target Trusts were carried forward to align ongoing reporting of BDJ s and BCX s realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

The net assets of BDJ and BCX before the acquisitions were $1,672,452,880 and $557,033,644, respectively.

The aggregate net assets of BDJ and BCX immediately after the acquisitions amounted to $1,760,934,213 and $1,184,737,348, respectively. Each Target Trust s fair value and cost of investments prior to the reorganizations were as follows:

Target Trust	Fair Value of Investments	Cost of Investments
BQY	$ 88,510,430	$ 77,716,510

Target Trust	Fair Value of Investments	Cost of Investments
BQR	$ 110,216,946	$ 98,315,757
BCF	$ 517,114,717	$ 468,473,614

The purpose of these transactions was to combine five funds managed by the Manager with the same or substantially similar (but not identical) investment objectives, investment policies, strategies, risks and restrictions into two funds. Each reorganization was a tax-free event and was effective on December 8, 2014.

Reorganization costs incurred by the Target Trusts in connection with their respective reorganizations were expensed by BCX and BDJ. The Manager reimbursed BCX in the amount of $522,264 and BDJ in the amount of $148,630, which are shown as reorganization costs reimbursed by Manager in the Statements of Operations.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of BlackRock Dividend Income Trust, BlackRock EcoSolutions Investment Trust, BlackRock Energy and Resources Trust, BlackRock Enhanced Equity Dividend Trust, BlackRock Global Opportunities Equity Trust, BlackRock Health Sciences Trust, BlackRock International Growth and Income Trust, BlackRock Real Asset Equity Trust, BlackRock Resources & Commodities Strategy Trust, BlackRock Utility and Infrastructure Trust, and the Board of Directors and Shareholders of BlackRock Enhanced Capital and Income Fund, Inc.:

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Dividend Income Trust, BlackRock EcoSolutions Investment Trust, BlackRock Energy and Resources Trust, BlackRock Enhanced Capital and Income Fund, Inc., BlackRock Enhanced Equity Dividend Trust, BlackRock Global Opportunities Equity Trust, BlackRock Health Sciences Trust, BlackRock International Growth and Income Trust, BlackRock Real Asset Equity Trust, and BlackRock Utility and Infrastructure Trust, as of October 31, 2014, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two periods presented, and the financial highlights for each of the periods presented. We have also audited the consolidated statement of assets and liabilities, including the consolidated schedule of investments of BlackRock Resources & Commodities Strategy Trust (collectively with BlackRock Dividend Income Trust, BlackRock EcoSolutions Investment Trust, BlackRock Energy and Resources Trust, BlackRock Enhanced Capital and Income Fund, Inc., BlackRock Enhanced Equity Dividend Trust, BlackRock Global Opportunities Equity Trust, BlackRock Health Sciences Trust, BlackRock International Growth and Income Trust, BlackRock Real Asset Equity Trust, and BlackRock Utility and Infrastructure Trust, the Trusts), as of October 31, 2014, and the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended, and the consolidated financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Trusts management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable

assurance about whether the financial statements and financial highlights are free of material misstatement. The Trusts are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trusts internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2014, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Dividend Income Trust, BlackRock EcoSolutions Investment Trust, BlackRock Energy and Resources Trust, BlackRock Enhanced Capital and Income Fund, Inc., BlackRock Enhanced Equity Dividend Trust, BlackRock Global Opportunities Equity Trust, BlackRock Health Sciences Trust, BlackRock International Growth and Income Trust, BlackRock Real Asset Equity Trust, and BlackRock Utility and Infrastructure Trust, the results of their operations and cash flows for the year then ended, the changes in their net assets and the financial highlights for each of the periods presented, and the consolidated financial position of BlackRock Resources & Commodities Strategy Trust, the consolidated results of its operations and cash flows for the year then ended, the consolidated changes in its net assets for each of the two years in the period then ended, and its consolidated financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Philadelphia, Pennsylvania

December 22, 2014

Important Tax Information (Unaudited)

The following information is provided with respect to the distributions paid during the taxable period ended October 31, 2014.

	Payable Date	Long-Term Capital Gains	Non-Taxable Return of Capital	Qualified Dividend Income for Individuals[1]	Dividends Qualifying for the Dividends Received Deduction for Corporations[1]	Short-Term Capital Gain Dividends for Non-U.S. Residents[2]	Foreign Source Income	Foreign Taxes Paid[3]
BQY	11/29/13	9.59%		48.96%	37.52%	17.64%		
	2/28/14 - 10/31/14	56.77%	0.27%	40.39%	26.86%	11.91%		
BQR	12/31/13			12.31%	7.40%			
	3/31/14 - 10/31/14		100.00%					
BGR	12/31/13	70.46%		9.00%	6.34%	15.63%		
	3/31/14 - 10/31/14	53.79%		21.40%	9.82%	43.54%		
CII	12/31/13			16.37%	12.60%			
	3/31/14 - 10/31/14		65.36%	33.68%	17.52%			
BDJ	12/31/13			30.05%	29.98%			
	3/31/14 - 10/31/14		94.97%	5.03%	5.03%			
BOE	11/29/13			6.15%	2.79%			
	2/28/14 - 10/31/14		87.09%	12.91%	6.33%			
BME	12/31/13	38.61%		11.51%	8.70%	57.60%		
	3/31/14 - 10/31/14	51.84%		8.81%	6.70%	47.69%		
BGY	12/31/13			5.72%			3.24%	0.26%
	3/31/14 - 10/31/14		93.80%	6.20%			6.20%	2.43%
BCF	12/31/13			17.93%	10.45%			
	3/31/14 - 10/31/14		100.00%					
BCX	12/31/13			21.10%	17.03%			
	3/31/14 - 10/31/14		90.01%	9.99%	9.99%		9.99%	3.15%
BUI	11/29/13			34.51%	15.17%			
	2/28/14 - 10/31/14	30.53%	56.72%	12.75%	12.75%	0.33%		

1 The Trusts hereby designate the percentages indicated above to the maximum amount allowable by law.

2 Represents the portion of the dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

3 The foreign taxes paid represent taxes incurred by the trust on dividends received from foreign sources. Foreign taxes paid may be included in taxable income with an offsetting deduction from gross income or may be taken as a credit for taxes paid to foreign governments. You should consult your tax advisor regarding the appropriate treatment of foreign taxes paid.

