BlackRock Inc.
Form 10-Q
November 14, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended September 30, 2006

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from ______ to ______.

Commission file number 001-33099

BlackRock, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**32-0174431**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

40 East 52nd Street, New York, NY 10022

(Address of principal executive offices)

(Zip Code)

(212) 810-5300

(Registrant s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of October 31, 2006, there were 116,434,872 shares of the registrant s common stock outstanding.

BlackRock, Inc.

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PART I

FINANCIAL INFORMATION

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

BlackRock, Inc.

Condensed Consolidated Statements of Financial Condition

(Dollar amounts in thousands)

(unaudited)

	September 30, 2006	December 31, 2005
Assets		
Cash and cash equivalents	$ 943,901	$ 484,223
Accounts receivable	1,043,840	339,578
Investments	1,616,211	298,668
Intangible assets, net	5,881,967	294,168
Goodwill	3,504,726	189,814
Separate account assets	4,212,311	
Deferred mutual fund commissions	197,984	16,025
Property and equipment, net	193,752	129,451
Deferred taxes	88,466	43,498
Other assets	191,518	52,575
Total assets	$ 17,874,676	$ 1,848,000
Liabilities		
Accrued compensation	$ 865,295	$ 522,637
Accounts payable and accrued liabilities	748,548	63,886
Due to affiliates	278,189	11,893
Purchase price contingencies		39,463
Long-term borrowings	253,170	253,791
Separate account liabilities	4,212,311	
Other liabilities	41,481	24,473
Total liabilities	6,398,994	916,143
Minority interest	868,397	9,614
Stockholders equity		
Common stock ($0.01 par value, 500,000,000 shares authorized and 117,381,582 shares issued at September 30, 2006)	1,174	
Common stock, class A ($0.01 par value, 250,000,000 shares authorized and 19,975,305 shares issued at December 31, 2005)		200
Common stock, class B ($0.01 par value, 100,000,000 shares authorized and 45,117,284 shares issued at December 31, 2005)		453
Series A participating preferred stock ($0.01 par value, 500,000,000 shares authorized and 12,604,918 shares issued at September 30, 2006)	126	
Additional paid-in capital	9,771,739	171,090
Retained earnings	878,929	806,884
Accumulated other comprehensive income	7,352	2,673
Treasury stock, common, at cost (948,066 shares held at September 30, 2006)	(52,035)	
Treasury stock, class A, at cost (285,104 shares held at December 31, 2005)		(25,248)

Treasury stock, class B, at cost (806,667 shares held at December 31, 2005)		(33,809)
Total stockholders equity	10,607,285	922,243
Total liabilities, minority interest and stockholders equity	$ 17,874,676	$ 1,848,000

See accompanying notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.

Condensed Consolidated Statements of Income

(Dollar amounts in thousands, except share data)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2006	**2005**	**2006**	**2005**
Revenue				
Investment advisory and administration fees	$ 274,506	$ 254,641	$ 938,142	$ 698,368
Other income	48,552	46,166	141,309	123,910
Total revenue	323,058	300,807	1,079,451	822,278
Expense				
Employee compensation and benefits	198,099	155,077	566,993	413,036
Fund administration and servicing costs	10,653	11,997	31,583	31,531
General and administration	82,905	51,524	214,256	144,089
Fee sharing payment			34,450	
Amortization of intangible assets	2,393	2,540	6,452	5,477
Total expense	294,050	221,138	853,734	594,133
Operating income	29,008	79,669	225,717	228,145
Non-operating income (expense)				
Investment income	3,931	21,439	25,840	37,252
Interest expense	(2,022)	(2,008)	(6,021)	(6,084)
Total non-operating income	1,909	19,431	19,819	31,168
Income before income taxes and minority interest	30,917	99,100	245,536	259,313
Income taxes	11,108	37,077	89,963	95,732
Income before minority interest	19,809	62,023	155,573	163,581
Minority interest	895	904	2,394	2,591
Net income	$ 18,914	$ 61,119	$ 153,179	$ 160,990
Earnings per share				
Basic	$ 0.29	$ 0.95	$ 2.38	$ 2.51
Diluted	$ 0.28	$ 0.92	$ 2.29	$ 2.41
Dividends paid per share	$ 0.42	$ 0.30	$ 1.26	$ 0.90
Weighted-average shares outstanding				
Basic	64,761,447	64,087,871	64,326,752	64,243,408
Diluted	67,477,536	66,714,797	66,903,553	66,809,706

See accompanying notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.

Condensed Consolidated Statements of Cash Flows

(Dollar amounts in thousands)

(unaudited)

	Year to Date September 30, 2006	2005
Cash flows from operating activities		
Net income	$ 153,179	$ 160,990
Adjustments to reconcile net income to cash from operating activities:		
Depreciation and amortization	29,301	22,414
Minority interest	2,394	2,591
Stock-based compensation	78,567	52,963
Deferred income taxes	(32,965)	(2,609)
Net unrealized gain on investments	(5,569)	(15,580)
Amortization of deferred mutual fund commissions and bond issuance costs	7,411	8,969
Tax benefit from stock-based compensation		4,040
Other adjustments	(3,734)	
Changes in operating assets and liabilities:		
Increase in accounts receivable	(57,185)	(78,898)
Increase in investments, trading	(17,121)	(7,927)
Increase in other assets	(9,051)	(39,676)
Increase (decrease) in accrued compensation	21,950	(48,520)
Increase in accounts payable and accrued liabilities	61,797	18,307
Increase in other liabilities	8,883	7,756
Cash flows from operating activities	237,857	84,820
Cash flows from investing activities		
Purchase of investments	(62,046)	(27,730)
Sale of investments	18,022	44,464
Sale of real estate held for sale		112,184
Acquisitions, net of cash acquired	389,886	(247,220)
Purchase of property and equipment	(47,014)	(42,930)
Cash flows from investing activities	298,848	(161,232)
Cash flows from financing activities		
Borrowings, net of issuance costs		395,000
Principal repayment of borrowings		(150,000)
Repayment of short-term borrowings		(111,840)
Additions to minority interest	15,735	7,996
Dividends paid	(81,134)	(57,507)
Reissuance of treasury stock	7,464	13,268
Purchase of treasury stock	(24,615)	(72,775)
Issuance of common stock	1,196	706
Tax benefit from stock-based compensation	4,156	

Other	(3,622)	(6,528)
Cash flows from financing activities	(80,820)	18,320
Effect of exchange rate changes on cash and cash equivalents	3,793	(3,067)
Net increase in cash and cash equivalents	459,678	(61,159)
Cash and cash equivalents, beginning of period	484,223	457,673
Cash and cash equivalents, end of period	$ 943,901	$ 396,514

See accompanying notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.

Condensed Consolidated Statements of Changes in Stockholders Equity

(Dollar amounts in thousands)

(unaudited)

	Common Stock						Accumulated	Treasury Stock			
				Participating	Additional		Other				Total
	Common			Preferred	Paid-in	Retained	Comprehensive				Stockholders
	Stock	Class A	Class B	Stock	Capital	Earnings	Income	Common	Class A	Class B	Equity
December 31, 2005	$	$ 200	$ 453	$	$ 171,090	$ 806,884	$ 2,673	$	($ 25,248)	($ 33,809)	$ 922,243
Net income						153,179					153,179
Dividends paid						(81,134)					(81,134)
Conversion of class B common stock to class A common stock			(2)		(14,337)				14,339		
Issuance of Common Stock to Merrill Lynch	523				7,719,506						7,719,889
Issuance of series A participating preferred shares to Merrill Lynch				126	1,857,082						1,857,208
Conversion of class A and B stock to common stock in connection with MLIM Transaction	651	(200)	(451)								
Conversion of treasury stock in connection with MLIM Transaction								(52,035)	18,226	33,809	
Stock based compensation					35,902						35,902
Treasury stock transactions					33				(7,317)		(7,284)
Tax benefit from stock options exercised					2,603						2,603
Minimum pension liability adjustment							379				379
Foreign currency translation gain							3,793				3,793

Unrealized gain on investments, net							507				507
September 30, 2006	$ 1,174	$	$	$ 126	$ 9,771,739	$ 878,929	$ 7,352	($ 52,035)	$	$	$ 10,607,285

See accompanying notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.

Notes to Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except share data)

(unaudited)

BlackRock, Inc. (together, with its subsidiaries and its predecessors, unless the context otherwise indicates, BlackRock or the Company) provides diversified investment management services to institutional retail clients. Institutional investment management services primarily consist of the active management of fixed income, cash management and equity client accounts, the management of a number of open-end and closed-end mutual fund families serving the institutional and retail markets, and the management of alternative funds developed to serve various customer needs. BlackRock also offers risk management, investment system outsourcing and financial advisory services to institutional investors under the BlackRock Solutions® brand name.

On September 29, 2006, pursuant to the Transaction Agreement and Plan of Merger (the Transaction Agreement), dated as of February 15, 2006, by and among BlackRock (formerly known as New Boise, Inc.) BlackRock Merger Sub., Inc. (formerly known as Boise Merger Sub., Inc., Merger Sub), BlackRock Holdco 2, Inc. (formerly known as BlackRock, Inc., Old BlackRock) and Merrill Lynch, Merger Sub merged with and into Old BlackRock with old surviving as a wholly-owned subsidiary of BlackRock and Merrill Lynch contributed the entities and assets that constitute its investment management business (the MLIM business) to BlackRock via a capital contribution, in exchange for 52,395,082 shares of common stock and 12,604,918 shares of series A non-voting participating preferred shares of BlackRock, representing a 45% voting interest and approximately 49.3% of the fully-diluted capital stock (such transactions, collectively, referred to as the MLIM Transaction). PNC ownership, which was at approximately 69% prior to the MLIM Transaction, was reduced to approximately 34% as a result of the MLIM Transaction.

In connection with the MLIM Transaction, BlackRock entered into a global distribution agreement with Merrill Lynch. The global distribution agreement provides a framework under which Merrill Lynch will distribute the Company s investment advisory products. Pursuant to the global distribution agreement, among other things: 1) Merrill Lynch has agreed to cause each of its distributors to continue distributing BlackRock products that it distributed as of the date of the Transaction Agreement, on the same economic terms as were in effect as of the date of the Transaction Agreement or as the parties otherwise agree; 2) products introduced by BlackRock to Merrill Lynch for distribution that do not fall within an existing category, type or platform of products distributed by Merrill Lynch will be entitled to the most favorable economic terms offered by BlackRock to other distributors of the same product; and 3) with respect to any Merrill Lynch distributor that does not at the time in question distribute a particular BlackRock product, Merrill Lynch has agreed to, upon BlackRock s request, use all commercially reasonable efforts to obtain distribution of any products by such Merrill Lynch distributor as BlackRock requests on the same terms as provided to such products by Merrill Lynch distributors already distributing the product. See Note 2 for additional information regarding the MLIM Transaction.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies

Basis of Presentation

These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and include the accounts of the Company, its controlled subsidiaries and other entities consolidated pursuant to various accounting guidance. All accounts and transactions between consolidated entities have been eliminated.

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and assumptions. Certain financial information that is normally included in annual financial statements, including certain financial statement footnotes, prepared in accordance with GAAP, is not required for interim reporting purposes and has been condensed or omitted herein. These condensed consolidated financial statements should be read in conjunction with the Company s consolidated financial statements and notes related thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2005, which was filed with the Securities and Exchange Commission (SEC) on March 8, 2006.

The interim financial data as of September 30, 2006 and for each of the three months and nine months ended September 30, 2006 and 2005 are unaudited. However, in the opinion of management, the interim data includes all normal recurring adjustments, as well as purchase accounting fair value adjustments related to the MLIM Transaction, necessary for a fair statement of the Company s results for the periods presented. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year. Certain amounts in the Company s prior year condensed consolidated financial statements have been reclassified to conform to the 2006 presentation.

Stock-based Compensation

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123(R), *Share-Based Payment*. This statement is a revision of SFAS No. 123 and supersedes Accounting Principles Board Opinion (APB) No. 25, *Accounting for Stock Issued to Employees*. The statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on the accounting for transactions in which an entity obtains employee services in share-based payment transactions. Entities are required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost is recognized over the period during which an employee is required to provide service (usually the vesting period) in exchange for the award. The grant-date fair value of employee share options and similar instruments is measured using option-pricing models. If an equity award is modified after the grant date, incremental compensation cost is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

The Company adopted SFAS No. 123(R), using the modified-prospective transition method, effective January 1, 2006, with no cumulative effect on net income. Under the modified-prospective transition method, the Company is recognizing compensation cost for share-based awards to employees based on their grant-date fair value from January 1, 2006, as well as compensation cost for awards that were granted prior to, but not vested as of, the date of adoption. Prior periods remain unchanged and pro forma disclosures previously required by SFAS No. 123 continue to be required. The impact of SFAS No. 123(R) was to reduce net income for the three months ended September 30, 2006 by $1,978, or $0.03 per basic and diluted share, and for the nine months ended September 30, 2006 by $5,934, or $0.09 per basic and diluted share. Pro forma basic and diluted earnings per share for the three months ended September 30, 2005, including the impact of stock options not expensed under SFAS No.

123(R), would have been $0.92 and $0.89, respectively, and for the nine months ended September 30, 2005 would have been $2.42 and $2.32, respectively. Net income for the three months and nine months ended September 30, 2005 would have been reduced by approximately $1,978 and $5,934, respectively. Significantly all of the Company s stock options that were impacted by the implementation of SFAS No. 123(R) vest in January 2007.

Consolidation

In June 2005, the FASB ratified the consensus reached by the Emerging Issues Task Force (EITF) on Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* (EITF 04-5). EITF No. 04-5 presumes that a general partner controls a limited partnership (including certain limited liability companies), and should therefore consolidate a limited partnership, unless the limited partners have the substantive ability to remove the general partner without cause based on a simple majority vote or can otherwise dissolve the limited partnership, or unless the limited partners have substantive participating rights over decision making. The guidance in EITF No. 04-5 was effective immediately for all newly formed partnerships and any modified limited partnership agreements. The guidance was effective for existing partnership agreements for financial reporting periods beginning after December 15, 2005. The adoption of EITF No. 04-5 on January 1, 2006 had no impact on the Company s condensed consolidated financial statements. At September 30, 2006, the Company consolidated entities acquired in the MLIM Transaction as the result of the provisions of EITF No. 04-5.

Separate Account Assets and Liabilities

Effective September 29, 2006, in connection with the MLIM Transaction, the Company maintains certain separate accounts representing segregated funds held for purposes of funding individual and group pension contracts. The separate account assets are not subject to general claims of the creditors of BlackRock. These accounts and the related liabilities are recorded as separate account assets and separate account liabilities on the condensed consolidated statement of financial condition.

The net investment income and net realized and unrealized gains and losses attributable to separate account assets supporting individual and group pension contracts accrue directly to the contract owner and are not reported as revenue in the condensed consolidated statements of income. Policy administration and management fees associated with separate account products are included in investment advisory and administration fees in the condensed consolidated statements of income.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Impairment of Investments

In November 2005, the FASB issued FASB Staff Position (FSP) FAS 115-1/124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, which provides guidance for determining when impairment charges should be taken on certain debt and equity securities. FSP FAS 115-1/124-1 requires that debt and equity securities subject to the provisions of SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and equity securities subject to the provisions of APB No. 18, *The Equity Method of Accounting for Investments in Common Stock*, but which are not accounted for under the equity method (i.e., securities accounted for under the cost method) shall be reviewed for impairment when circumstances warrant. For securities subject to SFAS No. 115, a review for other-than-temporary impairments shall occur in each accounting period where the fair value of the security is less than its cost. For securities subject to APB No. 18, a review for other-than-temporary impairments shall occur in each accounting period where a) circumstances indicate that impairment may exist and b) the fair value of the security is less than its carrying value. The provisions of the FSP were required to be applied to reporting periods beginning after December 15, 2005. The adoption of FSP FAS 115-1/124-1 on January 1, 2006 had no material impact on the Company s condensed consolidated financial statements.

Accounting Changes and Corrections

In June 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*. SFAS No. 154 replaces APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. SFAS No. 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented under the new accounting principle. SFAS No. 154 also requires that a change in the method of depreciating or amortizing a long-lived non-financial asset be accounted for prospectively as a change in estimate, and correction of errors in previously issued financial statements should be termed restatements . SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 on January 1, 2006 had no impact on the Company s condensed consolidated financial statements.

Disclosure of Fair Value

SFAS No. 107, *Disclosure about Fair Value of Financial Instruments*, requires disclosure of estimated fair values of certain financial instruments, both on and off the balance sheet. The Company s methods and assumptions regarding the value of its financial instruments are set forth below:

Cash and cash equivalents, receivables, other assets, accounts payable and accrued liabilities are carried at cost which approximates fair value due to their short maturities.

The fair value of readily marketable investments is based on quoted market prices. If securities are not readily marketable, fair values are determined by the Company s management. At September 30, 2006, the carrying value of investments approximates their fair value (see Note 3).

At September 30, 2006, the estimated fair value of the Company s $250,000 aggregate principal amount of debentures is $378,600 compared with $288,125 at December 31, 2005.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Disclosure of Fair Value (continued)

The Company acts as the portfolio manager in a series of credit default swap transactions, referred to collectively as the Pillars Synthetic Collateralized Debt Obligation (Pillars) transaction. The Company has entered into a credit default swap with a major multi-national financial institution (the Counterparty), affording the Counterparty credit protection of approximately $16,667, representing the Company s maximum possible risk of loss. Pursuant to SFAS No. 133, *Accounting for Derivative Instruments and Hedging* Activities, as amended, the Company carries the Pillars credit default swap at fair value based on the expected future cash flows under the arrangement. For the three and nine months ended September 30, 2006, the Company recorded losses of $305 and gains of $1,365, respectively, in non-operating income in the condensed consolidated statements of income related to changes in the fair value of the Pillars credit default swap. The fair value of the Pillars credit default swap was approximately $6,077 as of September 30, 2006, and is included in other assets on the condensed consolidated statements of financial condition.

Recent Accounting Developments

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*, which amends SFAS No. 133 and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. The Statement provides, among other things, that:

For embedded derivatives which would otherwise be required to be bifurcated from their host contracts and accounted for at fair value in accordance with SFAS No. 133, an irrevocable election may be made on an instrument-by-instrument basis, to be measured as a hybrid financial instrument at fair value in its entirety, with changes in fair value recognized in earnings.

Concentrations of credit risk in the form of subordination are not considered embedded derivatives.

SFAS No. 155 is effective for all financial instruments acquired, issued or subject to remeasurement after the beginning of an entity s first fiscal year that begins after September 15, 2006. Upon adoption, differences between the total carrying amount of the individual components of an existing bifurcated hybrid financial instrument and the fair value of the combined hybrid financial instrument should be recognized as a cumulative effect adjustment to beginning retained earnings. Prior periods should not be restated. The Company intends to adopt the Statement on January 1, 2007 and does not expect the impact of adoption to be material to its consolidated financial statements.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets.* SFAS No. 156 amends SFAS No. 140 to require that all separately recognized servicing assets and liabilities be initially measured at fair value, if practicable. SFAS No. 156 also permits servicers to subsequently measure each separate class of servicing assets and liabilities at fair value rather than at the lower of cost or market. For companies that elect to measure their servicing assets and liabilities at fair value, SFAS No. 156 requires the difference between the carrying value and fair value at the date of adoption to be recognized as a cumulative effect of a change in accounting principle as of the beginning of the fiscal year in which the election is made. The Company intends to adopt the Statement on January 1, 2007 and does not expect the impact of adoption to be material to its consolidated financial statements.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Recent Accounting Developments (continued)

In July 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes and Related Implementation Issues*. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in a Company s financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN No. 48 prescribes a threshold and measurement attribute for recognition in the financial statements of an asset or liability resulting from a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No. 48 is effective as of the beginning of fiscal years that begin after December 15, 2006. The Company is currently evaluating the effects of implementing this new standard.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements.* SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 requires companies to disclose the fair value of its financial instruments according to a fair value hierarchy (i.e., levels 1, 2, and 3, as defined). Additionally, companies are required to provide enhanced disclosure regarding instruments in the level 3 category (which are unobservable and require significant management judgment), including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and all interim periods within those fiscal years. The Company is currently evaluating the impact adoption may have on the consolidated financial statements of the Company.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)*. SFAS No. 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and recognize changes in the funded status in the year in which the changes occur. The statement also requires actuarial valuations to be performed as of the balance sheet date. The balance sheet recognition provisions of SFAS No. 158 are effective for fiscal years ending after December 15, 2006. The valuation date provisions are effective for fiscal years ending after December 15, 2007. The Company does not expect the impact of adoption of SFAS No. 158 to be material to its consolidated financial statements.

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. SAB 108 provides guidance on the consideration of effects of the prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. The SEC staff believes registrants must quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB 108 is effective for the first annual period ending after November 15, 2006 with early application encouraged. The Company has assessed the impact of SAB 108 on its consolidated financial statements and does not expect the impact or adoption to be material to its consolidated financial statements.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Mergers and Acquisitions

Merrill Lynch Investment Managers

On September 29, 2006, the Company completed the MLIM Transaction and issued 52,395,082 shares of BlackRock common stock and 12,604,918 of series A participating preferred stock to Merrill Lynch in consideration for the MLIM business. Total consideration issued to Merrill Lynch was $9,083,661, including capitalized transaction costs and net of cash acquired. The acquisition of the MLIM business added to BlackRock s existing investment management capabilities for retail and institutional investors through proprietary and third-party distribution channels globally. The investment management capabilities of the acquired MLIM business include equity, fixed income, cash management, index, enhanced index, balanced and alternative investments, which are offered through vehicles such as mutual funds, non-registered investment management vehicles, privately managed accounts and retail and institutional separate accounts with approximately $592.5 billion in assets under management (AUM) at September 29, 2006. The combined company is one of the world s largest asset management firms with approximately $1.075 trillion in AUM, providing a full range of equity, fixed income, cash management and alternative investment products, with strong representation in both retail and institutional channels, in the U.S. and non-U.S. markets. In completing this transaction, the Company expects, among other things, increased opportunities for growth as the result of broad investment and risk management capabilities and global scale; increased retail presence in the U.S. and a stronger reputation in Europe and Asia; and new opportunities for distributing BlackRock investment management products through access to Merrill Lynch s distribution network.

In connection with the MLIM Transaction, Merril Lynch and PNC have each entered into stockholder agreements with BlackRock. As of September 30, 2006, Merrill Lynch s ownership represents 45% of the voting interest in BlackRock and approximately 49.3% of total capital stock outstanding on a fully diluted basis. Pursuant to the terms of the stockholder agreement, Merrill Lynch is restricted from owning more than 49.8% of the fully diluted capital stock of BlackRock. PNC, which owned approximately 69% of BlackRock prior to the MLIM Transaction, owns approximately 34% of the total outstanding capital stock as of September 30, 2006. Pursuant to the terms of the stockholder agreement, PNC is generally restricted from owning more than 35% of the fully capital stock of BlackRock, except in the case where an increase in PNC s percentage ownership is due to a BlackRock share buyback, in which case PNC is permitted to own no more than 40% of the Company s outstanding capital stock.

In addition to the ownership restrictions described above, the stockholder agreements include the following additional provisions, among others:

- Both Merrill Lynch and PNC are generally restricted from the purchasing additional shares of BlackRock common stock if it would result in either exceeding their respective ownership cap;

- Merrill Lynch is restricted from transferring any common stock or the series A participating preferred stock for a period of three years without the prior consent of BlackRock;

- PNC and Merrill Lynch after the third anniversary of the closing of the MLIM Transaction, are subject to additional transfer restrictions designed to ensure that no party acquires a significant holding of voting stock;

- Merrill Lynch and PNC are required to vote their shares in accordance with the BlackRock Board of Directors recommendations to the extent consistent with the provisions of the stockholder agreements; and

- Certain fundamental transactions may not be entered into without prior approval of all of the independent directors then in office, or at least two thirds of the directors then in office. Additionally, BlackRock may not enter into certain key transactions without prior approval of Merrill Lynch and PNC.

The series A participating preferred stock have the following terms:

Except as otherwise provided by applicable law, is non-voting;

Participate in dividends on common stock on an equal basis as the common stock;

Grant the holder the option to receive dividends in common stock or in cash (subject to applicable ownership restrictions);

Benefit from a liquidation preference of $0.01 per share; and

Is mandatorily convertible to BlackRock common stock upon transfer to an unrelated party.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Mergers and Acquisitions

Merrill Lynch Investment Managers (continued)

In connection with the approval of the Transaction Agreement, the Company adopted a dividend policy establishing a targeted payout ratio of 40% of historical net income, with all subsequent quarterly dividend declarations under such policy remaining subject to the board of directors discretion. The PNC stockholder agreement refers to the board s resolution adopting the policy including its resolution to not revise the dividend payout ratio downward except in furtherance of its board s fiduciary duties or other prudent financial considerations.

In addition, Merrill Lynch has agreed that it will provide reimbursement to BlackRock for employee incentive awards issued to former MLIM employees who became BlackRock employees subsequent to the MLIM Transaction. Reimbursements will amount to 50% of eligible incentive compensation between $100 million and $200 million. In October 2006, the Company s management development and compensation committee approved the issuance of $147,000 of incentive stock awards to former MLIM employees now employed by BlackRock (see Note 15).

The MLIM Transaction was accounted for under the purchase method of accounting in accordance with SFAS No. 141, *Business Combinations*. Accordingly, the purchase price was allocated to the estimated fair value of assets acquired and liabilities assumed based upon their estimated fair values at the date of the transaction. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was recorded as goodwill. Third quarter results of operations include an estimate of one day of earnings (September 30, 2006) from the former MLIM business and one day of amortization expense associated with finite-life intangible assets acquired. The value of the consideration paid for the net assets acquired was determined using the average closing price of BlackRock s common stock two days before, the day of, and two days after MLIM Transaction announcement date of February 15, 2006. Both the common stock and the series A participating preferred stock were valued at a price of $147.34 per share since both classes of stock participate equally in dividends and have transfer restrictions.

A summary of the estimated fair values of the assets acquired and liabilities assumed in this acquisition is as follows:

Accounts receivable	$ 645,273
Investments	1,256,476
Property and equipment	40,138
Deferred mutual fund commissions	188,464
Other assets	144,977
Separate account assets	4,212,311
Finite-life intangible management contracts	1,082,720
Indefinite-life intangible management contracts	4,498,200
Goodwill	3,266,702
Liabilities assumed	(6,109,678)
Payable to Merrill Lynch	(141,922)
Total purchase price, including acquisition costs	$ 9,083,661
Summary of consideration, net of cash acquired:	
Capital stock, at fair value	$ 9,577,100
Cash	(519,761)
Other capitalized transaction costs	26,322
Total consideration	$ 9,083,661

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Mergers and Acquisitions

Merrill Lynch Investment Managers (continued)

Approximately $26,322 of direct costs were capitalized in conjunction with the MLIM Transaction, primarily representing $20,000 of financial advisory fees and approximately $4,500 in legal and other professional fees. Certain capitalized costs have been estimated as of September 30, 2006 and are subject to adjustment. Finite-life intangible management contracts have a weighted average estimated useful life of 10.2 years.

The allocation of the purchase price is preliminary and subject to adjustment. Specifically, the following accounts are subject to change in their preliminary values:

Investments and related minority interest on consolidated investments were valued at fair value using the most up to date information available. The values of such investments may change, primarily as the result of finalization of non-marketable investment valuations using information as of September 29, 2006;

Deferred mutual fund commissions were valued using third party bids and may change depending upon the update of assumptions used in the bids to reflect information as of September 29, 2006;

Intangible management contracts were valued using June 30, 2006 AUM and assumptions. The value of such contracts may change, primarily as the result of updating AUM and other assumptions as of September 29, 2006;

Accounts receivable, property and equipment, deferred taxes, other assets, accounts payable and accrued liabilities have been stated at preliminary estimates of fair value. These fair values are subject to adjustment based upon further management receipt of additional information as of September 29, 2006;

The amount payable to Merrill Lynch of $141,922 is the result of excess tangible equity over the amount required by the Transaction Agreement. This amount is subject to adjustment and may be affected by changes in the valuation of investments and certain other adjustments; and

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed and is subject to adjustment as the fair value of those assets and liabilities is adjusted.

The following unaudited pro forma condensed combined financial information does not purport to be indicative of actual financial position or results of BlackRock s operations had the MLIM Transaction actually been consummated at the beginning of each period presented. Certain one-time charges have been eliminated. The pro forma adjustments reflecting the allocation of the purchase price of MLIM and the effect thereof on pro forma adjustments to the unaudited pro forma condensed combined financial information below are based on preliminary estimates and are subject to adjustment. The pro forma combined provision for income taxes may not represent the amount that would have resulted had BlackRock and MLIM filed consolidated income tax returns during the year presented. Management expects to realize net operating synergies from this transaction. The pro forma condensed combined financial information does not reflect the potential impact of these synergies.

	Three months ended	Nine months ended
	September 30,	September 30,

(in millions)

	2006	2005	2006	2005
Total revenue	$ 902	$ 722	$ 2,740	$ 2,017
Operating income	$ 315	$ 262	$ 883	$ 494
Net income	$ 198	$ 192	$ 582	$ 364
Earnings per share:				
Basic	$ 1.53	$ 1.49	$ 4.50	$ 2.82
Diluted	$ 1.49	$ 1.46	$ 4.41	$ 2.76

BlackRock results contained $71 million and $91 million of MLIM integration costs during the three and nine months ended September 30, 2006, respectively. For purposes of the pro forma financial information above, these costs have been removed. In addition, in the first quarter of 2006, as a result of a Merrill Lynch policy modification, MLIM recorded an adjustment to earnings reflecting $109 million of accelerated vesting of certain stock awards. This adjustment has been reversed in the pro forma financial information above since management believes that this expense would be non-recurring.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Mergers and Acquisitions

Nomura-BlackRock Asset Management

On September 29, 2006, BlackRock acquired the 90% equity ownership stake in Nomura BlackRock Asset Management (NBAM) that was held by its joint venture partner, Nomura Asset Managers for a purchase price of five billion Japanese yen (approximately $42,408), subject to certain adjustment provisions. Prior to the NBAM transaction, NBAM was consolidated in the Company s financial statements under FIN No. 46R, *Variable Interest Entities*, as a result of the preferential payments received by a BlackRock subsidiary which resulted in BlackRock being considered the primary beneficiary of NBAM.

The Company accounted for its acquisition of 90% of NBAM using step acquisition accounting in accordance with SFAS No. 141, resulting in a partial step up in basis of the assets of NBAM to fair value. As a result of the acquisition, the Company recorded finite-life intangible assets of $13,150 with an amortizable life of 10 years and goodwill of approximately $28,414. The value of the intangible assets and goodwill recorded as a result of the NBAM acquisition may change, primarily as the result of updating AUM and other assumptions as of September 29, 2006.

3. Investments

As of September 30, 2006 and December 31, 2005, BlackRock had total investments of $1,616,211 and $298,668, respectively. Of the total investments as of September 30, 2006, $161,719 were classified as available-for-sale investments, $233,276 were classified as trading investments and $1,221,216 were classified as other investments, which include equity and cost method investments.

A summary of the cost and carrying value of investments classified as available-for-sale is as follows:

		Gross Unrealized		Carrying
September 30, 2006	**Cost**	**Gains**	**Losses**	**Value**
Available-for-sale investments:				
Commingled investments	$ 121,466	$ 91	$ (81)	$ 121,476
Collateralized debt obligations	31,493	1,258		32,751
Other	7,156	336		7,492
Total available-for-sale investments	$ 160,115	$ 1,685	$ (81)	$ 161,719
December 31, 2005				
Available-for-sale investments				
Collateralized debt obligations	$ 25,750	$ 773	$ (806)	$ 25,717
Commingled investments	4,442	20	(153)	4,309
Total available-for-sale investments	$ 30,192	$ 793	$ (959)	$ 30,026

Available-for-sale investments acquired in the MLIM Transaction included $116,755 of commingled investments, $9,536 of collateralized debt obligation (CDO) investments and $4,979 of other investments, which amounts reflect the cost value and the carrying value as of September 30, 2006.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

3. Investments (continued)

At September 30, 2006 and December 31, 2005, the Company s available-for-sale investments had an aggregate cost basis of $160,115 and $30,192 and an aggregate fair value of $161,719 and $30,026, respectively. During the three and nine months ended September 30, 2006, the Company recorded impairments of $145 and $2,211, respectively, to certain CDO investments.

A summary of the cost and carrying value of trading and other investments is as follows:

September 30, 2006	**Cost**	**Carrying Value**
Trading investments:		
Equity securities	$ 115,317	$ 119,500
Commingled investments	66,452	69,271
Municipal debt securities	26,367	26,368
Corporate notes and bonds	12,538	12,427
Mortgage-backed securities and other	5,863	5,710
Total trading investments	226,537	233,276
Other investments:		
Other fund investments	1,188,772	1,203,398
Deferred compensation plan assets	14,074	17,818
Total other investments	1,202,846	1,221,216
Total trading and other investments	$ 1,429,383	$ 1,454,492
December 31, 2005		
Trading investments:		
Commingled investments	$ 19,699	$ 22,319
Equity securities	15,964	18,425
Mortgage-backed securities	13,345	13,069
Corporate notes and bonds	8,146	7,946
Municipal debt securities	119	123
Total trading investments	57,273	61,882
Other investments:		
Other fund investments	167,593	181,292
Deferred compensation plan assets	20,976	24,495
Other	193	973
Total other investments	188,762	206,760
Total trading and other investments	$ 246,035	$ 268,642

Trading investments acquired in the MLIM Transaction included $89,103 of equity securities, $47,352 of commingled investments and $24,681 of municipal debt securities. Other investments acquired in the MLIM Transaction included $964,071 of other fund investments consisting primarily of interests in private equity funds sponsored by the Company.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

3. Investments (continued)

Included in other investments is $101,069 of investments accounted for using the cost method. FSP FAS 115-1/124-1 requires that a company review cost method investments for other-than-temporary impairment whenever management estimates a fair value for such investments or when events or changes in circumstances have occurred that may have a significant adverse effect on the fair value of the investment. At September 30, 2006, management reviewed $46,889 in carrying value of other investments and estimated an aggregate fair value of $50,788 and found no impairments to exist.

In addition, $54,180 in cost basis investments were not reviewed for other-than-temporary impairment because management s review concluded that no events had occurred that indicated a potentially significant adverse impact on the fair value of the investment.

The carrying value of investments in debt securities by contractual maturity at September 30, 2006, is as follows:

Maturity Date	**Carrying Value**
Less than 5 years	$ 9,571
5-10 years	5,099
Greater than 10 years	29,835
Total	$ 44,505

In connection with the MLIM Transaction, the Company acquired a fund investing primarily in municipal debt securities, which is consolidated in the Company s condensed consolidated financial statements at September 30, 2006. The fair value of these debt securities at September 30, 2006, was $24,681 and the securities, mature as follows: $529 in less than 5 years, $331 in 5-10 years and $23,821 in greater than 10 years.

4. Goodwill

In connection with the MLIM Transaction on September 29, 2006 (see Note 2), the Company estimated the fair value of the assets acquired and the liabilities assumed in accordance with SFAS No. 141, *Business Combinations*. The excess of purchase price over the fair value of the net assets acquired, amounting to $3,266,702, was recorded as goodwill.