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors or Trustees, as applicable (each, a Board, collectively, the Boards, and the members of which are referred to as Board Members), of BlackRock Dividend Income Trust (BQY), BlackRock EcoSolutions Investment Trust (BQR), BlackRock Energy and Resources Trust (BGR), BlackRock Enhanced Capital and Income Fund, Inc. (CII), BlackRock Enhanced Equity Dividend Trust (BDJ), BlackRock Global Opportunities Equity Trust (BOE), BlackRock Health Sciences Trust (BME), BlackRock International Growth and Income Trust (BGY), BlackRock Real Asset Equity Trust (BCF), BlackRock Resources & Commodities Strategy Trust (BCX) and BlackRock Utility and Infrastructure Trust (BUI and together with BQY, BQR, BGR, CII, BDJ, BOE, BME, BGY, BCF and BCX, each a Fund, and, collectively, the Funds) met in person on May 9, 2014 (the May Meeting) and June 5-6, 2014 (the June Meeting) to consider the approval of each Fund s investment advisory agreement (each, an Advisory Agreement, and, collectively, the Advisory Agreements) with BlackRock Advisors, LLC (the Manager), each Fund s investment advisor. At the June Meeting, it was noted that (i) with respect to BQY, BGR, CII, BDJ and BUI, the sub-advisory agreement among the Manager, BlackRock Financial Management, Inc. and each Fund would expire effective July 1, 2014, (ii) with respect to BQR, CII, BCF and BUI, the sub-advisory agreement among the Manager, BlackRock Investment Management, LLC and each Fund would expire effective July 1, 2014 and (iii) with respect to BGY, BCF and BCX, the sub-advisory agreement among the Manager, BlackRock Capital Management, Inc. and each Fund would expire effective July 1, 2014. It was also noted that the non-renewal of each Fund s sub-advisory agreement would not result in any change in the nature or quality of services provided to such Fund, or in the portfolio management team that serves such Fund. The Board of each of BQR, BGR, BCF and BCX also considered the approval of the sub-advisory agreement (each, a BIL Sub-Advisory Agreement) among the Manager, BlackRock International Limited (the BIL Sub-Advisor), and its Fund. The Manager and the BIL Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the BIL Sub-Advisory Agreements are referred to herein as the Agreements.

Activities and Composition of the Board

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

The Agreements

Pursuant to the 1940 Act, each Board is required to consider the continuation of its Advisory Agreement, and with respect to BQR, BGR, BCF and BCX, its BIL Sub-Advisory Agreement, on an annual basis. The Boards have four quarterly meetings per year, each extending over two days, and a fifth one-day meeting to consider specific information surrounding the consideration of renewing the Agreements. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Funds by BlackRock, its personnel and its affiliates, including, as applicable, investment management, administrative, and shareholder services; oversight of fund service providers; marketing services; risk oversight; compliance and assistance in meeting applicable legal and regulatory requirements.

The Boards, acting directly and through their respective committees, consider at each of their meetings, and from time to time as appropriate, factors that are relevant to their annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. Among the matters the Boards considered were: (a) investment performance for one-year, three-year, five-year and/or since inception periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management s and portfolio managers analysis of the reasons for any over-performance or underperformance against their peers and/or benchmark, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Funds for services such as call center; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Funds investment objective, policies and restrictions, and meeting new regulatory requirements; (e) the Funds compliance with their Code of Ethics and other compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock s and other service providers internal controls and risk and compliance oversight mechanisms; (h) BlackRock s implementation of the proxy voting policies approved by the Boards; (i) the use of brokerage commissions and execution quality of portfolio transactions; (j) BlackRock s implementation of the Funds valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; (l) BlackRock s compensation methodology for its investment professionals and the incentives it creates; and (m) periodic updates on BlackRock s business.

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

The Boards have engaged in an ongoing strategic review with BlackRock of opportunities to consolidate funds and of BlackRock s commitment to investment performance. BlackRock also furnished information to the Boards in response to specific questions. These questions covered issues such as: BlackRock s profitability; investment performance; subadvisory and advisory relationships with other clients (including mutual funds sponsored by third parties); investment professional investment in funds they manage; and management fee levels and breakpoints. The Boards further discussed with BlackRock: BlackRock s management structure; portfolio turnover; BlackRock s portfolio manager compensation and performance accountability; marketing support for the Funds; services provided to the Funds by BlackRock affiliates; and BlackRock s oversight of relationships with third party service providers.