In connection with the NBAM transaction on September 29, 2006 (see further discussion in Note 2), the Company estimated the fair value of the assets acquired and the liabilities assumed in accordance with SFAS No. 141. The excess of purchase price over the fair value of the net assets acquired in the transaction, amounting to $28,414, was recorded as goodwill.

As a part of the SSRM Holdings Inc. (SSRM) transaction in January 2005, the Company acquired BlackRock Realty Advisors, Inc. (formerly SSR Realty Inc., or Realty), which has a management agreement with MetLife whereby Realty acted as sub-advisor of Tower Fund (Tower), an open-ended commingled insurance company real estate separate account sponsored and managed by MetLife. On September 30, 2006, the Company completed a transfer of the assets, liabilities and investors of Tower to a real estate investment trust (REIT) structured, sponsored and managed by MetLife, whereby BlackRock can manage the fund directly. In order to effectuate the transfer, Realty incurred $10,225 in transfer taxes, legal costs and other costs, which were capitalized as part of the purchase price upon completing the conversion.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

5. Intangible Assets

Intangible assets at September 30, 2006 and December 31, 2005 consist of the following:

	Weighted-Average Estimated Useful Life	September 30, 2006 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-life intangible assets:				
Acquired management contracts:				
Institutional and retail	N/A	$ 4,498,200	$	$ 4,498,200
Mutual funds and private investment funds	N/A	234,332		234,332
Total indefinite-life intangible assets		4,732,532		4,732,532
Finite-life intangible assets:				
Acquired management contracts:				
Client relationships	10.1	1,090,450	365	1,090,085
Institutional separate accounts and other	10.5	76,663	17,313	59,350
Total finite-life intangible assets	10.2	1,167,113	17,678	1,149,435
Total intangible assets		$ 5,899,645	$ 17,678	$ 5,881,967

	Weighted-Average Estimated Useful Life	December 31, 2005 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-life intangible assets:				
Acquired management contracts:				
Mutual funds and private investment funds	N/A	$ 234,152	$	$ 234,152
Total indefinite-life intangible assets		234,152		234,152
Finite-life intangible assets:				
Acquired management contracts:				
Institutional separate accounts and other	10.5	71,240	11,224	60,016
Total finite-life intangible assets	10.5	71,240	11,224	60,016
Total intangible assets		$ 305,392	$ 11,224	$ 294,168

N/A Not applicable

Finite-Life Acquired Management Contracts

On September 29, 2006, in conjunction with the MLIM Transaction, the Company acquired finite-life management contracts valued at $1,082,720, consisting primarily of $352,100 of domestic retail and private investor accounts, $331,200 of institutional equity accounts, $297,900 of domestic non-proprietary accounts, $97,120 of other institutional accounts and $4,400 in trade name intangibles. The weighted-average useful life of these finite-life management contracts is approximately 10.2 years.

On September 29, 2006, in conjunction with the NBAM transaction, the Company acquired $13,150 of finite-life management contracts, consisting primarily of private client fixed income accounts. The weighted-average useful life of these finite-life management contracts is approximately 10 years.

Future expected amortization expense for intangible assets for each of the five succeeding years is as follows:

2006	$ 29,493
2007	$ 117,971
2008	$ 117,421
2009	$ 115,771
2010	$ 114,700

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

5. Intangible Assets (continued)

Indefinite-Life Acquired Management Contracts

On September 29, 2006, in conjunction with the MLIM Transaction, the Company acquired indefinite-life management contracts valued at $4,498,220, consisting primarily of $2,979,300 of retail and private accounts balanced and equity funds, $733,600 of fixed income funds, $390,000 of alternative funds and $395,300 of liquidity and other funds.

6. Consolidated Entities

Variable Interest Entities

The Company is involved with various entities in the normal course of business that are considered to be variable interest entities (VIEs) and holds interests therein, including investment advisory agreements and equity securities, which are considered variable interests. The Company engages in these transactions principally to address client needs through the launch of CDOs and private investment funds. At September 30, 2006 and December 31, 2005, the aggregate assets, debt and BlackRock s maximum risk of loss in VIEs in which BlackRock is not the primary beneficiary were as follows:

September 30, 2006	**Assets**	**Debt**	**BlackRock s Maximum Risk of Loss**
Collateralized debt obligations	$ 9,773,647	$ 9,316,101	$ 49,417
Private investment funds	7,044,374	547,634	13,914
Total	$ 16,818,021	$ 9,863,735	$ 63,331
December 31, 2005			
Collateralized debt obligations	$ 6,289,500	$ 5,491,200	$ 42,383
Private investment funds	5,185,500	1,051,400	18,944
Total	$ 11,475,000	$ 6,542,600	$ 61,327

Other Consolidated Entities

In accordance with various accounting guidance, the Company consolidated certain investments acquired in connection with the MLIM Transaction. At September 30, 2006, the following balances related to these entities were consolidated in the condensed consolidated statement of financial position:

September 30, 2006	
Cash and cash equivalents	$ 22,868
Investments	1,045,092
Other liabilities, net	(6,320)
Minority Interest	(854,325)
Total consolidated net assets	$ 207,315

Total consolidated net assets of $207,315 represents the fair value of the Company s ownership interest in these funds. Valuation changes associated with these investments are reflected in non-operating income and minority interest and may result in volatility in the Company s net income.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

7. Property and Equipment

Property and equipment as of September 30, 2006 and December 31, 2005 consists of the following:

	Estimated useful life-in years	September 30, 2006	December 31, 2005
Property and equipment, net:			
Land	N/A	$ 4,320	$ 3,564
Building	39	16,972	16,972
Building improvements	15	11,960	10,861
Leasehold improvements	1-13	94,843	71,654
Equipment and computer software	3-5	159,799	122,759
Furniture and fixtures	7	47,203	27,071
Construction in progress	N/A	2,747	294
Gross property and equipment		337,844	253,175
Less: accumulated depreciation		144,092	123,724
Property and equipment, net		$ 193,752	$ 129,451

N/A - Not applicable

Fixed assets acquired in connection with the MLIM Transaction included $756 of land, $17,922 of leasehold improvements, $4,745 of equipment and computer software, $16,540 of furniture and fixtures and $175 of construction in progress.

Depreciation expense was $22,852 and $16,937 for the nine months ended September 30, 2006 and 2005, respectively.

8. Derivatives

In connection with the MLIM Transaction, the Company acquired one consolidated fund which uses interest rate swaps in its portfolio. As of September 30, 2006, the fair value of interest rate swaps consolidated on BlackRock s condensed consolidated statement of financial condition was a liability of $1,602 and had an aggregate notional value of $62,100, with expiration dates between 2015 and 2018.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

9. Commitments and Contingencies

Lease Commitments

The Company leases its primary office space and certain office equipment under agreements which expire through 2018. Future minimum commitments under these operating leases, net of subleases, are as follows:

2006	$ 11,772
2007	46,680
2008	46,431
2009	46,694
2010	45,876
Thereafter	185,395
Total	$ 382,848

In connection with the MLIM Transaction, the Company renegotiated MLIM s existing lease agreements or entered into sublease arrangements with Merrill Lynch effective September 29, 2006. The lease obligations included in the table above related to MLIM properties are as follows:

2006	$ 4,719
2007	19,115
2008	18,253
2009	18,557
2010	17,443
Thereafter	16,678
Total	$ 94,765

Rent expense amounted to $20,682 and $16,086 for the nine months ended September 30, 2006 and September 30, 2005, respectively.

Investment Commitments

The Company has certain investment commitments relating primarily to private equity funds. Dates shown below represent the expiration dates of the commitments. Amounts to be funded generally are callable at any point prior to the expiration of the commitment. The Company has the following unfunded investment commitments as of September 30, 2006:

2006	$ 12,772
2007	11,350
2008	10,795
2009	
2010	25,744
Thereafter	125,968
Total	$ 186,629

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

9. Commitments and Contingencies (continued)

Investment Commitments

The Company assumed the obligation to fund in the future certain private equity funds acquired with the MLIM business. These funding commitments of $144,356 expire $12,772 in 2006, $10,795 in 2008, $15,489 in 2010 and $105,300 thereafter.

The Company has also committed to fund certain BlackRock funds, primarily alternative funds, a total of $42,273. These commitments expire $11,350 in 2007, $10,255 in 2010 and $20,668.

BlackRock is also obligated to maintain a specified ownership level in certain investment products, which may result in additional required contributions of capital. These amounts are inherently uncertain and have been excluded from the contractual obligations schedule above. In addition, as a general partner in certain private equity partnerships, the Company receives distributions from the partnerships according to the provisions of the partnership agreements. The Company may, from time to time, be required to return all or a portion of such distributions to the limited partners in the event the limited partners do not achieve a certain return as specified in the various partnership agreements.

In October 2006, the Company, along with other investors, committed capital to fund the purchase of a large apartment complex in New York City from MetLife. The Company s maximum commitment is $125,000, which is expected to be funded in the fourth quarter of 2006. This commitment was excluded from the table above since it was made subsequent to September 30, 2006.

Legal Proceedings

BlackRock has received subpoenas from various federal and state governmental and regulatory authorities and various information requests from the SEC in connection with industry-wide investigations of mutual fund matters. BlackRock is continuing to cooperate fully in these matters. From time to time, BlackRock is subject to other regulatory inquires and proceedings.

The Company, including a number of the legal entities acquired in the MLIM Transaction, has been named as a defendant in various legal actions, including arbitrations, class actions, and other litigation and regulatory proceedings arising in connection with BlackRock s activities. Additionally, the investment funds that the Company manages are subject to lawsuits, any of which could harm the investment returns of the applicable fund or result in managers being liable to the funds for any resulting damages. While Merrill Lynch has agreed to indemnify the Company for certain of the pre-closing liabilities related to legal and regulatory proceedings acquired in the MLIM Transaction, entities that BlackRock now owns may be named as defendants in these matters and the Company s reputation may be negatively impacted.

Management, after consultation with legal counsel, does not currently anticipate that the aggregate liability, if any, arising out of such regulatory matters or lawsuits will have a material adverse effect on BlackRock s financial position, although at the present time, management is not in a position to determine whether any such pending or threatened matters will have a material adverse effect on BlackRock s results of operations in any future reporting period.

Long-Term Retention and Incentive Plan

Under the BlackRock, Inc. Long-Term Retention and Incentive Plan (LTIP), grants of up to $240,000 in deferred compensation (the LTIP Awards) were authorized in 2002, payable in cash and BlackRock common stock. As of September 30, 2006, approximately $173,490 in common stock and $34,706 in cash will vest in the first quarter of 2007. Shares distributed to LTIP participants upon vesting of the awards in the first quarter of 2007 include an option to put such distributed Shares back to BlackRock at fair market value. The put option was provided to LTIP participants for liquidity purposes due to the Company s small public float. The Company currently cannot estimate the number of participants that will exercise this put option upon vesting of LTIP awards in 2007.

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

10. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Net income	$ 18,914	$ 61,119	$ 153,179	$ 160,990
Basic weighted-average shares outstanding	64,761,447	64,087,871	64,326,752	64,243,408
Dilutive potential shares from stock options and restricted stock units	2,208,829	2,626,926	2,074,384	2,566,298
Dilutive potential shares from convertible debt	507,260		502,417	
Dilutive weighted-average shares outstanding	67,477,536	66,714,797	66,903,553	66,809,706
Basic earnings per share	$ 0.29	$ 0.95	$ 2.38	$ 2.51
Diluted earnings per share	$ 0.28	$ 0.92	$ 2.29	$ 2.41

Due to the similarities in terms between BlackRock series A participating preferred stock and the Company s common stock, the Company considers the series A participating preferred stock to be a common stock equivalent for purposes of earnings per share calculations. As such, the Company has included the outstanding series A participating preferred stock in the calculation of average basic shares outstanding for the three and nine months ended September 30, 2006.

11. Other Comprehensive Income

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Net income	$ 18,914	$ 61,119	$ 153,179	$ 160,990
Unrealized gain (loss) from investments, net of tax	456	265	507	(697)
Foreign currency gain (loss), net of tax	467	(456)	3,793	(3,068)
Minimum pension liability adjustment	379		379	
Comprehensive income	$ 20,216	$ 60,928	$ 157,858	$ 157,225

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

12. Related Party Transactions

Included in accounts receivable is approximately $21,562 and $29,155 at September 30, 2006 and December 31, 2005, respectively, receivable from affiliates, primarily representing investment advisory and administration services provided to PNC and MetLife and their affiliates.

Accounts payable and accrued liabilities payable to affiliates were $278,189 and $11,893 at September 30, 2006 and December 31, 2005, respectively. At September 30, 2006, these amounts primarily consisted of a payable to Merrill Lynch totaling $141,922 assumed in connection with the MLIM Transaction (see Note 2), $107,158 in other payables to Merrill Lynch affiliates, $25,433 payable to MetLife relating to the SSRM acquisition in January 2005 and $2,730 due to PNC-related entities primarily for fund administration and servicing costs. At December 31, 2005, these amounts included income taxes payable and accrued fund administration and servicing costs payable to PNC. These accounts payable to related parties do not bear interest.

In connection with the MLIM Transaction on September 29, 2006, the Company entered into various transition service agreements with Merrill Lynch primarily to allow BlackRock to transition the MLIM business to BlackRock s systems. Such services are generally priced at historical rates for such services.

In November 2006, the Company repaid $100,000 of the $141,922 payable to Merrill Lynch assumed in the MLIM Transaction (see Note 2).

13. Supplemental Statements of Cash Flow Information

Supplemental disclosure of cash flow information:

	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Cash paid for interest	$ 6,876	$ 3,936
Cash paid for income taxes	$ 127,364	$ 103,282

PART I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

13. Supplemental Statements of Cash Flow Information (Continued)

Supplemental schedule of non-cash transactions:

	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Stock issued in MLIM Transaction	$ 9,577,100	$
Reissuance of treasury stock, class A, at a discount to its cost basis	$ 13,278	$ 27,741
Mark-to-market on available-for-sale securities	$ 507	$ (697)
Dividend reinvestment	$ 492	$ 320
Decrease in investment due to deconsolidation of sponsored investment funds	$ 7,638	$ 13,758
Decrease in minority interest due to deconsolidation of sponsored investment fund	$ 8,881	$ 18,170
Short-term borrowings assumed in SSRM transaction	$	$ 111,840
Stock issued in SSRM transaction	$	$ 37,212
Convertible debt issuance costs	$	$ 5,000

14. Net Capital Requirements

Certain of BlackRock s subsidiaries are subject to regulatory minimum net capital requirements. At September 30, 2006, the Company was required to maintain approximately $365,000 in net capital at these subsidiaries. The Company is currently in compliance with all regulatory minimum net capital requirements as of September 30, 2006.

As registered broker-dealers, two subsidiaries of BlackRock are subject to the Uniform Net Capital requirements under the Securities Exchange Act of 1934, which requires maintenance of certain minimum net capital levels. At September 30, 2006, the aggregate net capital requirement was $714. Both subsidiaries were in compliance with such requirements at September 30, 2006 and these subsidiaries aggregate capital was in excess of regulatory requirements by $35,969.

15. Subsequent Event

In October 2006, the management development and compensation committee of the Board of Directors approved the issuance of approximately $147,000 of incentive stock awards. The awards were granted to former MLIM employees in October and were converted, pursuant to the terms of the grants, to approximately 1.0 million shares of common stock in November 2006 at an average stock price of $145.37. The awards vest in September 2011 and will be expensed over the five year service period on a straight-line basis.

In connection with the MLIM Transaction, BlackRock amended and restated its employee stock purchase plan (ESPP). The amended and restated plan allows eligible employees to purchase shares of the Company s common stock at 95% of the fair market value on the last day of each quarter. Eligible employees may not purchase more than $25,000 of common stock in any calendar year. In accordance with SFAS No. 123(R), the Company will no longer record compensation expense in relation to the discount on the amended and restated ESPP plan.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report, and other statements that BlackRock may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to BlackRock s future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as trend, potential, opportunity, pipeline, believe, comfortabl expect, anticipate, current, intention, estimate, position, assume, outlook, continue, remain, maintain, sustain, seek, expressions, or future or conditional verbs such as will, would, should, could, may or similar expressions.

BlackRock cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and BlackRock assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in BlackRock s SEC reports and those identified elsewhere in this report, including the Risk Factors section of Part II of this report, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the relative and absolute investment performance of BlackRock s investment products, including its separately managed accounts and the former Merrill Lynch Investment Managers (MLIM) business; (4) the impact of increased competition; (5) the impact of capital improvement projects; (6) the impact of future acquisitions or divestitures; (7) the unfavorable resolution of legal proceedings; (8) the extent and timing of any share repurchases; (9) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (10) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to BlackRock, Merrill Lynch or PNC; (11) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, specific industries, and BlackRock; (12) the ability to attract and retain highly talented professionals; (13) fluctuations in foreign currency exchange rates, which may adversely affect the value of advisory fees earned by BlackRock and certain investments denominated in foreign currencies; (14) the impact of changes to tax legislation and, generally, the tax position of the Company; (15) BlackRock s ability to successfully integrate the MLIM business with its existing business; (16) the ability of BlackRock to effectively manage the former MLIM assets along with its historical assets under management; and (17) BlackRock s success in maintaining the distribution of its products.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Overview

BlackRock is one of the largest publicly traded investment management firms in the United States with $1.075 trillion of AUM at September 30, 2006. BlackRock manages assets on behalf of institutional and individual investors worldwide through a variety of fixed income, cash management, equity and alternative investment separate accounts and mutual funds. In addition, BlackRock provides risk management, investment system outsourcing and financial advisory services to institutional investors. On September 29, 2006, BlackRock and Merrill Lynch closed the MLIM Transaction pursuant to which Merrill Lynch contributed its investment management business, MLIM, to BlackRock in exchange for an aggregate of 65 million shares of newly issued BlackRock common and non-voting participating preferred stock. Immediately following the closing, Merrill Lynch owned 45% of the voting common stock and approximately 49.3% of the total capital stock on a fully diluted basis of the combined company and PNC owned approximately 34% of the combined company (as compared with 69% immediately prior to the closing).

The following table summarizes BlackRock s operating performance for each of the three months ended September 30, 2006, June 30, 2006 and September 30, 2005 and the nine months ended September 30, 2006 and September 30, 2005:

BlackRock, Inc.

Financial Highlights

(Dollar amounts in thousands, except share data)

(unaudited)

	Three months ended September 30, 2006	Three months ended September 30, 2005	June 30, 2006	Variance vs. September 30, 2005 Amount	Variance vs. September 30, 2005 %	Variance vs. June 30, 2006 Amount	Variance vs. June 30, 2006 %
Total revenue	$ 323,058	$ 300,807	$ 360,733	$ 22,251	7.4%	$ (37,675)	(10.4)%
Total expense	$ 294,050	$ 221,138	$ 264,050	$ 72,912	33.0%	$ 30,000	11.4%
Operating income[a]	$ 29,008	$ 79,669	$ 96,683	$ (50,661)	(63.6)%	$ (67,595)	(70.0)%
Operating margin[a]	9.0%	26.5%	26.8%				
Net income[b]	$ 18,914	$ 61,119	$ 63,404	$ (42,205)	(69.1%)	$ (44,490)	(70.2)%
Diluted earnings per share[b]	$ 0.28	$ 0.92	$ 0.95	$ (0.64)	(70.0)%	$ (0.67)	(70.5)%
Average diluted shares outstanding	67,477,536	66,714,797	66,653,479	762,739	1.1%	824,057	1.2%
Assets under management ($ in millions)	$ 1,075,016	$ 427,837	$ 464,070	$ 647,179	151.3%	$ 610,946	131.6

	Nine months ended September 30, 2006	Nine months ended September 30, 2005	Variance Amount	Variance %
Total revenue	$ 1,079,451	$ 822,278	$ 257,173	31.3%
Total expense	$ 853,734	$ 594,133	$ 259,601	43.7%
Operating income[a]	$ 225,717	$ 228,145	$ (2,428)	(1.1)%
Operating margin[a]	20.9%	27.7%		
Net income[b]	$ 153,179	$ 160,990	$ (7,811)	(4.9)%
Diluted earnings per share[b]	$ 2.29	$ 2.41	$ (0.12)	(5.0)%
Average diluted shares outstanding	66,903,553	66,809,706	47,675	NM
Assets under management ($ in millions)	$ 1,075,016	$ 427,837	$ 647,179	151.3%

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.

Financial Highlights

(continued)

(a) While BlackRock reports its financial results on a GAAP basis, management believes that evaluating its ongoing operating results may not be as useful if investors are limited to reviewing only GAAP-basis financial measures. Management reviews non-GAAP financial measures to assess ongoing operations, and for the reasons described below, considers them to be effective indicators, for both management and investors, of BlackRock s financial performance over time. BlackRock s management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Operating margin, as adjusted, equals operating income, as adjusted, divided by revenue used for operating margin measurement, as indicated in the table below. Computations for all periods presented include affiliated and unaffiliated fund administration and servicing expense reported as a separate income statement line item and are derived from the Company s consolidated financial statements as follows:

	Three months ended September 30, 2006	Three months ended September 30, 2005	Three months ended June 30, 2006	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Operating income, GAAP basis	$ 29,008	$ 79,669	$ 96,683	$ 225,717	$ 228,145
Non-GAAP adjustments:					
PNC LTIP funding obligation	12,045	12,313	12,347	36,068	36,296
MLIM Transaction costs	71,456		12,547	90,582	
Appreciation (depreciation) on deferred compensation plans	(3,149)	8,178	1,044	2,437	10,467
Fee sharing payment				34,450	
SSR acquisition costs					8,873
Operating income, as adjusted	$ 109,360	$ 100,160	$ 122,621	$ 389,254	$ 283,781
Revenue, GAAP basis	$ 323,058	$ 300,807	$ 360,733	$ 1,079,451	$ 822,278
Non-GAAP adjustments:					
Fund administration and servicing costs	(10,653)	(11,997)	(10,556)	(31,583)	(31,531)
Reimbursable property management compensation	(6,219)	(6,485)	(5,879)	(17,696)	(16,783)
Revenue used for operating margin measurement, as adjusted	$ 306,186	$ 282,325	$ 344,298	$ 1,030,172	$ 773,964
Operating margin, GAAP basis	9.0%	26.5%	26.8%	20.9%	27.7%
Operating margin, as adjusted	35.7%	35.5%	35.6%	37.8%	36.7%

Management believes that operating income, as adjusted, and operating margin, as adjusted, are effective indicators of management s ability to, and useful to management in deciding how to, effectively employ BlackRock s resources. As such, management believes that operating income, as adjusted, and operating margin, as adjusted, provide useful disclosure to investors. The 2006 fee sharing payment has been excluded because it represents a non-recurring payment (based upon a performance fee) pursuant to the SSR acquisition agreement. The portion of the BlackRock Long-Term Retention and Incentive Plan (LTIP) expense associated with awards to be met by the distribution to participants of shares of BlackRock stock currently held by PNC has been excluded because, exclusive of the potential impact related to LTIP participants put options, these charges will not impact BlackRock s book value. Compensation expense associated with appreciation on assets related to BlackRock s deferred compensation plans has been excluded because investment returns on these assets reported in non-operating income, net of the related impact on compensation expense, result in a nominal impact on net income. MLIM Transaction costs consist primarily of professional fees incurred in 2006 related to the MLIM Transaction. SSRM acquisition costs consist of compensation costs and professional fees incurred in 2005.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.

Financial Highlights

(continued)

(a) (continued)
Fund administration and servicing costs have been excluded from revenue used for operating margin measurement, as adjusted, because the Company receives offsetting revenue and expense for these services. Reimbursable property management compensation represents compensation and benefits paid to BlackRock Realty Advisors, Inc. (Realty) personnel. These employees are retained on Realty s payroll when certain properties are acquired by Realty s clients. The related compensation and benefits are fully reimbursed by Realty s clients and have been excluded from revenue used for operating margin measurement, as adjusted, because they bear no economic cost to BlackRock.

If the first quarter 2006 revenue was reduced to exclude multi-year performance fee of $106.0 million and operating income was adjusted by $57.2 million for related expenses, operating margin, as adjusted, would have been 36.6%.

(b) While BlackRock reports its financial results on a GAAP basis, management believes that evaluating the Company s ongoing operating results may not be as useful if investors are limited to reviewing only GAAP-basis financial measures. Management reviews non-GAAP financial measures to assess ongoing operations, and for the reasons described below, considers them to be effective indicators, for both management and investors, of BlackRock s financial performance over time. BlackRock s management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

	Three months ended September 30, 2006	Three months ended September 30, 2005	June 30, 2006	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Net income, GAAP basis	$ 18,914	$ 61,119	$ 63,404	$ 153,179	$ 160,990
Non-GAAP adjustments, net of tax					
MLIM Transaction costs	45,017		7,905	57,067	
PNC s LTIP funding obligation	7,588	7,757	7,779	22,723	22,866
Impact of Trepp sale					(486)
SSR acquisition costs					5,590
Net income, as adjusted	$ 71,519	$ 68,876	$ 79,088	232,969	$ 188,960
Diluted weighted average shares outstanding	67,477,536	66,714,797	66,653,479	66,903,553	66,809,706
Diluted earnings per share, GAAP basis	$ 0.28	$ 0.92	$ 0.95	$ 2.29	$ 2.41
Diluted earnings per share, as adjusted	$ 1.06	$ 1.03	$ 1.19	$ 3.48	$ 2.83

Management believes that net income, as adjusted, and diluted earnings per share, as adjusted, are effective measurements of BlackRock s profitability and financial performance. The portion of LTIP expense associated with awards to be met by the distribution to participants of shares of BlackRock stock currently held by PNC has been excluded from net income, as adjusted, and diluted earnings per share, as adjusted, because, exclusive of the potential impact related to LTIP participants put options, these charges will not impact BlackRock s book value. SSRM acquisition costs consist of compensation costs and professional fees in 2005. Compensation reflected in this amount represents direct performance incentives paid to SSR employees assumed in conjunction with the acquisition and settled by BlackRock with no future service requirement. Net income, as adjusted, and diluted earnings per share, as adjusted, exclude this amount because it does not relate to the current period s operations. MLIM Transaction costs consist of compensation costs and professional fees incurred in 2006 in conjunction with the MLIM Transaction. Professional fees related to the SSRM acquisition and the MLIM Transaction reflected in GAAP net income have been deemed non-recurring by management and have been excluded from net income, as adjusted, and diluted earnings per share, as adjusted, to help ensure the comparability of this information to prior reporting periods.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock derives a substantial portion of its revenue from investment advisory and administration fees, which are recognized as the services are performed. Such fees are primarily based on pre-determined percentages of the market value of AUM or, in the case of certain real estate equity separate accounts, net operating income generated by the underlying properties, and are affected by changes in AUM, including market appreciation or depreciation and net subscriptions or redemptions. Net subscriptions or redemptions represent the sum of new client assets, additional fundings from existing clients (including dividend reinvestment), withdrawals of assets from, and termination of, client accounts and purchases and redemptions of mutual fund shares. Market appreciation or depreciation includes current income earned on, and changes in the fair value of, securities held in client accounts.

Investment advisory agreements for certain separate accounts and BlackRock s alternative investment products provide for performance fees in addition to fees based on AUM. Performance fees generally are earned after a given period of time or when investment performance exceeds a contractual threshold, which may increase the volatility of BlackRock s revenue and earnings.

BlackRock provides a variety of risk management, investment analytic and investment system services to insurance companies, finance companies, pension funds, asset managers, foundations, consultants, mutual fund sponsors, real estate investment trusts, commercial and mortgage banks, savings institutions and government agencies. These services are provided under the brand name BlackRock Solutions® and include a wide array of risk management services and enterprise investment system outsourcing to clients. Fees earned for *BlackRock Solutions* services are based on a number of factors including pre-determined percentages of the market value of assets subject to the services and the number of individual investment accounts, or fixed fees. Fees earned on risk management, investment analytic and investment system assignments are recorded as other income in the Condensed Consolidated Statements of Income.

Operating expense primarily consists of employee compensation and benefits, fund administration and servicing costs, general and administration expense and amortization of intangible assets. Employee compensation and benefits expense reflects salaries, deferred and incentive compensation, vesting of awards granted under the LTIP plan and related benefit costs. Fund administration and servicing costs reflect payments made to PNC-affiliated entities and third parties, primarily associated with the administration and servicing of client investments in certain BlackRock mutual funds.

Prior to the MLIM Transaction, MLIM was among the world s largest asset managers with approximately $592.5 billion of AUM as of September 29, 2006. With portfolio managers located in the United States, the United Kingdom, the Netherlands, Japan and Australia, the acquired MLIM business includes a wide array of taxable and tax-exempt fixed-income, equity and balanced mutual funds and client accounts for a diverse global clientele, as well as a wide assortment of index-based equity products and alternative investment products.

Clients of the acquired MLIM business include institutions, pension funds, high-net-worth individuals and retail investors. Product distribution of the acquired MLIM business is managed through seven channels. The acquired MLIM business also distributes certain of its products and services through Merrill Lynch. The acquired MLIM business maintains a significant sales and marketing presence both inside and outside the United States that is focused on acquiring and maintaining retail and institutional investment management relationships by marketing its services to retail and institutional investors both directly and through financial professionals, pension consultants, and establishing third-party distribution relationships.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

The acquired MLIM business offers a broad array of taxable and tax-exempt fixed-income, cash management, equity and balanced mutual funds and segregated separate accounts for a diverse global clientele, as well as a wide assortment of index-based equity and alternative investment products to its diverse client base of institutions, pension funds, high-net-worth individuals and retail investors around the world. In some cases, the same or similar products and services may be offered to both individual and institutional clients, utilizing the same infrastructure. In other cases, a single infrastructure may be used to support multiple products and services offered to clients.

The MLIM business provides global advisory services for mutual funds and other non-U.S. equivalent retail products. The MLIM business non-U.S. mutual fund ranges are based in a number of domiciles and cover a range of asset classes, including cash, fixed income and equities. The primary retail fund range offered outside the United States is Merrill Lynch International Investment Funds (MLIIF), which is authorized for distribution in more than 30 jurisdictions worldwide. In the United States, the primary retail offering is the Merrill Lynch family of funds, which is now operating under the BlackRcok name. Additional fund offerings include structured products, real estate funds, hedge funds, hedge funds of funds, private equity funds of funds, managed futures funds and exchange funds. These products are sold to both U.S. and non-U.S. high-net-worth retail and institutional investors.

The MLIM business also manages separate accounts for high-net-worth retail investors as well as accounts for governments, pension funds, endowments and other institutional investors in a wide variety of active and passive strategies covering both equity and fixed income assets.

Assets Under Management

BlackRock, Inc.

Assets Under Management Summary

(Dollar amounts in millions)

(unaudited)

	September 30, 2006	June 30, 2006	December 31, 2005	September 30, 2005	Variance Quarter to Quarter	Variance Year to Date	Variance Year over Year
Fixed income	$ 451,148	$ 307,640	$ 303,928	$ 290,041	47%	48%	56%
Cash management	220,549	88,431	86,128	76,713	149%	156%	187%
Equity	359,483	40,872	37,303	35,600	780%	864%	910%
Alternative investments	43,836	27,127	25,323	25,483	62%	73%	72%
Total	$ 1,075,016	$ 464,070	$ 452,682	$ 427,837	132%	137%	151%

AUM increased approximately $647.2 billion, or 151.3%, to $1.075 trillion at September 30, 2006, compared with $427.8 billion at September 30, 2005. The growth in AUM was attributable to $592.5 billion acquired in the MLIM transaction, $39.4 billion in net subscriptions and $15.2 billion in market appreciation.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Assets Under Management (continued)

Net subscriptions of $8.4 billion for the three months ended September 30, 2006 were primarily attributable to net new business of $4.0 billion in cash management products as a result of customer reallocations of funds due to changes in prevailing economic policy, new fixed income client sales and increased fundings from existing fixed income clients of $1.7 billion and net new business in alternative products of $2.7 billion. Market appreciation of $10.0 billion largely reflected market appreciation on fixed income products of $9.3 billion due to current income and changes in market interest rates and appreciation in equity assets of $0.8 billion as equity markets improved during the twelve months ended September 30, 2006.

The following table presents the component changes in BlackRock s AUM for the three months ended September 30, 2006.

BlackRock, Inc.

Third Quarter 2006 Component Changes in Assets Under Management

(Dollar amounts in millions)

(Unaudited)

	June 30, 2006	Net subscriptions (redemptions)	Acquisition	Market appreciation (depreciation)	September 30, 2006
Fixed income	$ 307,639	$ 1,679	$ 132,538	$ 9,292	$ 451,148
Cash management	88,431	3,975	128,023	120	220,549
Equity	40,873	43	317,784	783	359,483
Alternative investments	27,127	2,722	14,199	(212)	43,836
Total	$ 464,070	$ 8,419	$ 592,544	$ 9,983	$ 1,075,016

The following table presents the component changes in BlackRock s AUM for the nine months ended September 30, 2006.

BlackRock, Inc.

Year to Date 2006 Component Changes in Assets Under Management

(Dollar amounts in millions)

(Unaudited)

	December 31, 2005	Net subscriptions (redemptions)	Acquisition	Market appreciation (depreciation)	September 30, 2006
Fixed income	$ 303,928	$ 4,730	$ 132,538	$ 9,952	$ 451,148
Cash management	86,128	6,129	128,023	269	220,549
Equity	37,303	1,384	317,784	3,012	359,483
Alternative investments	25,323	3,451	14,199	863	43,836
Total	$ 452,682	$ 15,694	$ 592,544	$ 14,096	$ 1,075,016

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Assets Under Management (continued)

The following table presents the component changes in BlackRock s AUM for the twelve months ended September 30, 2006.

BlackRock, Inc.

Component Changes in Assets Under Management

For the Twelve Months Ended September 30, 2006

(Dollar amounts in millions)

(Unaudited)

	September 30, 2005	Net subscriptions (redemptions)	Acquisition	Market appreciation (depreciation)	September 30, 2006
Fixed income	$ 290,041	$ 17,560	$ 132,538	$ 11,009	$ 451,148
Cash management	76,713	15,499	128,023	314	220,549
Equity	35,600	3,254	317,784	2,845	359,483
Alternative investments	25,483	3,125	14,199	1,029	43,836
Total	$ 427,837	$ 39,438	$ 592,544	$ 15,197	$ 1,075,016

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended September 30, 2006 as compared with the three months ended September 30, 2005.