Board Considerations in Approving the Agreements

The Approval Process: Prior to the May Meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the May Meeting included (a) information independently compiled and prepared by Lipper, Inc. (Lipper) on Fund fees and expenses as compared with a peer group of funds as determined by Lipper (Expense Peers) and the investment performance of the Funds as compared with a peer group of funds as determined by Lipper as well as the investment performance of BQY, BGR, CII, BDJ, BOE, BME, BGY, BCF, BCX and BUI as compared with its custom benchmark; (b) information on the profits realized by BlackRock and its affiliates pursuant to the Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (c) a general analysis provided by BlackRock concerning investment management fees charged to other clients, such as institutional clients and open-end funds, under similar investment mandates, as applicable; (d) review of non-management fees; (e) the existence, impact and sharing of potential economies of scale; (f) a summary of aggregate amounts paid by each Fund to BlackRock and (g) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

At the May Meeting, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the May Meeting, and as a culmination of the Boards year-long deliberative process, the Boards presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the June Meeting.

At the June Meeting, each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund for a one-year term ending June 30, 2015. The Board of each of BQR, BGR, BCF and BCX, including the Independent Board Members, also unanimously approved the continuation of the BIL Sub-Advisory Agreement among the Manager, the BIL Sub-Adviser and its Fund for a one-year term ending June 30, 2015. In approving the continuation of the Agreements, the Boards considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Funds and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Funds; (d) the Funds costs to investors compared to the costs of Expense Peers and performance compared to the relevant performance comparison as previously discussed; (e) economies of scale; (f) fall-out benefits to BlackRock and its affiliates as a result of its relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

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

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

[1] Funds are ranked by Lipper in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable.

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

Each Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and its Fund s portfolio management team; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. Each Board engaged in a review of BlackRock s compensation structure with respect to its Fund s portfolio management team and BlackRock s ability to attract and retain high-quality talent and create performance incentives.

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

B. The Investment Performance of the Funds and BlackRock: Each Board, including the Independent Board Members, also reviewed and considered the performance history of its Fund. In preparation for the May Meeting, the Boards worked with their independent legal counsel, BlackRock and Lipper to develop a template for, and were provided with reports independently prepared by Lipper, which included a comprehensive analysis of each Fund s performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper s rankings. In connection with its review, each Board received and reviewed information regarding the investment performance, based on net asset value (NAV), of its Fund as compared to other funds in that Fund s applicable Lipper category, and with respect to BQY, BGR, CII, BDJ, BOE, BME, BGY, BCF, BCX and BUI, the investment performance of the Fund as compared with its custom benchmark. The Boards were provided with a description of the methodology used by Lipper to select peer funds and periodically meets with Lipper representatives to review its methodology. Each Board and its Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of its Fund throughout the year.

The Board of BUI noted that for each of the one-year and since-inception periods reported, BUI exceeded its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for BUI.

The Board of each of BOE and BGY noted that for the one-year and since-inception periods reported, its respective Fund exceeded and underperformed, respectively, its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for each of BOE and BGY.

The Board of BQY noted that for each of the one-year and since-inception periods reported, BQY underperformed its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for BQY. The Board of BQY and BlackRock reviewed and discussed the reasons for BQY s underperformance during the one-year and since-inception periods. BQY s Board was informed that, among other things, underperformance during the one-year period was due to stock selection concentrated primarily in five sectors: financials, technology, consumer staples, telecommunications and industrials. The largest detractors of performance during the since-inception period were the combination of an underweight position and stock selection within the health care and telecommunication sectors.

The Board of BQR noted that for the one-, three- and five-year periods reported, BQR ranked third out of three funds, second out of two funds and second out of two funds, respectively, against its Lipper Performance Universe. The Board of BQR and BlackRock reviewed and discussed the reasons for BQR s underperformance during these periods. BQR s Board was informed that, among other things, underperformance during these periods was attributed to the water and agriculture portions of the portfolio, sectors that are not emphasized by peer funds.

The Board of BGR noted that for each of the one-year and since-inception periods reported, BGR underperformed its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for BGR. The Board of BGR and BlackRock reviewed and discussed the reasons for BGR s underperformance during

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

these periods. BGR s Board was informed that, among other things, relative underperformance to the customized benchmark was due to stock selection in the energy and materials sectors. The weighting to oil, gas and mining within the portfolio also hindered performance relative to the customized benchmark.

The Board of CII noted that for each of the one-year and since-inception periods reported, CII underperformed its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for CII. The Board of CII and BlackRock reviewed and discussed the reasons for CII s underperformance during these periods. CII s Board was informed that, among other things, the impact of the portfolio s cash position in a rising equity market drove the majority of underperformance relative to the customized benchmark. In addition, stock selection in energy, industrials and healthcare detracted from returns.

The Board of BDJ noted that for each of the one-year and since-inception periods reported, BDJ underperformed its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for BDJ. The Board of BDJ and BlackRock reviewed and discussed the reasons for BDJ s underperformance during these periods. BDJ s Board was informed that, among other things, the largest detractor during the past year was stock selection in consumer staples, information technology and industrials.

The Board of BME noted that for each of the one-year and since-inception periods reported, BME underperformed its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for BME. The Board of BME and BlackRock reviewed and discussed the reasons for BME s underperformance during these periods. BME s Board was informed that, among other things, for the one-year period, the cash position slightly eroded performance relative to the customized benchmark due to the appreciation of stocks in the health care sector. The overweight allocation and stock selection in the health care equipment industry (medical devices and supplies sub-sector) was the key detractor from relative return during 2011, which drove underperformance over the since-inception period.

The Board of BCF noted that for the since-inception period reported, BCF underperformed its customized benchmark. The since inception period is as of the customized benchmark creation date. The Board of BCF and BlackRock reviewed and discussed the reasons for BCF s underperformance during the since-inception period. BCF s Board was informed that, among other things, relative underperformance is primarily attributable to the challenges faced by the mining sector. Also, BCF s exposure to precious metals, particularly silver, was a drag on performance.