Revenue

(Dollar amounts in thousands)	Three months ended September 30,		Variance	
	2006	2005	Amount	%
Investment advisory and administration fees:				
Fixed income	$ 116,925	$ 110,894	$ 6,031	5.4%
Cash management	32,176	27,032	5,144	19.0%
Equity	58,473	47,623	10,850	22.8%
Alternative	49,115	36,422	12,693	34.8%
Investment advisory base fees	256,689	221,971	34,718	15.6%
Investment advisory performance fees	17,817	32,670	(14,853)	(45.5)%
Total investment advisory and administration fees	274,506	254,641	19,865	7.8%
BlackRock Solutions	30,154	28,871	1,283	4.4%
Other income	18,398	17,295	1,103	6.4%
Total other income	48,552	46,166	2,386	5.2%
Total revenue	$ 323,058	$ 300,807	$ 22,251	7.4%

Total revenue for the three months ended September 30, 2006 increased $22.3 million, or 7.4%, to $323.1 million, compared with $300.8 million for the three months ended September 30, 2005. Investment advisory and administration fees increased $19.9 million, or 7.8%, to $274.5 million for the three months ended September 30, 2006, compared with $254.6 million for the three months ended September 30, 2005. Other income increased by $2.4 million, or 5.2%, to $48.6 million for the three months ended September 30, 2006, compared with $46.2 million for the three months ended September 30, 2005.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended September 30, 2006 as compared with the three months ended September 30, 2005. (continued)

Revenue (continued)

Investment Advisory and Administration Fees

The increase in investment advisory and administration fees of $19.9 million, or 7.8%, was the result of an increase in investment advisory base fees of $34.7 million, or 15.6%, to $256.7 million for the three months ended September 30, 2006, compared with $222.0 million for the three months ended September 30, 2005 partially offset by a reduction in performance fees of $14.9 million. Investment advisory base fees increased in the quarter ended September 30, 2006 primarily due to increased AUM of $54.6 billion as a result of net new subscriptions of $39.4 billion and $15.2 billion due to market appreciation.

The increase in base investment advisory fees of $34.7 million for the three months ended September 30, 2006, compared with the three months ended September 30, 2005 consisted of increases of $12.7 million in alternative products, $10.9 million in equity products, $6.0 million in fixed income products and $5.1 million in cash management products. The $12.7 million increase in advisory fees from alternative products was primarily the result of an increase in AUM of $4.2 billion, or 16.3%. The $10.9 million increase in advisory fees from equity products was primarily the result of a $6.1 billion, or 17.1%, increase in AUM from net subscriptions of $3.3 billion and market appreciation of $2.8 billion. The $6.0 million increase in advisory fees from fixed income products was primarily the result of a $28.6 billion, or 9.8%, increase in AUM from net subscriptions of $17.6 billion and market appreciation of $11.0 billion. The $5.1 million increase in advisory fees from cash management products was primarily the result of an increase in AUM of $15.8 billion, or 20.6%.

The decrease in performance fees was primarily attributable to higher fees earned on an energy equity hedge fund and a fixed income hedge fund during the third quarter 2005.

Other Income

Other income of $48.6 million for the quarter ended September 30, 2006 increased $2.4 million compared with the quarter ended September 30, 2005 and primarily represents fees earned on *BlackRock Solutions* products and services of $30.2 million, property management fees of $8.5 million (which represent direct reimbursement of the salaries of certain BlackRock Realty employees), fees for investment accounting services of $2.8 million, distribution fees earned on *BlackRock Funds* of $2.3 million and $2.3 million of placement and loan facility structuring fees earned on new CDO product launches.

The increase in other income of $2.4 million, or 5.2%, for the three months ended September 30, 2006 as compared to the three months ended September 30, 2005 was primarily the result of the $2.3 million in CDO placement and loan facility structuring fees, increased revenues of $1.3 million from *BlackRock Solutions* products and services driven by new assignments, partially offset by a $1.3 million decline in distribution fees earned on *BlackRock Funds*.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended September 30, 2006 as compared with the three months ended September 30, 2005. (continued)

Expense

(Dollar amounts in thousands)	Three months ended September 30,		Variance	
	2006	2005	Amount	%
Expense:				
Employee compensation and benefits	$ 198,099	$ 155,077	$ 43,022	27.7%
Fund administration and servicing costs	10,653	11,997	(1,344)	(11.2)%
General and administration	82,905	51,524	31,381	60.9%
Amortization of intangible assets	2,393	2,540	(147)	(5.8)%
Total expense	$ 294,050	$ 221,138	$ 72,912	33.0%

Total expense increased $72.9 million, or 33.0%, to $294.1 million for the three months ended September 30, 2006, compared with $221.1 million for the three months ended September 30, 2005. The increase was primarily attributable to increases in employee compensation and benefits and general and administration expense. Expense related to the integration of the MLIM business totaled $71.5 million in the quarter ended September 30, 2006 and was comprised primarily of employee compensation and benefits costs of $43.5 million and general and administration expenses of $28.0 million.

Employee Compensation and Benefits

Employee compensation and benefits expense increased by $43.0 million, or 27.7%, to $198.1 million, at September 30, 2006 compared to $155.1 million for the three months ended September 30, 2005. The increase in employee compensation and benefits expense was primarily attributable to increases in incentive compensation and salaries and benefits of $22.4 million and $33.1 million, respectively, partially offset by lower returns of $11.3 million on assets related to deferred compensation plans. The $22.4 million increase in incentive compensation was primarily attributable to employee incentive compensation associated with the integration of MLIM, partially offset by lower direct incentives associated with lower performance fees earned on the Company s alternative investment products. The increase of $33.1 million, or 46.8%, in salaries and benefits was primarily attributable to higher staffing levels associated with the MLIM Transaction and business growth.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended September 30, 2006 as compared with the three months ended September 30, 2005. (continued)

Expense (continued)

General and Administration Expense and Fee Sharing Payment

(Dollar amounts in thousands)	Three months ended September 30,		Variance	
	2006	2005	Amount	%
General and administration expense:				
Marketing and promotional	$ 31,071	$ 20,097	$ 10,974	54.6%
Occupancy	12,794	9,631	3,163	32.8%
Technology	15,731	5,591	10,140	181.4%
Portfolio services	5,218	4,002	1,216	30.4%
Other general and administration	18,091	12,203	5,888	48.3%
Total general and administration expense	$ 82,905	$ 51,524	$ 31,381	60.9%

General and administration expense increased $31.4 million, or 60.9%, for the three months ended September 30, 2006 to $82.9 million, compared to $51.5 million for the three months ended September 30, 2005. The increase in general and administration expense was primarily due to increases in marketing and promotional expense of $11.0 million, technology expense of $10.1 million, occupancy expense of $3.2 million, portfolio services expense of $1.2 million, and other general and administration expense of $5.9 million.

Marketing and promotional expense increased $11.0 million, or 54.6%, to $31.1 million for the three months ended September 30, 2006, compared to $20.1 million for the three months ended September 30, 2005 primarily due to increased marketing activities which included $7.7 million related to BlackRock s rebranding campaign and $2.7 million of additional MLIM-related marketing expense. Technology expense increased $10.1 million, or 181.4%, to $15.7 million, compared to $5.6 million for the three months ended September 30, 2005 primarily due to $7.1 million in consulting expenses related to the integration of the MLIM business. Occupancy costs for the three months ended September 30, 2006 totaled $12.8 million, representing a $3.2 million, or 32.8%, increase from $9.6 million for the three months ended September 30, 2005. The increase in occupancy costs primarily reflects costs related to the expansion of corporate facilities related to the MLIM Transaction and business growth. Portfolio services costs increased by 30.4% to $5.2 million, related to supporting higher AUM levels and increased trading activities. Other general and administration costs increased by 48.3% to $18.1 million from $12.2 million, and included $11.7 million in professional fees and other expenses related to the MLIM Transaction.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended September 30, 2006 as compared with the three months ended September 30, 2005. (continued)

Non-Operating Income

Non-operating income decreased $17.5 million to $1.9 million for the quarter ended September 30, 2006, as compared to $19.4 million for the quarter ended September 30, 2005 primarily as a result of a $17.5 million, or 81.7% decrease in investment income. The decrease in investment income was primarily due to unrealized gains in energy-related investments recorded in the third quarter of 2005.

Income Taxes

Income tax expense was $11.1 million and $37.1 million for the quarters ended September 30, 2006 and 2005, respectively, representing an effective tax rate of 37.0%.

Net Income

Net income was $18.9 million for the three months ended September 30, 2006 and includes the after-tax impact of the portion of LTIP awards to be funded by a capital contribution of BlackRock common stock currently held by PNC and expenses related to the MLIM Transaction, of $7.6 million and $45.0 million, respectively. MLIM Transaction costs primarily include professional fees and compensation expense related to the transaction. Net income of $61.1 million during the three months ended September 30, 2005 included the after-tax impact of the portion of LTIP awards to be funded by a capital contribution of BlackRock stock currently held by PNC of $7.8 million.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the nine months ended September 30, 2006 as compared with the nine months ended September 30, 2005.

Revenue

(Dollar amounts in thousands)	Nine months ended September 30,		Variance	
	2006	2005	Amount	%
Investment advisory and administration fees.				
Fixed income	$ 342,795	$ 320,004	$ 22,791	7.1%
Cash Management	92,300	77,982	14,318	18.4%
Equity	168,117	126,246	41,871	33.2%
Alternatives	132,562	93,372	39,190	42.0%
Investment advisory base fees	735,774	617,604	118,170	19.1%
Investment advisory performance fees	202,368	80,764	121,604	150.6%
Total investment advisory and administration fees	938,142	698,368	239,774	34.3%
BlackRock Solutions	88,693	79,433	9,260	11.7%
Other income	52,616	44,477	8,139	18.3%
Total other income	141,309	123,910	17,399	14.0%
Total revenue	$ 1,079,451	$ 822,278	$ 257,173	31.3%

Total revenue for the nine months ended September 30, 2006 increased $257.2 million, or 31.3%, to $1,079.5 million, compared with $822.3 million for the nine months ended September 30, 2005. Investment advisory and administration fees increased $239.8 million, or 34.3%, to $938.1 million for the nine months ended September 30, 2006, compared with $698.4 million for the nine months ended September 30, 2005. Other income increased $17.4 million, or 14.0%, for the three months ended September 30, 2006, compared with $123.9 million for the three months ended September 30, 2005.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the nine months ended September 30, 2006 as compared with the nine months ended September 30, 2005. (continued)

Revenue (continued)

Investment Advisory and Administration Fees

The increase in investment advisory and administration fees of $239.8 million, or 34.3%, was the result of an increase in investment advisory base fees of $118.2 million, or 19.1%, to $735.8 million for the nine months ended September 30, 2006, compared with $617.6 million for the nine months ended September 30, 2005 and an increase in performance fees of $121.6 million. Investment advisory base fees increased for the nine months ended September 30, 2006 as compared to September 30, 2005, primarily due to increased AUM of $54.6 billion related to net new subscriptions of $39.4 billion and an increase of $15.2 billion in AUM due to market appreciation.

The increase in base investment advisory fees of $118.2 million for the nine months ended September 30, 2006, compared with the nine months ended September 30, 2005 consisted of revenue increases of $41.9 million in equity products, $39.2 million in alternative products, $22.8 in fixed income products and $14.3 million in cash management products. The $41.9 million increase in advisory fees from equity products was primarily the result of an increase in AUM of $6.1 billion, or 17.1%, from net subscriptions of $3.3 billion and market appreciation of $2.8 billion. The $39.2 million increase in advisory fees from alternative products was primarily the result of an increase in AUM of $4.2 billion, or 16.3%. The $22.8 million increase in advisory fees from fixed income products was primarily the result of a $28.6 billion, or 9.8%, increase in AUM from net subscriptions of $17.6 billion and market appreciation of $11.0 billion. The $14.3 million increase in advisory fees from cash management products was primarily the result of an increase in AUM of $15.8 billion, or 20.6%.

Performance fees of $202.4 million for the nine months ended September 30, 2006 increased $121.6 million compared with $80.8 million for the nine months ended September 30, 2005. The increase in separate account performance fees was primarily attributable to fees earned on a large institutional real estate equity client account and fees earned on an energy equity hedge fund.

Other Income

Other income of $141.3 million for the nine months ended September 30, 2006 primarily represents fees earned on *BlackRock Solutions* products and services of $88.7 million, property management fees of $24.5 million which represent direct reimbursement of the salaries of certain BlackRock Realty employees, fees for investment accounting services of $8.8 million, distribution fees earned on *BlackRock Funds* of $7.2 million and $2.4 million in CDO placement and loan facility structuring fees.

The increase in other income of $17.4 million, or 14.0%, for the nine months ended September 30, 2006 as compared to the nine months ended September 30, 2005 was primarily the result of increased revenues of $9.3 million from *BlackRock Solutions* products and services driven by new assignments, new investment accounting assignments of $3.3 million, increased CDO placement and loan facility structuring fees received from products launched in 2006 of $1.8 million and higher property management fees of $1.2 million.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the nine months ended September 30, 2006 as compared with the nine months ended September 30, 2005. (continued)

Expense

(Dollar amounts in thousands)	Nine months ended September 30,		Variance	
	2006	2005	Amount	%
Expense:				
Employee compensation and benefits	$ 566,993	$ 413,036	$ 153,957	37.3%
Fund administration and servicing costs	31,583	31,531	52	0.2%
Fee sharing payment	34,450		34,450	NM
General and administration	214,256	144,089	70,167	48.7%
Amortization of intangible assets	6,452	5,477	975	17.8%
Total expense	$ 853,734	$ 594,133	$ 259,601	43.7%

NM Not Meaningful

Total expense increased $259.6 million, or 43.7%, to $853.7 million for the nine months ended September 30, 2006, compared with $594.1 million for the nine months ended September 30, 2005. The increase was primarily attributable to increases in compensation and benefits, general and administration expense and a fee sharing payment to MetLife related to the SSRM acquisition. Expenses related to the MLIM integration were $90.6 million for the nine months ended September 30, 2006, and were comprised primarily of employee compensation and benefits costs of $43.5 million and general and administration expenses of $47.1 million.

<u>Employee Compensation and Benefits</u>

Employee compensation and benefits expense increased by $154.0 million, or 37.3%, to $567.0 million for the nine months ended September 30, 2006, compared to $413.0 million for the nine months ended September 30, 2005. The increase in employee compensation and benefits expense was primarily attributable to increases in incentive compensation and salaries and benefits of $88.5 million and $76.5 million, respectively, partially offset by lower returns of $8.0 million on assets related to deferred compensation plans. The $88.5 million, or 53.5%, increase in incentive compensation was primarily attributable to direct incentive compensation associated with higher performance fees earned on the Company s alternative investment products, employee incentive compensation associated with the integration of the MLIM business and increased operating income growth. The increase of $76.5 million, or 38.4%, in salaries and benefits was primarily attributable to higher staffing levels associated with the MLIM Transaction and business growth.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the nine months ended September 30, 2006 as compared with the nine months ended September 30, 2005. (continued)

Expense (continued)

General and Administration Expense and Fee Sharing Payment

(Dollar amounts in thousands)	Nine months ended September 30,		Variance	
	2006	**2005**	**Amount**	**%**
General and administration expense:				
Marketing and promotional	$ 67,801	$ 49,978	$ 17,823	35.7%
Occupancy	34,414	26,312	8,102	30.8%
Technology	29,404	16,874	12,530	74.3%
Portfolio services	15,797	10,364	5,433	52.4%
Other general and administration	66,840	40,561	26,279	64.8%
Total general and administration expense	$ 214,256	$ 144,089	$ 70,167	48.7%
Fee sharing payment	$ 34,450	$	$ 34,450	NM

NM Not Meaningful

General and administration expense increased $70.2 million, or 48.7%, for the nine months ended September 30, 2006 to $214.3 million, compared to $144.1 million for the nine months ended September 30, 2005. The increase in general and administration expense was primarily due to increases in marketing and promotional expense of $17.8 million, technology expense of $12.5 million, occupancy expense of $8.1 million, portfolio services expense of $5.4 million and other general and administration expense of $26.3 million.

Marketing and promotional expense increased $17.8 million, or 35.7%, to $67.8 million, compared to $50.0 million for the nine months ended September 30, 2005 primarily due to increased marketing activities of $15.8 million (which included $7.7 million related to BlackRock s rebranding campaign, $5.3 million of additional MLIM-related marketing expense) and increased institutional service fees of $2.0 million. Technology expenses increased by 74.3% to $29.4 million, compared to $16.9 million for the nine months ended September 30, 2005 primarily related to consulting efforts associated with the integration of the MLIM business. Occupancy costs for the nine months ended September 30, 2006 totaled $34.4 million, representing an $8.1 million, or 30.8% increase from $26.3 million for the nine months ended September 30, 2005. The increase in occupancy costs during the nine months ended September 30, 2006 primarily reflects costs related to the expansion of corporate facilities related to the MLIM Transaction and business growth. Portfolio services costs increased by 52.4% to $15.8 million, related to supporting higher AUM levels and increased trading activities. Other general and administration costs increased by 64.8% to $66.8 million from $40.6 million, and included $26.3 million in professional fees related to the MLIM Transaction.

For the nine months ended September 30, 2006, BlackRock recorded a fee sharing payment of $34.5 million, representing a one-time estimated expense related to a large institutional real estate equity client account acquired in the SSRM acquisition in January 2005.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the nine months ended September 30, 2006 as compared with the nine months ended September 30, 2005. (continued)

Non-Operating Income

Non-operating income decreased $11.3 million, or 36.4%, to $19.8 million for the period ended September 30, 2006, as compared to $31.2 million for the period ended September 30, 2005 primarily as a result of an $11.4 million, or 30.6%, decrease in investment income. The decrease in investment income was primarily due to unrealized gains on energy-related investments in 2005.

Income Taxes

Income tax expense was $90.0 million and $95.7 million for the nine months ended September 30, 2006 and 2005, representing an effective tax rate of 37.0%.

Net Income

Net income totaled $153.2 million for the nine months ended September 30, 2006 and includes the after-tax impact of the portion of LTIP awards to be funded by a capital contribution of BlackRock common stock currently held by PNC and expenses related to the MLIM Transaction, of $22.7 million and $57.1 million, respectively, after tax. MLIM Transaction costs primarily include professional fees, compensation expense and other general and administration expenses. Net income of $161.0 million during the nine months ended September 30, 2005 included the after-tax impact of the portion of LTIP awards to be funded by a capital contribution of BlackRock stock currently held by PNC of $22.9 million and expenses related to the SSR acquisition of $5.6 million. SSR acquisition costs included acquisition-related payments to continuing employees of BlackRock and professional fees.