The Board of BCX noted that for each of the one-year and since-inception periods reported, BCX underperformed its customized benchmark. The since inception period is as of the customized benchmark creation date. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for BCX. The Board of BCX and BlackRock reviewed and discussed the reasons for BCX s underperformance during these periods. BCX s Board was informed that, among other things, the underperformance is primarily attributable to the challenges faced by the mining sector. BCX s exposure to precious metals, particularly silver, was a drag on performance during both time periods. The gold industry was also put under pressure during both periods as markets moved away from the safe haven metal as investor confidence began to return.

The Board of each of BQY, BQR, BGR, CII, BDJ, BME, BCF, BCX and BlackRock also discussed BlackRock s strategy for improving its respective Fund s performance and BlackRock s commitment to providing the resources necessary to assist its respective Fund s portfolio managers in seeking to improve each Fund s performance.

The Board of each of BGR, CII, BCF and BCX and BlackRock previously had concurred, given its respective Fund s poor historical performance, in changing the portfolio management team. Both BlackRock and the Board of each of BGR, CII, BCF and BCX are hopeful that the change in portfolio management will result in improved performance going forward, although there can be no assurance that will be the case. The Board of each of BGR, CII, BCF and BCX will continue to monitor its respective Fund s performance.

C. Consideration of the Advisory/Management Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds: Each Board, including the Independent Board Members, reviewed its Fund s contractual management fee rate compared with the other funds in its Lipper category. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. Each Board also compared its Fund s total expense ratio, as well as its actual management fee rate, to those of other funds in its Lipper category. The total expense ratio represents a fund s total net operating expenses, excluding any investment related expenses. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Boards considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts.

Explanation of Responses:

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

The Boards received and reviewed statements relating to BlackRock s financial condition. Each Board was also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to its Fund. Each Board reviewed BlackRock s profitability with respect to its Fund and other funds the Board currently oversees for the year ended December 31, 2013 compared to available aggregate profitability data provided for the prior two years. The Boards reviewed BlackRock s profitability with respect to certain other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock s assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. As a result, calculating and comparing profitability at individual fund levels is difficult.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Boards reviewed BlackRock s overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Boards considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock s expense management, and the relative product mix.

In addition, each Board considered the cost of the services provided to its Fund by BlackRock, and BlackRock s and its affiliates profits relating to the management of its Fund and the other funds advised by BlackRock and its affiliates. As part of its analysis, each Board reviewed BlackRock s methodology in allocating its costs to the management of its Fund. Each Board also considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements for its Fund and to continue to provide the high quality of services that is expected by the Board. The Boards further considered factors including but not limited to BlackRock s commitment of time, assumption of risk and liability profile in servicing the Funds in contrast to what is required of BlackRock with respect to other products with similar investment objectives across the open-end fund, ETF, closed-end fund and institutional account product channels, as applicable.

The Board of BQY noted that BQY s contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to BQY s Expense Peers.

The Board of BQR noted that BQR s contractual management fee rate ranked in the fourth quartile, and that the actual management fee rate and total expense ratio each ranked in the second quartile, relative to BQR s Expense Peers. The Board of BQR also noted that BlackRock had voluntarily agreed to waive a portion of the advisory fee payable by BQR, which was implemented on June 6, 2013. After discussions between BQR s Board, including the Independent Board Members, and BlackRock, BQR s Board and BlackRock agreed to a continuation of the voluntary advisory fee waiver, which results in savings to shareholders.

The Board of BGR noted that BGR s contractual management fee rate ranked fourth out of four funds, and that the actual management fee rate and total expense ratio each ranked in the second quartile, relative to BGR s Expense Peers.

The Board of each of CII, BDJ and BME noted that its respective Fund s contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund s Expense Peers.

The Board of BOE noted that BOE s contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the second and first quartiles, respectively, relative to BOE s Expense Peers.

The Board of BGY noted that BGY s contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio each ranked in the second quartile, relative to BGY s Expense Peers. The Board of BGY also noted that BlackRock had voluntarily agreed to waive a portion of the advisory fee payable by BGY, which was implemented on June 6, 2013. After discussions between BGY s Board, including the Independent Board Members, and BlackRock, BGY s Board and BlackRock agreed to a continuation of the voluntary advisory fee waiver, which results in savings to shareholders.

The Board of BCF noted that BCF s contractual management fee rate ranked fourth out of four funds, and that the actual management fee rate and total expense ratio ranked in the third and second quartiles, respectively, relative to BCF s Expense Peers.

The Board of BCX noted that BCX s contractual management fee rate ranked fourth out of four funds, and that the actual management fee rate and total expense ratio ranked in the third and first quartiles, respectively, relative to BCX s Expense Peers.

The Board of BUI noted that BUI s contractual management fee rate ranked second out of four funds, and that the actual management fee rate and total expense ratio ranked in the third and first quartiles, respectively, relative to BUI s Expense Peers.

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

D. Economies of Scale: Each Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of its Fund increase. Each Board also considered the extent to which its Fund benefits from such economies and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of the Fund.

Based on the Boards review and consideration of the issue, the Boards concluded that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering. They are typically priced at scale at a fund s inception.

E. Other Factors Deemed Relevant by the Board Members: Each Board, including the Independent Board Members, also took into account other ancillary or fall-out benefits that BlackRock or its affiliates may derive from their respective relationships with its Fund, both tangible and intangible, such as BlackRock s ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock s profile in the investment advisory community, and the engagement of BlackRock s affiliates as service providers to the Fund, including securities lending and cash management services. The Boards also considered BlackRock s overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that it had considered the investment by BlackRock s funds in exchange traded funds (i.e., ETFs) without any offset against the management fees payable by the funds to BlackRock.