Liquidity and Capital Resources

Liquidity

BlackRock generally meets its working capital requirements through net cash generated by operating activities. Sources of BlackRock s operating cash include investment advisory and administration fees, revenues from *BlackRock Solutions* products and services, property management fees, mutual fund distribution fees and earnings on the Company s investments. BlackRock primarily uses its operating cash to pay compensation and benefits, fund administration and servicing costs, general and administration expenses, interest on the Company s long-term debt, capital expenditures and dividends on BlackRock s common stock.

Cash provided by the Company s operating activities totaled $237.9 million for the nine months ended September 30, 2006. BlackRock management expects that cash flows provided by operating activities will continue to serve as the principal source of working capital for the near future.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Capital Resources (continued)

Capital Resources

Net cash provided by investing activities was $298.8 million during the nine months ended September 30, 2006, primarily consisting of $493.4 million of net assets acquired in the MLIM Transaction and the sale of certain investments of $18.0 million, partially offset by $50.0 million in cash consideration paid related to the SSRM transaction, $42.4 million in cash consideration paid related to the NBAM acquisition, $62.0 million related to the purchase of several investments and $47.0 million in capital expenditures primarily in computer hardware and software (approximately $10.0 million), as a result of the MLIM integration and business growth.

Net cash used in financing activities was $80.8 million during the period ended September 30, 2006, primarily representing the payment of $81.1 million in dividends and the net acquisition of $17.2 million in treasury stock, partially offset by $15.7 million in additions to minority interest for entities consolidated by the Company and $4.2 million of excess tax benefits from stock-based compensation.

At September 30, 2006, long-term debt, including current maturities, was $253.2 million. Debt service requirements are $6.9 million in 2007, $6.8 million in 2008 and $6.7 million in 2009 and 2010.

LTIP grants of up to $240,000 in deferred compensation were authorized in 2002, payable in cash and in BlackRock common stock. As of September 30, 2006, approximately $173,490 in common stock and $34,706 in cash will vest in the first quarter of 2007. Shares distributed to LTIP participants upon vesting of the awards in the first quarter of 2007 include an option to put such distributed shares back to BlackRock at fair market value. The put option was provided to LTIP participants for liquidity purposes due to the Company s small public float. The Company currently cannot estimate the number of participants that will exercise this put option upon vesting of LTIP awards in 2007.

Contractual Obligations, Commitments and Contingencies

The Company s contractual obligations as of September 30, 2006 are as follows:

(Dollar amounts in thousands)

	Total	2006	2007	2008	2009	2010	Thereafter
Contractual obligations:							
Convertible debentures	$ 270,606	$ 3	$ 6,563	$ 6,563	$ 6,563	$ 250,914	$
Lease commitments	382,848	11,772	46,680	46,431	46,694	45,876	185,395
Investment commitments	186,629	12,772	11,350	10,795		25,744	125,968
Payable to Merrill Lynch	141,922	141,922					
Purchase obligations	26,649	7,277	12,506	6,055	811		
Management contract	4,000		1,000	1,000	1,000	1,000	
Total contractual obligations	$ 1,012,654	$ 173,746	$ 78,099	$ 70,844	$ 55,068	$ 323,534	$ 311,363

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Contractual Obligations, Commitments and Contingencies (continued)

Convertible Debentures

In February 2005, the Company issued $250.0 million aggregate principal amount of convertible debentures due in 2035 and bearing interest at a rate of 2.625% per annum (the Debentures). Interest is payable semi-annually in arrears on February 15 and August 15 of each year, or approximately $6.6 million a year, and commenced August 15, 2005. The Debentures are callable by the Company at any time on or after February 20, 2010. In addition, the Debentures contain certain put and conversion provisions. On the contractual obligations table above, the principal balance of the Debentures is assumed to be repaid in 2010, and related interest has been included through the call date.

Lease Commitments

The Company leases its primary office space and certain office equipment under agreements that expire through 2017. In connection with certain lease agreements, the Company is responsible for escalation payments. The contractual obligations table above includes only guaranteed minimum lease payments for such leases and does not project potential escalation or other lease-related payments. These leases are classified as operating leases for financial statement purposes and, as such, are not recorded as liabilities on the condensed consolidated statements of financial condition.

Investment Commitments

The Company has various capital commitments to fund companies or investment funds in which it has an ownership stake. Generally, the timing of the funding of these commitments is dependent upon the needs of the investment and, therefore, is uncertain. Capital commitments have been shown in the contractual obligations table above to be paid upon the expiration of the commitment. Actual payments could be made at any time prior to such date. As these commitments are not probable and estimable, they have not been recorded on the Company s condensed consolidated financial statements as of September 30, 2006. The above schedule does not include potential future commitments approved by the Company s Investment Committee but which are not yet considered legally binding commitments.

The Company assumed the obligation to fund in the future certain primarily private equity funds acquired with the MLIM business. These funding commitments of $144,356 expire $12,772 in 2006, $10,795 in 2008, $15,489 in 2010 and $105,300 thereafter.

The Company has also committed to fund certain BlackRock funds, primarily alternative funds, a total of $42,273. These commitments expire $11,350 in 2007, $10,255 in 2010 and $20,668 thereafter.

BlackRock is also obligated to maintain a specified ownership level in certain investment products, which may result in additional required contributions of capital. These amounts are inherently uncertain and have been excluded from the contractual obligations schedule above. In addition, as a general partner in certain private equity partnerships, the Company receives distributions from the partnerships according to the provisions of the partnership agreements. The Company may, from time to time, be required to return all or a portion of such distributions to the limited partners in the event the limited partners do not achieve a certain return as specified in the various partnership agreements.

In October 2006, the Company, along with other investors, committed capital to fund the purchase of a large apartment complex in New York City from MetLife. The Company s maximum commitment is $125,000, which is expected to be funded in the fourth quarter of 2006.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Contractual Obligations, Commitments and Contingencies (continued)

Payable to Merrill Lynch

In connection with the MLIM Transaction, Merrill Lynch was required to provide a minimum tangible equity balance calculated pursuant to the Transaction Agreement. As of September 30, 2006, the Company has estimated that the tangible equity in the MLIM entities exceeded the required amount by $141,922. This amount has been recorded as a payable to Merrill Lynch in Due to Affiliates on the condensed consolidated statement of financial condition at September 30, 2006. This amount is subject to a number of fair value and other adjustments. In November 2006, the Company repaid $100,000 of this amount and expects the remainder to be repaid in 2006.

Purchase Obligations

In the ordinary course of business, BlackRock enters into contracts, or purchase obligations, with third parties whereby the third parties provide services to or on behalf of BlackRock. Purchase obligations included in the contractual obligations table above represent executory contracts which are either non-cancelable or cancelable with penalty. At September 30, 2006, the Company s obligations primarily reflect shareholder servicing arrangements related to client investments in the BlackRock Closed-End Funds, sub-advisory agreements and standard service contracts with third parties for portfolio, market data and office services. Purchase obligations are recorded on the Company s financial statements only after the goods or services have been received and, as such, these obligations are not included in the Company s condensed consolidated financial statements as of September 30, 2006.

Management Contract

In connection with a management contract acquired on May 15, 2000, which was associated with the agreement and plan of merger of CORE Cap, Inc. with Anthracite Capital, Inc. (Anthracite), a BlackRock managed REIT, the Company recorded an $8.0 million liability using an imputed interest rate of 10.0%, the prevailing interest rate on the date of acquisition. For the period ended September 30, 2006, the related expense was $0.3 million. At September 30, 2006, the future commitment under the agreement is $4.0 million and has been included in the contractual obligations table above. If Anthracite s management contract is terminated, not renewed or not extended for any reason other than cause, Anthracite would remit to the Company all future payments due under this obligation. As of September 30, 2006, the discounted value of this obligation was $3.2 million and was included in long-term borrowings.

Acquisition Forward Commitment

On April 30, 2003, the Company purchased an investment manager of a fund of hedge funds for approximately $4.1 million in cash. Additionally, the Company committed to purchase the remaining equity of the investment manager on March 31, 2008, subject to certain acceleration provisions. The purchase price of this remaining interest is performance-based and is not subject to a maximum, minimum or the continued employment of former employees of the investment manager with the Company. Based on the current performance of the investment manager, the Company s obligation, if it were to be settled at September 30, 2006, would be approximately $7.1 million. As the remaining obligation is dependent upon the performance of the investment managers through March 31, 2008, however, the ultimate liability is not estimable at September 30, 2006 and, as such, this commitment has been excluded from the contractual obligations table above and from BlackRock s condensed consolidated financial statements.

PART I FINANCIAL INFORMATION (continued)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Contractual Obligations, Commitments and Contingencies (continued)

Compensation and Benefit Obligations

The Company has various compensation and benefit obligations, including bonuses, commissions and incentive payments payable, employee stock purchase plan and defined contribution plan matching contribution obligations, deferred compensation arrangements, defined benefit plan obligations, post-employment benefits and post-retirement benefits which are excluded from the table above due to uncertainties in their payout periods. Accrued compensation and benefits at September 30, 2006 totaled $865.3 million and included incentive compensation of $402.1 million, deferred compensation of $384.9 million and other compensation and benefits related obligations of $78.3 million. Incentive compensation is primarily payable in early 2007, while the deferred compensation obligations are generally payable over three to five years, but include defined benefit plan liabilities whose payment patterns are uncertain.

Shares to be distributed to participants under the Company s LTIP program, which vest in the first quarter of 2007, include an option whereby the LTIP participants may put approximately $173,490 in distributed shares back to BlackRock at fair market value. The Company currently cannot estimate the number of participants that will exercise this put option upon vesting of LTIP awards in the first quarter of 2007 and has, therefore, excluded this amount from the contractual obligations table above. In addition, the Company will pay approximately $34,706 in cash awards in the first quarter of 2007 related to the LTIP awards.

Credit Default Swap Obligation

SSR acts as investment manager for a synthetic CDO arrangement (Pillars). In connection with the Pillars transaction, SSR entered into a swap arrangement providing up to $16.7 million in credit protection with respect to a portfolio of highly-rated asset-backed securities and corporate bonds. The potential $16.7 million obligation has been excluded from the contractual obligations table above, and from the condensed consolidated financial statements, since the obligation was not considered probable of occurring as of September 30, 2006.

Purchase Price Contingencies

In January 2005, the Company closed its acquisition of SSR from MetLife for adjusted consideration of approximately $265.1 million in cash and 550,000 restricted shares of class A common stock, not including certain additional contingent payments. On the fifth anniversary of the closing of the SSR transaction, MetLife could receive an additional payment up to a maximum of $10.0 million based on the Company s retained AUM associated with the MetLife defined benefit and defined contribution plans. Due to its inherent uncertainty, this contingency has been excluded from the contractual obligations table above and has not been recorded on the Company s condensed consolidated financial statements as of September 30, 2006.

Indemnifications

In many of the contracts, BlackRock agrees to indemnify the third party service provider under certain circumstances. The terms of the indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined and has not been included in the table above or recorded in the Company s condensed consolidated financial statements as of September 30, 2006.

PART I FINANCIAL INFORMATION (continued)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of its business, BlackRock is primarily exposed to equity market price risk, interest rate risk and foreign exchange rate risk.

Equity Price Risk

BlackRock s investments, including consolidated seed investments and investments consolidated under EITF 04-5, may expose BlackRock to equity price risk. The following table summarizes the fair values of the investments exposed to equity price risk and provides a sensitivity analysis of the estimated fair values of those investments, assuming a 10% increase or decrease in equity prices:

September 30, 2006	Carrying Value	Fair value assuming 10% increase in market price	Fair value assuming 10% decrease in market price
Commingled investments	$ 80,105	$ 88,116	$ 72,095
Equity securities	108,666	119,533	97,799
Total trading investments	188,771	207,649	169,894
Commingled investments	75,123	82,635	67,611
Other	7,492	8,241	6,743
Total available-for-sale investments	82,615	90,876	74,354
Other fund investments	1,087,542	1,196,296	978,788
Deferred compensation plans	17,818	19,600	16,036
Total other investments	1,105,360	1,215,896	994,824
Total equity price risk on investments	$ 1,376,746	$ 1,514,421	$ 1,239,072
December 31, 2005			
Mutual funds	$ 22,319	$ 24,550	$ 20,087
Equity securities	18,425	20,267	16,582
Total trading investments	40,744	44,817	36,669
Mutual funds	766	842	689
Total available-for-sale investments	766	842	689
Other fund investments	84,843	93,327	76,358
Deferred compensation plans	24,495	26,944	22,045
Other	973	1,070	875
Total equity investments	110,311	121,341	99,278
Total equity price risk on investments	$ 151,821	$ 167,000	$ 136,636

BlackRock s deferred compensation plans comprise $21.9 million and $22.3 million of total trading investments, and $17.8 million and $24.5 million of total other investments, at September 30, 2006 and December 31, 2005, respectively, and reflect investments held by BlackRock with respect to senior employee elections under BlackRock s deferred compensation plans. Any change in the fair value of these investments is offset by a corresponding change in the related deferred compensation liability.

Approximately $1,045,092 of BlackRock s total investment portfolio is maintained in investment funds which are consolidated under various accounting standards even though BlackRock does not own a majority of such funds. BlackRock owns an average stake of approximately 23% of such funds. As such, equity risk inherent in those funds, as displayed above, would be partially offset in minority interest.

PART I FINANCIAL INFORMATION (continued)

Item 3. Quantitative and Qualitative Disclosures About Market Risk (continued)

Interest Rate Risk

The following table summarizes the fair value of the Company s investments in debt securities and funds that invest primarily in debt securities that expose BlackRock to interest rate risk at September 30, 2006 and December 31, 2005. The table also provides a sensitivity analysis of the estimated fair value of these financial instruments, assuming 100 basis point upward and downward parallel shifts in the yield curve:

September 30, 2006	**Carrying Value**	**Fair market value assuming +100 basis point shift**	**Fair market value assuming -100 basis point shift**
Mortgage-backed securities	$ 5,711	$ 5,538	$ 5,884
Corporate notes and bonds	12,427	12,032	12,822
Municipal bonds	26,367	23,363	26,371
Total trading investments	44,505	43,933	45,077
Commingled investments	46,353	45,668	47,040
Collateralized debt obligations	32,751	31,921	33,580
Total available-for-sale investments	79,104	77,589	80,620
Other fund investments	115,856	115,388	116,323
Total other investments	115,856	115,388	116,323
Total investments	$ 239,465	$ 236,910	$ 242,020
December 31, 2005			
Mortgage-backed securities	$ 13,069	$ 12,827	$ 13,311
Corporate notes and bonds	7,946	7,575	8,262
Municipal bonds	123	117	128
Total trading investments	21,138	20,519	21,701
Mutual funds	3,543	3,426	3,660
Collateralized debt obligations	25,717	25,222	26,212
Total available-for-sale investments	29,260	28,648	29,872
Other fund investments	96,449	94,998	97,900
Total other investments	96,449	94,998	97,900
Total investments	$ 146,847	$ 144,165	$ 149,473

Approximately $1,045,092 of BlackRock s investment portfolio is maintained in investment funds which are consolidated under various accounting standards even though BlackRock does not own a majority of such funds. BlackRock owns an average stake of approximately 23% of such funds. As such, interest rate risk inherent in those funds, as displayed above, would be partially offset in minority interest.

Foreign Exchange Rate Risk

The Company has increased its foreign exchange rate risk as a result of the MLIM Transaction. The Company has investments totaling approximately $160,445 that are denominated in foreign currencies, primarily the British pound sterling and the euro. A 10% increase or decrease in foreign exchange rates as of September 30, 2006 would result in a decline in value of the investment portfolio of approximately $16,045. In addition, the Company maintains certain foreign currency denominated cash accounts totaling approximately $450,000 as of September 30, 2006, primarily in British pounds sterling. A 10% increase or decrease in foreign exchange rates as of September 30, 2006 would result in a decline in value of such cash accounts of approximately $8,180.

PART I FINANCIAL INFORMATION (continued)

Item 3. Quantitative and Qualitative Disclosures About Market Risk (continued)

Other Market Risks

In February 2005, the Company issued $250 million aggregate principal amount of convertible debentures, which will be due in 2035 and bear interest at 2.625% per annum. Due to the Debentures conversion feature, these financial instruments are exposed to both interest rate risk and equity price risk. At September 30, 2006, the fair value of the debentures was $378.6 million. Assuming 100 basis point upward and downward parallel shifts in the yield curve, based on the fair value of the debentures on September 30, 2006, the fair value of the debentures would fluctuate to $370.4 million and $386.8 million, respectively. Assuming a 10% increase and 10% decrease in the Company s stock price, based on the fair value of the Debentures on September 30, 2006, the fair value of the debentures would fluctuate to $410.1 million and $347.5 million, respectively.

In addition, BlackRock s investment management revenues are comprised of fees based on a percentage of the value of AUM and, in some cases, performance fees expressed as a percentage of the returns realized on AUM. Declines in equity market prices or interest rates, or both, could cause revenues to decline because of lower investment management fees by

- causing the value of AUM to decrease;
- causing the returns realized on AUM to decrease;
- causing clients to withdraw funds in favor of investments in markets that they perceive to offer greater opportunity and that the Company does not serve; and
- causing clients to rebalance assets away from investments that BlackRock manages into investments that BlackRock does not manage.

Item 4. Controls and Procedures

Under the direction of BlackRock s Chief Executive Officer and Chief Financial Officer, BlackRock management evaluated the effectiveness of its disclosure controls and procedures as of September 30, 2006. Based on this evaluation, BlackRock s Chief Executive Officer and Chief Financial Officer have concluded that BlackRock s disclosure controls and procedures were effective as of September 30, 2006.