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

Each Board noted the competitive nature of the closed-end fund marketplace, and that shareholders are able to sell their Fund shares in the secondary market if they believe that their Fund s fees and expenses are too high or if they are dissatisfied with the performance of their Fund.

The Boards also considered the various notable initiatives and projects BlackRock performed in connection with its closed-end fund product line. These initiatives included completion of the refinancing of auction rate preferred securities; developing equity shelf programs; efforts to eliminate product overlap with fund mergers; ongoing services to manage leverage that has become increasingly complex; share repurchases and other support initiatives for certain BlackRock funds; and continued communications efforts with shareholders, fund analysts and financial advisers. With respect to the latter, the Independent Board Members noted BlackRock s continued commitment to supporting the secondary market for the common shares of its closed-end funds through a comprehensive secondary market communication program designed to raise investor and analyst awareness and understanding of closed-end funds. BlackRock s support services included, among other things: continuing communications concerning the refinancing efforts related to auction rate preferred securities; sponsoring and participating in conferences; communicating with closed-end fund analysts covering the BlackRock funds throughout the year; providing marketing and product updates for the closed-end funds; and maintaining and enhancing its closed-end fund website.

Conclusion

Each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund for a one-year term ending June 30, 2015. The Board of each of BQR, BGR, BCF and BCX, including the Independent Board Members, also unanimously approved the continuation of the BIL Sub-Advisory Agreement among the Manager, the BIL Sub-Adviser and its Fund for a one-year term ending June 30, 2015. Based upon its evaluation of all of the aforementioned factors in their totality, each Board, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of its Fund and its shareholders. In arriving at its decision to approve the Agreements for its Fund, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination. The contractual fee arrangements for the Funds reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. As a result, the Board Members conclusions may be based in part on their consideration of these arrangements in prior years.

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Automatic Dividend Reinvestment Plans

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

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

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

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

Each Trust reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan; however, each Trust reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants that request a sale of shares are subject to a $0.02 per share sold brokerage commission. All correspondence concerning the Reinvestment Plan should be directed to Computershare Trust Company, N.A. through the internet at http://www.computershare.com/blackrock, or in writing to Computershare, P.O. Box 30170, College Station, TX 77842-3170, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at Computershare, 211 Quality Circle, Suite 210, College Station, TX 77845.

Officers and Trustees

Name, Address[1], and Year of Birth	Position(s) Held with the Trusts	Length of Time Served as a Trustee[3]	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen	Public Directorships
Independent Trustees[2]					
Richard E. Cavanagh 1946	Chairman of the Board and Trustee	Since 2003	Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Faculty Member/Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007.	79 RICs consisting of 79 Portfolios	None
Karen P. Robards 1950	Vice Chairperson of the Board, Chairperson of the Audit Committee and Trustee	Since 2007	Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Investment Banker at Morgan Stanley from 1976 to 1987.	79 RICs consisting of 79 Portfolios	AtriCure, Inc. (medical devices); Greenhill & Co., Inc.
Michael J. Castellano 1946	Trustee and Member of the Audit Committee	Since 2011	Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religious (non-profit) since 2009; Director, National Advisory Board of Church Management at Villanova University since 2010. Trustee, Domestic Church Media Foundation since 2012.	79 RICs consisting of 79 Portfolios	None
Frank J. Fabozzi[4] 1948	Trustee and Member of the Audit Committee	Since 2003	Editor of and Consultant for The Journal of Portfolio Management since 2006; Professor of Finance, EDHEC Business School since 2011; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.	112 RICs consisting of 232 Portfolios	None
Kathleen F. Feldstein 1941	Trustee	Since 2005	President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009.	79 RICs consisting of 79 Portfolios	The McClatchy Company (publishing)
James T. Flynn 1939	Trustee and Member of the Audit Committee	Since 2007	Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.	79 RICs consisting of 79 Portfolios	None
Jerrold B. Harris 1942	Trustee	Since 2007	Trustee, Ursinus College since 2000; Director, Ducks Unlimited, Inc. (conservations) since 2013 ; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation from 2010 to 2012; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.	79 RICs consisting of 79 Portfolios	BlackRock Kelso Capital Corp. (business development company)
R. Glenn Hubbard	Trustee	Since		79 RICs consisting of	

1958	2004	Dean, Columbia Business School since 2004; Faculty member, Columbia Business School since 1988.	79 Portfolios	ADP (data and information services), Metropolitan Life Insurance Company (insurance)

Officers and Trustees (continued)

Name, Address[1], and Year of Birth	Position(s) Held with the Trusts	Length of Time Served as a Trustee[3]	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen	Public Directorships
Independent Trustees[2] (concluded)					
W. Carl Kester 1951	Trustee and Member of the Audit Committee	Since 2007	George Fisher Baker Jr. Professor of Business Administration, Harvard Business School since 2008. Deputy Dean for Academic Affairs from 2006 to 2010; Chairman of the Finance Unit, 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program from 1999 to 2005; Member of the faculty of Harvard Business School since 1981.	79 RICs consisting of 79 Portfolios	None

1 The address of each Trustee is c/o BlackRock, Inc., Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055.

2 Independent Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 74. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon finding of good cause thereof. In 2013, the Board of Trustees unanimously approved further extending the mandatory retirement age for James T. Flynn by one additional year which the Board believed would be in the best interest of shareholders. Mr. Flynn can serve until December 31 of the year in which he turns 75. Mr Flynn turns 75 in 2014.