No change in internal control over financial reporting occurred during the period ended September 30, 2006 that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

The Company believes that the acquisition of the MLIM business will have a significant impact on the Company s disclosure controls and procedures and internal control over financial reporting and currently is evaluating its internal controls in light of the MLIM Transaction. The Company expects to make the appropriate modifications to its internal controls after completion of its review.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

BlackRock has received subpoenas from various federal and state governmental and regulatory authorities and various information requests from the SEC in connection with industry-wide investigations of mutual fund matters. BlackRock is continuing to cooperate fully in these matters. From time to time, BlackRock is subject to other regulatory inquiries and proceedings.

The Company, including a number of the legal entities acquired in the MLIM Transaction, has been named as a defendant in various legal actions, including arbitrations, class actions, and other litigation and regulatory proceedings arising in connection with BlackRock s activities. Additionally, the investment funds that the Company manages are subject to lawsuits, any of which could harm the investment returns of the applicable fund or result in the Company being liable to the funds for any resulting damages. While Merrill Lynch has agreed to indemnify the Company for certain of the pre-closing liabilities related to legal and regulatory proceedings acquired in the MLIM Transaction, entities that BlackRock now owns may be named as defendants in these matters and the Company s reputation may be negatively impacted.

Management, after consultation with legal counsel, does not currently anticipate that the aggregate liability, if any, arising out of such regulatory matters or lawsuits will have a material adverse effect on BlackRock s financial position, although at the present time, management is not in a position to determine whether any such pending or threatened matters will have a material adverse effect on BlackRock s results of operations in any future reporting period.

Item 1A. Risk Factors

BlackRock s business, financial condition or results of operations could be materially adversely affected by any of the following risks. The value of the Company s securities could decline due to any of these risks. The following risk factors are intended to supersede those presented in the Company s Form 10-K as of December 31, 2005 as filed with the SEC on March 8, 2006.

Risks Related to Our Business and Competition

Changes in the securities markets could lead to a decline in revenues.

BlackRock s investment management revenues are comprised of fees based on a percentage of the value of assets under management (AUM) and, in some cases, performance fees expressed as a percentage of the returns realized on AUM. A decline in the prices of stocks or bonds within or outside the United States could cause revenues to decline because of lower investment management fees by:

- causing the value of AUM to decrease;
- causing the returns realized on AUM to decrease;
- causing clients to withdraw funds in favor of investments in markets that they perceive offer greater opportunity and that the Company does not serve; and
- causing clients to rebalance assets away from investments that BlackRock manages into investments that it does not manage.

Poor investment performance could lead to the loss of clients and a decline in revenues.

The Company s management believes that investment performance is one of the most important factors for the growth of AUM. Poor investment performance relative to the portfolio benchmarks and to competitors could reduce revenues and growth because:

- existing clients might withdraw funds in favor of better performing products, which would result in lower investment management fees;

the ability to attract funds from existing and new clients might diminish;

the Company might earn minimal or no performance fees; and

the value of certain seed investments that BlackRock makes in its funds, as well as investments in other securities, may decline.

PART II OTHER INFORMATION (continued)

Item 1A. Risk Factors (continued)

Loss of key employees could lead to the loss of clients and a decline in revenues.

The ability to attract and retain quality personnel has contributed significantly to BlackRock s growth and success and is important to attracting and retaining clients. The market for qualified fund managers, investment analysts, financial advisers and other professionals is competitive. Key employees may depart because of issues relating to the difficulty integrating the MLIM business. The Company has encouraged the continued retention of executives and other key personnel through measures such as providing deferred compensation and competitive annual and long-term compensation arrangements and, in the case of the Company s Chairman and Chief Executive Officer, an employment agreement. BlackRock has also provided retention incentives for individuals who are a part of the combined business that took effect upon the completion of the MLIM Transaction. However, there can be no assurance that the Company will be successful in its efforts to recruit and retain the required personnel. Loss of a significant number of key personnel could have an adverse effect on the Company.

Our investment advisory contracts may be terminated or may not be renewed by clients.

Separate account clients may terminate their investment management contracts with BlackRock or withdraw funds on short notice. The Company has, from time to time, lost separate accounts and could, in the future, lose accounts under various circumstances, such as adverse market conditions or poor performance. Additionally, BlackRock manages its U.S. mutual funds pursuant to management contracts with the funds that must be renewed and approved by the funds boards of directors annually. A majority of the directors of each mutual fund are independent from BlackRock. Consequently, there can be no assurance that the board of directors of each fund that the Company manages will approve the fund s management contract each year, or will not condition its approval on the terms of the management contract being revised in a way that is adverse to the Company.

Failure to comply with client contractual requirements and/or guidelines could result in damage awards against BlackRock and loss of revenues due to client terminations.

When clients retain BlackRock to manage assets or provide products or services on their behalf, they specify guidelines or contractual requirements that the Company is required to observe in the provision of its services. A failure to comply with these guidelines or contractual requirements could result in damage to BlackRock s reputation or to the client seeking to recover losses, reducing its AUM or risk management advisory assignment, or terminating its contract, any of which could cause the Company s earnings or stock price to decline.

Competitive fee pressures could reduce revenues and profit margins.

The investment management business is highly competitive and has relatively low barriers to entry. To the extent that the Company is forced to compete on the basis of price, it may not be able to maintain its current fee structure. Fee reductions on existing or future new business could cause revenues and profit margins to decline.

Performance fees may increase earnings volatility, which could decrease BlackRock s stock price.

A portion of the Company s revenues are derived from performance fees on investment and risk management advisory assignments. In most cases, performance fees are based on investment returns, although in some cases they are based on achieving specific service standards. Generally, the Company is entitled to performance fees only if the returns on the related portfolios exceed agreed-upon periodic or cumulative return targets. If these targets are not exceeded, performance fees for that period will not be earned and, if targets are based on cumulative returns, the Company may not earn performance fees in future periods. Performance fees will vary from period to period in relation to volatility in investment returns, causing earnings to be more volatile than if assets were not managed on a performance fee basis. The volatility in earnings may decrease BlackRock s stock price. Performance fees represented $202.4 million, or 18.7%, of total revenue for the nine months ended September 30, 2006.

PART II OTHER INFORMATION (continued)

Item 1A. Risk Factors (continued)

Additional acquisitions may decrease earnings and harm the Company s competitive position.

BlackRock employs a variety of strategies intended to enhance earnings and expand product offerings in order to improve profit margins. These strategies have included smaller-sized lift-outs of investment teams and acquisitions of investment management businesses, such as the MLIM Transaction. In general, these strategies may not be effective and failure to successfully develop and implement these strategies may decrease earnings and harm the Company s competitive position in the investment management industry. In the event BlackRock pursues meaningful acquisitions, it may not be able to find suitable businesses to acquire at acceptable prices and it may not be able to successfully integrate or realize the intended benefits from these acquisitions.

Risks Related to BlackRock s Operations

Failure to maintain adequate infrastructure could impede the ability to support business growth.

BlackRock has experienced significant growth in its business activities as a result of the MLIM Transaction and other efforts. The Company is in the process of building out its infrastructure to integrate the MLIM business and to support continued growth, including technological capacity, data centers, backup facilities and sufficient space for expanding staff levels. The failure to maintain an adequate infrastructure commensurate with expansion could impede the Company s growth, which could cause the Company s earnings or stock price to decline.

Our expansion into international markets increases our operational, regulatory and other risks.

BlackRock has dramatically increased its international business activities as a result of the MLIM Transaction and other efforts. As a result of such expansion, the Company faces increased operational, regulatory, reputational and foreign exchange rate risk. The failure of the Company s systems of internal control to properly mitigate such additional risks, or of its operating infrastructure to support such international expansion, could result in operational failures and regulatory fines or sanctions, which could cause the Company s earnings or stock price to decline.

Failure to maintain a technological advantage could lead to a loss of clients and a decline in revenues.

A key element to continued success is the ability to maintain a technological advantage both in terms of operational efficiency and in providing the sophisticated risk analytics incorporated into BlackRock s operating systems that support investment advisory and *BlackRock Solutions* clients. Moreover, the Company s technological and software advantage is dependent on a number of third parties who provide it with various types of data. The failure of these third parties to provide such data or software could result in operational difficulties and adversely impact BlackRock s ability to provide services to *BlackRock Solutions* clients. There can be no assurance that the Company will be able to maintain this technological advantage or be able to effectively protect and enforce its intellectual property rights in these systems and processes.

Failure to implement effective information security policies, procedures and capabilities could disrupt operations and cause financial losses that could result in a decrease in our earnings or stock price.

BlackRock is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems, and the data that reside on or are transmitted through them. An externally caused information security incident, such as a hacker attack or a virus or worm, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential information and could result in material financial loss, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could cause a decline in the Company s earnings or stock price.

PART II OTHER INFORMATION (continued)

Item 1A. Risk Factors (continued)

Risks Related to the Recently Closed MLIM Transaction

The continuing integration of the MLIM business creates numerous risks and uncertainties that could adversely affect profitability.

The MLIM business and personnel are in the process of being integrated with BlackRock s previously existing business and personnel. These transition activities are complex, and the Company may encounter unexpected difficulties, or incur unexpected costs, in any of them, including:

- the diversion of management s attention to integration matters;
- difficulties in achieving expected synergies associated with the MLIM Transaction;
- difficulties in the integration of operations and systems;
- difficulties in the assimilation of employees;
- difficulties in replacing the support functions previously provided by Merrill Lynch to MLIM, including support and assistance in respect of risk management, financial and operational functions;
- challenges in keeping existing clients and obtaining new clients, including potential conflicts of interest; and
- challenges in attracting and retaining key personnel.

As a result, the Company may not be able to realize the expected revenue growth and other benefits that it hopes to achieve from the MLIM Transaction. In addition, BlackRock may be required to spend additional time or money on integration that would otherwise be spent on the development and expansion of its business and services.

Merrill Lynch is a primary distributor of BlackRock s products, and the Company is therefore subject to risks associated with the business of Merrill Lynch.

Pursuant to a global distribution agreement entered into with Merrill Lynch in connection with the MLIM Transaction, Merrill Lynch distributes BlackRock s asset management products and services through its various distribution channels and is a primary distributor of the Company s products. The Company may not be successful in distributing products through Merrill Lynch or in distributing our products and services through other third party distributors, and the transfer of the MLIM business to BlackRock might have an adverse effect on Merrill Lynch s ability to distribute, and on the costs of distributing, the Company s existing products and services. If BlackRock is unable to distribute its products and services successfully or if it experiences an increase in distribution-related expenses following the completion of the MLIM Transaction, BlackRock s business, results of operations or financial condition may be adversely affected.

Loss of market share with Merrill Lynch s Global Private Client group could harm operating results.

A significant portion of the revenue of the MLIM business has historically come from AUM generated by Merrill Lynch s Global Private Client Group (GPC). At September 29, 2006, the GPC affiliated accounts of the MLIM business represented 20% of BlackRock s AUM. BlackRock s ability to maintain a strong relationship with GPC is material to the Company s future performance. If one of the Company s competitors gains significant additional market share within the GPC retail channel, then BlackRock s business, results of operations or financial condition might be negatively impacted.

PART II OTHER INFORMATION (continued)

Item 1A. Risk Factors (continued)

For so long as Merrill Lynch and PNC maintain certain levels of stock ownership, Merrill Lynch and PNC will vote as stockholders in accordance with the recommendation of the BlackRock s board of directors, and certain actions will require special board approval or the prior approval of Merrill Lynch and PNC.

As a result of the stockholder agreements entered into with BlackRock and PNC and Merrill Lynch in connection with the MLIM Transaction, together with the Company s ownership structure, stockholders may have no effective power to influence corporate actions. Merrill Lynch owns 45% of BlackRock s issued and outstanding common stock, and approximately 49.3% of total capital stock on a fully-diluted basis, and PNC owns approximately 34% of BlackRock s issued and outstanding capital stock.

Merrill Lynch and PNC have agreed to vote all of their shares in accordance with the recommendation of BlackRock s board of directors to the extent consistent with the provisions of the Merrill Lynch stockholder agreement and the PNC implementation and stockholder agreement. As a consequence, matters submitted to a stockholder vote, including elections of directors, will be approved or disapproved solely in accordance with the determinations of the BlackRock board of directors, so long as the shares held by Merrill Lynch and PNC constitute a majority of the outstanding shares. This arrangement will have the effect of concentrating control over BlackRock in its board of directors, whether or not stockholders agree with any particular determination of the board.

Legal and Regulatory Risks

BlackRock is subject to extensive regulation in the United States and internationally.

BlackRock s business is subject to extensive regulation in the United States and around the world. Violation of applicable laws or regulations could result in fines, temporary or permanent prohibition of the engagement in certain activities, reputational harm, suspensions of personnel or revocation of their licenses, suspension or termination of investment adviser or broker-dealer registrations, or other sanctions, which could cause the Company s earnings or stock price to decline. Additionally, BlackRock s business may be adversely impacted by regulatory and legislative initiatives imposed by various U.S. and non-U.S. regulatory and exchange authorities, and industry participants that continue to review and, in many cases, adopt changes to their established rules and policies.

Failure to comply with the Investment Advisers Act and the Investment Company Act and related regulations could result in substantial harm to BlackRock s reputation and results of operations.

Certain of BlackRock s subsidiaries are registered with the SEC under the Investment Advisers Act and BlackRock s U.S. mutual funds are registered with the SEC under the Investment Company Act. The Investment Advisers Act imposes numerous obligations and fiduciary duties on registered investment advisers, including record-keeping, operating and marketing requirements, disclosure obligations and prohibitions on fraudulent activities. The Investment Company Act imposes similar obligations, as well as additional detailed operational requirements, on investment advisers to registered investment companies. The failure of any of BlackRock s subsidiaries to comply with the Investment Advisers Act or the Investment Company Act could cause the SEC to institute proceedings and impose sanctions for violations of either of these acts, including censure, termination of an investment adviser s registration or prohibition to serve as adviser to SEC-registered funds and could lead to litigation by investors in those funds or harm to the Company s reputation, any of which could cause its earnings or stock price to decline.

PART II OTHER INFORMATION (continued)

Item 1A. Risk Factors (continued)

Failure to comply with ERISA regulations could result in penalties and cause the Company s earnings or stock price to decline.

BlackRock s asset management subsidiaries are subject to the Employee Retirement Income Security Act (ERISA) and to regulations promulgated thereunder, insofar as they act as a fiduciary under ERISA with respect to benefit plan clients. ERISA and applicable provisions of the Internal Revenue Code impose duties on persons who are fiduciaries under ERISA, prohibit specified transactions involving ERISA plan clients and provide monetary penalties for violations of these prohibitions. The failure of any of BlackRock s subsidiaries to comply with these requirements could result in significant penalties that could reduce the Company s earnings or cause its stock price to decline.

BlackRock is subject to banking regulations that may limit its business activities.

Because BlackRock is deemed an affiliate of PNC, a bank holding company, the Company is subject to general banking regulations that limit the activities and the types of businesses in which it may engage. Banking regulations may put the Company at a competitive disadvantage because most competitors are not subject to these limitations. As an affiliate of PNC, BlackRock is subject to the supervision, regulation and examination of the Federal Reserve Board (FRB). The Company is also subject to the broad enforcement authority of the FRB, including the FRB s power to prohibit BlackRock from engaging in any activity that, in the FRB s opinion, constitutes an unsafe or unsound practice in conducting the Company s business. The FRB also may impose substantial fines and other penalties for violations of applicable banking regulations.

Legal proceedings could adversely affect operating results and financial condition for a particular period.

Many aspects of BlackRock s business involve substantial risks of legal liability. The Company, including a number of the legal entities acquired in the MLIM Transaction, has been named as a defendant in various legal actions, including arbitrations, class actions, and other litigation and regulatory proceedings arising in connection with BlackRock s activities. Additionally, the investment funds that the Company manages are subject to lawsuits, any of which could harm the investment returns of the applicable fund or result in the Company being liable to the funds for any resulting damages. While Merrill Lynch has agreed to indemnify the Company for certain of the pre-closing liabilities related to legal and regulatory proceedings acquired in the MLIM Transaction, entities that BlackRock now owns may be named as defendants in these matters and the Company s reputation may be negatively impacted. Liability for legal actions for which no indemnification is available could have a negative impact on results of operations and financial condition. See Part II, Item I, Legal Proceedings.

PART II OTHER INFORMATION (continued)

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) During the three months ended September 30, 2006, the Company made the following purchases of its shares of class A common stock that were registered pursuant to Section 12(b) of the Securities Exchange Act of 1934.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans of Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs[1]
July 1, 2006 through July 31, 2006	180,825	$ 129.21	180,825	
August 1, 2006 through August 31, 2006	204[2]	$ 125.43		2,100,000
September 1, 2006 through September 30, 2006				2,100,000
Total	181,029	$ 129.20	180,825	

1 On January 21, 2004, the Company announced a two million share repurchase program. On August 2, 2006, the Company announced that it had made purchases of all two million shares under this program and that the Board has authorized a new program to purchase an additional 2.1 million shares.

2 Includes purchases made by the Company primarily to satisfy income tax withholding obligations of certain employees.

PART II OTHER INFORMATION (continued)

Item 4. Submission of Matters to a Vote of the Stockholders

The 2006 special meeting of the stockholders of Old BlackRock, Inc. was held on September 25, 2006 for the purpose of considering and acting upon the following items. Old BlackRock s class A common stockholders and class B common stockholders voted together as a single class on each proposal considered at the special meeting. Class B common stockholders also voted separately as a class on the adoption of the Transaction Agreement and the approval of the MLIM Transaction and on each proposal relating to the adoption of provisions of the BlackRock certificate of incorporation. Each share of class A common stock was entitled to one vote and each share of class B common stock was entitled to five votes.