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

4 Dr. Fabozzi is also a board member of the BlackRock Equity-Liquidity Complex.

Interested Trustees[5]					
Paul L. Audet 1953	Trustee	Since 2011	Senior Managing Director of BlackRock and Head of U.S. Mutual Funds since 2011; Head of BlackRock s Real Estate business from 2008 to 2011; Member of BlackRock s Global Operating and Corporate Risk Management Committees since 2008; Head of BlackRock s Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005.	141 RICs consisting of 329 Portfolios	None
Henry Gabbay 1947	Trustee	Since 2007	Consultant, BlackRock from 2007 to 2008; Managing Director, BlackRock from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.	141 RICs consisting of 329 Portfolios	None

5 Mr. Audet is an interested person, as defined in the 1940 Act, of the Trusts based on his position with BlackRock and its affiliates as well as his ownership of BlackRock securities. Mr. Gabbay is an interested person of the Trusts based on his former positions with BlackRock and its affiliates as well as his ownership of BlackRock and The PNC Financial Services Group, Inc. securities. Mr. Audet and Mr. Gabbay are also Directors of two complexes of BlackRock registered open-end funds, the BlackRock Equity-Liquidity Complex and the BlackRock Equity-Bond Complex. Interested Trustees of the BlackRock Closed-End Complex serve until their

resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon finding good cause thereof.

Officers and Trustees (continued)

Name, Address[1], and Year of Birth	Position(s) Held with the Trusts	Length of Time Served as a Trustee	Principal Occupation(s) During Past Five Years
Officers[2]			
John Perlowski 1964	President and Chief Executive Officer	Since 2011	Managing Director of BlackRock since 2009; Global Head of BlackRock Fund Services since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009.
Robert W. Crothers 1981	Vice President	Since 2012	Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010
Neal Andrews 1966	Chief Financial Officer	Since 2007	Managing Director of BlackRock since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.
Jay Fife 1970	Treasurer	Since 2007	Managing Director of BlackRock since 2007; Director of BlackRock in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.
Charles Park 1967	Chief Compliance Officer and Anti-Money Laundering Officer	Since 2014	Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares® Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors (BFA) since 2006; Chief Compliance Officer for the BFA-advised iShares exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012.
Janey Ahn 1975	Secretary	Since 2012	Director of BlackRock since 2009; Vice President of BlackRock from 2008 to 2009; Assistant Secretary of the Funds from 2008 to 2012.

[1] The address of each Officer is c/o BlackRock, Inc., Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055.

[2] Officers of the Trusts serve at the pleasure of the Board.

Effective September 5, 2014, Brendan Kyne resigned as a Vice President of the Trusts.

Officers and Trustees (concluded)

Investment Advisor

BlackRock Advisors, LLC

Wilmington, DE 19809

Sub-Advisors

BlackRock International LTD.[1]

Edinburgh, EH3 8JB

United Kingdom

Accounting Agent

The Bank of New York Mellon

Brooklyn, NY 11217

Custodians

The Bank of New York Mellon

New York, NY 10286[2]

Brown Brothers, Harriman & Co.

Boston, MA 02109[3]

Transfer Agent

Computershare Trust Company, N.A.

Canton, MA 02021

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

Philadelphia, PA 19103

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

New York, NY 10036

Address of the Trusts

100 Bellevue Parkway

Wilmington, DE 19809

1 For BQR, BGR, BCF and BCX.

2 For all Trusts except CII.

3 For CII.

Effective August 4, 2014, Tony DeSpirito became a portfolio manager of BQY and BDJ. The other portfolio managers of BQY and BDJ are Bob Shearer, Kathleen Anderson, Kyle McClements and Christopher Accettella.

Additional Information

Proxy Results

The Annual Meeting of Shareholders was held on July 30, 2014 for shareholders of record on June 3, 2014, to elect trustee nominees for each Trust. There were no broker non-votes with regard to any of the Trusts.

Approved the Class I Trustees as follows except for CII:

	Paul L. Audet			Michael J. Castellano			R. Glenn Hubbard			W. Carl Kester		
	Votes For	**Votes Withheld**	**Abstain**	**Votes For**	**Votes Withheld**	**Abstain**	**Votes For**	**Votes Withheld**	**Abstain**	**Votes For**	**Votes Withheld**	**Abstain**
BQY	4,403,906	170,132	0	4,405,147	168,891	0	4,384,239	189,799	0	4,400,557	173,481	0
BQR	8,593,970	227,170	0	8,591,715	229,425	0	8,604,237	216,903	0	8,604,799	216,341	0
BGR	24,090,684	894,799	0	24,081,008	904,475	0	24,081,979	903,504	0	24,099,950	885,533	0
BDJ	152,629,275	9,876,428	0	152,532,483	9,973,220	0	152,462,762	10,042,941	0	152,625,605	9,880,098	0
BOE	59,798,238	1,243,282	0	59,760,079	1,281,441	0	59,756,234	1,285,286	0	59,831,783	1,209,737	0
BME	6,741,229	77,605	0	6,754,674	64,160	0	6,753,516	65,318	0	6,738,008	80,826	0
BGY	92,540,355	4,481,716	0	92,571,941	4,450,130	0	92,405,036	4,617,035	0	92,524,451	4,497,620	0
BCF	46,275,071	868,208	0	46,213,149	930,130	0	46,221,649	921,630	0	46,242,514	900,765	0
BCX	40,233,597	1,513,217	0	40,220,487	1,526,327	0	40,221,989	1,524,825	0	40,224,682	1,522,132	0
BUI	15,009,156	267,217	0	14,989,083	287,290	0	14,983,187	293,186	0	14,976,349	300,024	0

For the Trusts listed above, Trustees whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are Richard E. Cavanagh, Frank J. Fabozzi, Kathleen F. Feldstein, James T. Flynn, Henry Gabbay, Jerrold B. Harris and Karen P.Robards.

The Annual Meeting of Shareholders was held on July 30, 2014 for shareholders of record on June 3, 2014, to elect director nominees for BlackRock Enhanced Capital and Income Fund, Inc. There were no broker non-votes with regard to the Fund.

Approved the Directors as follows for CII only:

	Votes For	**Votes Withheld**	**Abstain**
Paul L. Audet	38,712,973	1,096,954	0
Michael J. Castellano	38,345,625	1,464,302	0
Richard E. Cavanagh	38,333,831	1,476,096	0
Frank J. Fabozzi	38,387,165	1,422,762	0
Kathleen F. Feldstein	38,247,849	1,562,078	0
James T. Flynn	38,311,831	1,498,096	0
Henry Gabbay	38,441,740	1,368,187	0
Jerrold B. Harris	38,317,845	1,492,082	0
R. Glenn Hubbard	38,609,550	1,200,377	0
W. Carl Kester	38,729,799	1,080,128	0
Karen P. Robards	38,388,663	1,421,264	0

Trust Certification

All Trusts, other than BQY which is listed on NYSE MKT, are listed for trading on the NYSE. All Trusts have filed with the relevant exchange their annual chief executive officer certification regarding compliance with such exchange s listing standards. The Trusts filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Additional Information (continued)

General Information

During the period, there were no material changes in the Trusts investment objectives or policies or to the Trusts charters or by-laws that would delay or prevent a change of control of the Trusts that were not approved by the shareholders or in the principal risk factors associated with investment in the Trusts. Other than as disclosed on page 145, there have been no changes in the persons who are primarily responsible for the day-to-day management of the Trusts portfolios.

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

Electronic Delivery

Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports by enrolling in the electronic delivery program. Electronic copies of shareholder reports are available on BlackRock s website.

To enroll in electronic delivery:

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

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

Householding

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

Availability of Quarterly Schedule of Investments

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

Availability of Proxy Voting Policies and Procedures

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

Availability of Proxy Voting Record

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

Availability of Trust Updates

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

Additional Information (concluded)

Dividend Policy

Each Trust s dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the dividends paid by the Trusts for any particular month may be more or less than the amount of net investment income earned by the Trusts during such month. The portion of dividend distributions that exceeds a Trust s current and accumulated earnings and profits, which are measured on a tax basis, will constitute a nontaxable return of capital.

Dividend distributions in excess of a Trust s taxable income and net capital gains, but not in excess of a Trust s earnings and profits, will be taxable to shareholders as ordinary income and will not constitute a nontaxable return of capital. The Trusts current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

BlackRock Privacy Principles

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

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

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

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

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

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

CEF-BK11-10/14-AR

Item 2 Code of Ethics The registrant (or the Fund) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, the code of ethics was amended to update certain information and to make other non-material changes. During the period covered by this report, there have been no waivers granted under the code of ethics. A copy of the code of ethics is available without charge at www.blackrock.com.

Item 3 Audit Committee Financial Expert The registrant s board of directors (the board of directors), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Michael Castellano
Frank J. Fabozzi
James T. Flynn
W. Carl Kester
Karen P. Robards

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

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

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

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

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Item 4 Principal Accountant Fees and Services

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

	(a) Audit Fees		(b) Audit-Related Fees[1]		(c) Tax Fees[2]		(d) All Other Fees[3]	
Entity Name	**Current Fiscal Year End**	**Previous Fiscal Year End**	**Current Fiscal Year End**	**Previous Fiscal Year End**	**Current Fiscal Year End**	**Previous Fiscal Year End**	**Current Fiscal Year End**	**Previous Fiscal Year End**
BlackRock Enhanced Capital and Income Fund, Inc.	$43,039	$41,213	$0	$0	$14,850	$14,850	$0	$0

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

	Current Fiscal Year End	Previous Fiscal Year End
(b) Audit-Related Fees[1]	$0	$0
(c) Tax Fees[2]	$0	$0
(d) All Other Fees[3]	$2,555,000	$2,865,000

[1] The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

[2] The nature of the services includes tax compliance, tax advice and tax planning.

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

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

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

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

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

(f) Not Applicable

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

Entity Name	Current Fiscal Year End	Previous Fiscal Year End
BlackRock Enhanced Capital and Income Fund, Inc.	$14,850	$14,350

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of $2,555,000 and $2,865,000, respectively, were billed by D&T to the Investment Adviser.

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

Item 5 Audit Committee of Listed Registrants

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

Michael Castellano

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

(b) Not Applicable

Item 6 Investments

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

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

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

Item 8 Portfolio Managers of Closed-End Management Investment Companies as of October 31, 2014.

(a)(1) The registrant is managed by a team of investment professionals comprised of Timothy Keefe, Managing Director at BlackRock, Thomas Bushey, Vice President at BlackRock, Kyle G. McClements, CFA, Managing Director at BlackRock and Christopher Accettella, Director at BlackRock. Messrs. Keefe, Bushey, McClements and Accettella are the Fund s portfolio managers and responsible for the day-to-day management of the Fund s portfolio and the selection of its investments. Mr. McClements has been a member of the Fund s portfolio management team since 2009. Messrs. Keefe, Bushey and Accettella have been members of the Fund s portfolio management team since 2012.

Portfolio Manager	**Biography**
Timothy Keefe	Managing Director of BlackRock since 2012 and Head of the Flexible Equity Portfolio Team; Portfolio Manager of Mayo Capital Partners from 2008 to 2012. Chief Equity Officer and Lead Portfolio Manager for Large-Cap Equity and Small-Cap Equity Strategies of John Hancock Funds, LLC from 2004 to 2008.
Thomas Bushey	Vice President of BlackRock, Inc. since 2012 and associate portfolio manager of the Flexible Equity Portfolio Team; Senior Analyst of Mayo Capital Partners from 2009 to 2012. Senior Industrial Analyst of Millennium Management from 2008 to 2009. Senior Analyst at Tisbury Capital Management from 2007 to 2008.

Kyle G. McClements, CFA	Managing Director of BlackRock since 2009; Director of BlackRock, Inc. from 2006 to 2008; Vice President of BlackRock, Inc. in 2005; Vice President of State Street Research & Management from 2004 to 2005.
Christopher Accettella	Director of BlackRock since 2008; Vice President of BlackRock, Inc. from 2005 to 2008.

(a)(2) As of October 31, 2014:

	(ii) Number of Other Accounts Managed and Assets by Account Type			**(iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based**		
(i) Name of Portfolio Manager	**Other Registered Investment Companies**	**Other Pooled Investment Vehicles**	**Other Accounts**	**Other Registered Investment Companies**	**Other Pooled Investment Vehicles**	**Other Accounts**
Timothy Keefe	1	1	1	0	0	0
	$590.0 Million	$3.76 Million	$5.43 Million	$0	$0	$0
Thomas Bushey	1	1	1	0	0	0
	$590.0 Million	$3.76 Million	$5.43 Million	$0	$0	$0
Kyle McClements, CFA	11	3	0	0	0	0
	$6.75 Billion	$1.32 Billion	$0	$0	$0	$0
Christopher Accettella	11	3	0	0	0	0
	$6.75 Billion	$1.32 Billion	$0	$0	$0	$0

(iv) Portfolio Manager Potential Material Conflicts of Interest

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

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may therefore be entitled to receive a portion of any incentive fees earned on such accounts. Currently, the portfolio managers on this Fund are not entitled to receive a portion of incentive fees of other accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3) As of October 31, 2014:

Portfolio Manager Compensation Overview

The discussion below describes the portfolio managers compensation as of October 31, 2014.

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

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

Discretionary Incentive Compensation

Messrs. Bushey and Keefe

Generally, discretionary incentive compensation for Active Equity portfolio managers is based on a formulaic compensation program. BlackRock s formulaic portfolio manager compensation program is based on team revenue and pre-tax investment performance relative to appropriate competitors or benchmarks over 1-, 3- and 5-year performance periods, as applicable. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Funds or other accounts managed by the portfolio managers are measured. BlackRock s Chief Investment Officers determine the benchmarks or rankings against which the performance of funds and other accounts managed by each portfolio management team is compared and the period of time over which performance is evaluated. With respect to these portfolio managers, the benchmark for the Fund and other accounts is the Lipper Multi-Cap Core Classification.

A smaller element of portfolio manager discretionary compensation may include consideration of: financial results, expense control, profit margins, strategic planning and implementation, quality of client service, market share, corporate reputation, capital allocation, compliance and risk control, leadership, technology and innovation. These factors are considered collectively by BlackRock management and the relevant Chief Investment Officers.

Discretionary Incentive Compensation

Messrs. Accettella and McClements

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager s group within BlackRock, the investment performance, including risk-adjusted returns, of the firm s assets or strategies under management or supervision by that portfolio manager, and/or the individual s performance and contribution to the overall performance of these portfolios and BlackRock. Among other things, BlackRock s Chief Investment Officers make a subjective determination with respect to each portfolio manager s compensation based on the performance of the Funds, other accounts or strategies managed by each portfolio manager. Performance is generally measured on a pre-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. The performance of some Funds, other accounts or strategies may not be measured against a specific benchmark.

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

Long-Term Incentive Plan Awards From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Accettella, Bushey, Keefe and McClements do not have unvested long-term incentive awards.

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

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

Incentive Savings Plans BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at $5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit ($260,000 for 2014). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of $25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of October 31, 2014.

Portfolio Manager	**Dollar Range of Equity Securities of the Fund Beneficially Owned**
Timothy Keefe	None
Thomas Bushey	None
Kyle G. McClements, CFA	$10,001 - $50,000
Christopher Accettella	None

(b) Not Applicable

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

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

Item 11 Controls and Procedures

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

(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period

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covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12 Exhibits attached hereto

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

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(b) Certifications Attached hereto

12(c) Notices to the registrant s common shareholders in accordance with the order under Section 6(c) of the 1940 Act granting an exemption from Section 19(b) of the 1940 Act and Rule 19b-1 under the 1940 Act, dated May 9, 2009[1]

[1] The Fund has received exemptive relief from the Securities and Exchange Commission permitting it to make periodic distributions of long-term capital gains with respect to its outstanding common stock as frequently as twelve times each year, and as frequently as distributions are specified by or in accordance with the terms of its outstanding preferred stock. This relief is conditioned, in part, on an undertaking by the Fund to make the disclosures to the holders of the Fund s common shares, in addition to the information required by Section 19(a) of the 1940 Act and Rule 19a-1 thereunder. The Fund is likewise obligated to file with the SEC the information contained in any such notice to shareholders and, in that regard, has attached hereto copies of each such notice made during the period.

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

BlackRock Enhanced Capital and Income Fund, Inc.

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

Date: January 2, 2015

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

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

Date: January 2, 2015

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

Date: January 2, 2015