(1) **Proposed MLIM Transaction**. Eight matters were approved and the votes cast for or against and the abstentions were as follows:

	Aggregate Votes		
	For	**Against**	**Abstained**
1. On the proposal to adopt the transaction agreement and plan of merger, dated as of February 15, 2006 by and among Merrill Lynch & Co., Inc., Old BlackRock, BlackRock and BlackRock Merger Sub, Inc. and the approval of the merger contemplated thereby, pursuant to which BlackRock Merger Sub, Inc. was merged with and into Old BlackRock, with Old BlackRock surviving the merger as an indirect wholly owned subsidiary of BlackRock, and in which each share of issued and outstanding Old BlackRock class A common stock and each share of issued and outstanding BlackRock class B common stock was converted into one share of common stock of BlackRock.	228,240,600	2,565	10,242

	Aggregate Votes		
	For	**Against**	**Abstained**
2. On the proposal to adopt in consideration for its contribution to BlackRock of the entities and assets that constitute its investment management business, the approval of issuance by BlackRock to Merrill Lynch of 65 million shares of capital stock of BlackRock, subject to adjustment, which was divided between shares of BlackRock common stock and shares of newly-issued non-voting series A convertible participating preferred stock, such that Merrill Lynch will hold no more than 45% of the voting power of BlackRock and no more than 49.8% of the total capital stock of BlackRock on a fully-diluted basis following the completion of the transactions.	228,230,344	6,729	16,334

PART II OTHER INFORMATION (continued)

Item 4. Submission of Matters to a Vote of the Stockholders (continued)

	Aggregate Votes For	Aggregate Votes Against	Aggregate Votes Abstained
3. On the proposal to adopt the provisions in BlackRock s certificate of incorporation and by-laws that state that, except as otherwise provided by law or the stockholders agreement with Merrill Lynch and PNC, at all meetings of the board of directors, a majority of the entire board of directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors.	228,173,137	64,278	15,992

	Aggregate Votes For	Aggregate Votes Against	Aggregate Votes Abstained
4. On the proposal to adopt the provisions in BlackRock s certificate of incorporation and by-laws that provide that the certificate of incorporation and by-laws may only be amended or modified in accordance with the provisions of the stockholder agreement with Merrill Lynch and the implementation and stockholders agreement with PNC, each of which was entered into in connection with the transactions described in Proposals 1 and 2.	228,174,477	63,652	15,278

	Aggregate Votes For	Aggregate Votes Against	Aggregate Votes Abstained
5. On the proposal to adopt the provisions in BlackRock s certificate of incorporation authorizing 1 billion shares of capital stock, including 500 million shares of common stock and 500 million shares of preferred stock.	228,087,988	153,739	11,680

PART II OTHER INFORMATION (continued)

Item 4. Submission of Matters to a Vote of the Stockholders (continued)

	Aggregate Votes		
	For	**Against**	**Abstained**
6. On the proposal to adopt the provisions in BlackRock s certificate of incorporation and by-laws permitting action by written consent of stockholders if such action has been approved in advance by the board of directors.	228,025,134	198,975	29,297

	Aggregate Votes		
	For	**Against**	**Abstained**
7. On the proposal to adopt the provisions in BlackRock s certificate of incorporation and by-laws permitting the number of directors on BlackRock s board of directors to be changed by a vote of a majority of the entire board of directors.	228,139,253	82,192	31,962

	Aggregate Votes		
	For	**Against**	**Abstained**
8. On the proposal to adopt a provision in BlackRock s certificate of incorporation providing that BlackRock will be subject to Section 203 of the General Corporation Law of the State of Delaware, which governs certain business combinations with interested stockholders.	228,127,350	92,120	33,937

PART II OTHER INFORMATION (continued)

Item 4. Submission of Matters to a Vote of the Stockholders (continued)

(2) **Compensation Plan**. One matter was approved and the votes cast for or against and the abstentions were as follows:

	Aggregate Votes		
	For	**Against**	**Abstained**
9. On the proposal to adopt an amendment to the BlackRock, Inc. 1999 Stock Award and Incentive Plan to increase the number of shares of Old BlackRock class A common stock authorized for issuance under the incentive plan from 14,000,000 to 17,000,000 shares.	227,370,939	568,477	28,901

PART II OTHER INFORMATION (continued)

Item 6. Exhibits

As used in this exhibit list, BlackRock refers to BlackRock, Inc. (formerly named New BlackRock, Inc. and previously, New Boise, Inc.) and Old BlackRock refers to BlackRock Holdco 2, Inc. (formerly named BlackRock, Inc.), which is the predecessor of BlackRock.

Exhibit No.	Description
2.1(1)	Transaction Agreement and Plan of Merger, dated as of February 15, 2006, by and among Merrill Lynch & Co., Inc., the Registrant (formerly named New BlackRock, Inc. and previously named New Boise, Inc.), Boise Merger Sub, Inc. and Old BlackRock.
3.1(2)	Amended and Restated Certificate of Incorporation of the Registrant.
3.2(2)	Amended and Restated Bylaws of the Registrant.
3.3(2)	Certificate of Designations of Series A Convertible Participating Preferred Stock of the registrant.
4.1(3)	Specimen of Common Stock Certificate.
4.2(4)	Indenture, dated as of February 23, 2005, between Old BlackRock and The Bank of New York (as successor-in-interest to JPMorgan Chase Bank, N.A.), as trustee, relating to the 2.625% Convertible Debentures due 2035.
4.3(4)	Form of 2.625% Convertible Debenture due 2035 (included as Exhibit A in Exhibit 4.2).
4.4(2)	First Supplemental Indenture, dated September 29, 2006.
10.1(5)	Tax Disaffiliation Agreement, dated October 6, 1999, among Old BlackRock, PNC Asset Management, Inc. and The PNC Financial Services Group, Inc., formerly PNC Bank Corp.
10.2(3)	BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.3(3)	Amendment No. 1 to the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.4(3)	Amendment No. 2 to the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
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10.9(3)	Amendment No. 2 to 2002 Long-Term Retention and Incentive Program.+
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10.11(3)	BlackRock, Inc. Voluntary Deferred Compensation Plan.+
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10.13(2)	Form of Stock Option Agreement expected to be used in connection with future grants of Stock Options under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+

PART II OTHER INFORMATION (continued)

Item 6. Exhibits

10.14(2)	Form of Restricted Stock Agreement expected to be used in connection with future grants of Restricted Stock under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.15(2)	Form of Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.16(2)	Form of Directors Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.17(6)	BlackRock International, Ltd. Amended and Restated Long-Term Deferred Compensation Plan. +
10.18(7)	Amendment No. 1 to the BlackRock International, Ltd. Amended and Restated Long-Term Deferred Compensation Plan. +
10.19(2)	Registration Rights Agreement, dated as of September 29, 2006, among the Registrant, Merrill Lynch & Co., Inc. and the PNC Financial Service Group, Inc.
10.20(5)	Services Agreement, dated October 6, 1999, between Old BlackRock and The PNC Financial Services Group, Inc., formerly PNC Bank Corp.
10.21(8)	Agreement of Lease, dated May 3, 2000, between 40 East 52nd Street L.P. and Old BlackRock.
10.22(9)	Agreement of Lease, dated September 4, 2001, between 40 East 52nd Street L.P. and Old BlackRock.
10.23(10)	Share Surrender Agreement, dated October 10, 2002, among Old BlackRock, PNC Asset Management, Inc., and The PNC Financial Services Group, Inc.
10.24(1)	First Amendment, dated as of February 15, 2006, to the Share Surrender Agreement, dated as of October 10, 2002, among PNC Bancorp, Inc., The PNC Financial Services Group, Inc. and Old BlackRock.
10.25(10)	Employment Agreement, between Old BlackRock and Laurence D. Fink, dated October 10, 2002. +
10.26(11)	Agreement of Lease, dated July 29, 2004, between Park Avenue Plaza Company L.P. and Old BlackRock.
10.27(11)	Letter Agreement, dated July 29, 2004, amending the Agreement of Lease between Park Avenue Plaza Company L.P. and Old BlackRock.
10.28(12)	Stock Purchase Agreement among MetLife, Inc., Metropolitan Life Insurance Company, SSRM Holdings, Inc. Old BlackRock and BlackRock Financial Management, Inc., dated August 25, 2004.
10.29(4)	Registration Rights Agreement dated as of February 23, 2005, between Old BlackRock and Morgan Stanley & Co. Incorporated, as representative of the initial purchasers named therein, relating to the 2.625% Convertible Debentures due 2035.

PART II OTHER INFORMATION (continued)

Item 6. Exhibits

10.30(1)	Implementation and Stockholder Agreement, dated as of February 15, 2006, among The PNC Financial Services Group, Inc., the Registrant (formerly named New BlackRock, Inc. and previously named New Boise, Inc.) and Old BlackRock.
10.31(1)	Stockholder Agreement, dated as of February 15, 2006, between Merrill Lynch & Co., Inc. and the Registrant (formerly named New BlackRock, Inc. and previously named New Boise, Inc.).
10.32(2)	Letter to Robert C. Doll.
10.33(13)	Global Distribution Agreement, dated as of September 29, 2006, by and between the Registrant and Merrill Lynch & Co., Inc.
10.34(13)	Transition Services Agreement, dated as of September 29, 2006, by and between Merrill Lynch & Co., Inc. and the Registrant.
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer.

(1) Incorporated by Reference to Old BlackRock s Current Report on Form 8-K (Commission File No. 001-15305) filed on February 22, 2006.
(2) Incorporated by Reference to the Registrant s Current Report on Form 8-K (Commission File No. 001-33099) filed with the Securities and Exchange Commission on October 5, 2006.
(3) Incorporated by Reference to the Registrant s Registration Statement on Form S-8 (Registration No. 333-137708) filed with the Securities and Exchange Commission on September 29, 2006.
(4) Incorporated by Reference to Old BlackRock s Annual Report on Form 10-K (Commission File No. 001-15305) for the year ended December 31, 2004.
(5) Incorporated by Reference to Old BlackRock s Registration Statement on Form S-1 (Registration No. 333-78367), as amended, originally filed with the Securities and Exchange Commission on May 13, 1999.
(6) Incorporated by Reference to Old BlackRock s Registration Statement on Form S-8 (Registration No. 333-32406), originally filed with the Securities and Exchange Commission on March 14, 2000.
(7) Incorporated by Reference to Old BlackRock s Quarterly Report on Form 10-Q (Commission File No. 001-15305), for the quarter ended September 30, 2000.
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(13) Incorporated by Reference to BlackRock s Registration Statement on Form S-4, as amended, originally filed with the Securities and Exchange Commission on June 9, 2006.
\+ Denotes compensatory plans.

SIGNATURES

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

BLACKROCK, INC.
(Registrant)

Date: November 14, 2006

By: /s/ Steven E. Buller
Steven E. Buller
Managing Director &

Chief Financial Officer

EXHIBIT INDEX

As used in this exhibit list, BlackRock refers to BlackRock, Inc. (formerly named New BlackRock, Inc. and previously, New Boise, Inc.) and Old BlackRock refers to BlackRock Holdco 2, Inc. (formerly named BlackRock, Inc.), which is the predecessor of BlackRock.

Exhibit No.	Description
2.1(1)	Transaction Agreement and Plan of Merger, dated as of February 15, 2006, by and among Merrill Lynch & Co., Inc., the Registrant (formerly named New BlackRock, Inc. and previously named New Boise, Inc.), Boise Merger Sub, Inc. and Old BlackRock.
3.1(2)	Amended and Restated Certificate of Incorporation of the Registrant.
3.2(2)	Amended and Restated Bylaws of the Registrant.
3.3(2)	Certificate of Designations of Series A Convertible Participating Preferred Stock of the registrant.
4.1(3)	Specimen of Common Stock Certificate.
4.2(4)	Indenture, dated as of February 23, 2005, between Old BlackRock and The Bank of New York (as successor-in-interest to JPMorgan Chase Bank, N.A.), as trustee, relating to the 2.625% Convertible Debentures due 2035.
4.3(4)	Form of 2.625% Convertible Debenture due 2035 (included as Exhibit A in Exhibit 4.2).
4.4(2)	First Supplemental Indenture, dated September 29, 2006.
10.1(5)	Tax Disaffiliation Agreement, dated October 6, 1999, among Old BlackRock, PNC Asset Management, Inc. and The PNC Financial Services Group, Inc., formerly PNC Bank Corp.
10.2(3)	BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
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\+ Denotes compensatory plans.

width="1%" bgColor=#c0c0c0>2,000,0002,121,968**Natural Gas/Natural Gas Liquids Pipelines 22.2%(1)Canada 4.2%(1)**TransCanada Corporation, 5.625%, 05/20/20757,000,0007,019,040**United States 18.0%(1)**Cheniere Corp., 7.000%, 06/30/2024(2)4,000,0004,260,000Columbia Pipeline Group, Inc., 3.300%, 06/01/20202,000,0002,028,102Florida Gas Transmission Co., LLC, 5.450%, 07/15/2020(2)1,500,0001,608,199Kinder Morgan, Inc., 6.500%, 09/15/20204,000,0004,468,520Midcontinent Express Pipeline LLC, 6.700%, 09/15/2019(2)2,000,0002,075,000ONEOK, Inc., 4.250%, 02/01/20224,500,0004,398,750ONEOK, Inc., 7.500%, 09/01/20232,000,0002,263,760Rockies Express Pipeline, LLC, 6.000%, 01/15/2019(2)4,000,0004,160,000Ruby Pipeline, LLC, 6.000%, 04/01/2022(2)1,500,0001,545,470Southern Star Central Corp., 5.125%, 07/15/2022(2)3,000,0003,015,00036,841,841**Natural Gas Gathering/Processing 7.8%(1)United States 7.8%(1)**Blue Racer Midstream, LLC, 6.125%, 11/15/2022(2)4,000,0003,900,000DCP Midstream LLC, 9.750%, 03/15/2019(2)3,000,0003,345,000The Williams Companies, Inc., 7.875%, 09/01/20215,000,0005,712,50012,957,500**Oil and Gas Production 6.3%(1)United States 6.3%(1)**Carrizo Oil & Gas, Inc., 7.500%, 09/15/20202,000,0002,070,000EQT Corporation, 8.125%, 06/01/20192,000,0002,253,414Newfield Exploration Co., 5.625%, 07/01/20242,000,0002,062,500PDC Energy Company, 6.125%, 09/15/2024(2)2,000,0002,050,000Range Resources Corporation, 5.000%, 03/15/2023(2)1,000,000960,000SM Energy Company, 6.125%, 11/15/20221,000,0001,002,50010,398,414**Power/Utility 18.8%(1)United States 18.8%(1)**The AES Corporation, 5.500%, 04/15/20254,000,0003,890,000CMS Energy Corp., 8.750%, 06/15/20195,185,0006,002,690Dominion Resources, Inc., 5.750%, 10/01/20544,000,0004,100,000Duquesne Light Holdings, Inc., 6.400%, 09/15/2020(2)3,000,0003,362,307Duquesne Light Holdings, Inc., 5.900%, 12/01/2021(2)2,000,0002,243,080NRG Energy, Inc., 6.250%, 07/15/20225,000,0005,012,500NRG Yield Operating LLC, 5.375%, 08/15/20242,500,0002,481,250NV Energy, Inc., 6.250%, 11/15/20201,000,0001,135,818Wisconsin Energy Group, Inc., 6.250%, 05/15/20673,450,0003,001,50031,229,145**Refined Product Pipelines 1.8%(1)United States 1.8%(1)**HollyFrontier Corporation, 5.875%, 04/01/2016 3,000,0003,006,168Total Corporate Bonds (Cost $104,188,731) 106,782,786

See accompanying Notes to Financial Statements.

TPZ Schedule of Investments (continued)
November 30, 2016

	Shares	Fair Value
Master Limited Partnerships and Related Companies 38.0%[(1)]		
Crude Oil Pipelines 13.9%[(1)]		
United States 13.9%[(1)]		
Enbridge Energy Management, L.L.C.[(3)]	452,381	$ 11,300,474
Genesis Energy, L.P.	54,067	1,889,101
NuStar Energy L.P.	2,015	96,196
Plains All American Pipeline, L.P.	125,439	4,133,215
Shell Midstream Partners, L.P.	29,307	808,287
Sunoco Logistics Partners L.P.	140,506	3,328,587
Tesoro Logistics LP	34,009	1,602,844
		23,158,704
Natural Gas/Natural Gas Liquids Pipelines 9.9%[(1)]		
United States 9.9%[(1)]		
Energy Transfer Partners, L.P.	226,887	7,968,272
Enterprise Products Partners L.P.	145,712	3,778,312
EQT Midstream Partners, LP	4,770	349,307
ONEOK Partners, L.P.	95,566	3,994,659
Spectra Energy Partners, LP	8,708	370,003
		16,460,553
Natural Gas Gathering/Processing 8.7%[(1)]		
United States 8.7%[(1)]		
DCP Midstream Partners, LP	52,040	1,802,145
EnLink Midstream Partners, LP	22,400	392,448
MPLX LP	115,258	3,786,225
Noble Midstream Partners LP	17,176	550,834
Rice Midstream Partners LP	28,091	605,361
Rice Midstream Partners LP[(2)]	99,157	2,019,828
Western Gas Partners, LP	18,799	1,072,859
Williams Partners L.P.	116,067	4,236,446
		14,466,146
Refined Product Pipelines 5.5%[(1)]		
United States 5.5%[(1)]		
Buckeye Partners, L.P.	39,679	2,552,947
Holly Energy Partners, L.P.	70,096	2,261,297
Magellan Midstream Partners, L.P.	34,561	2,393,349
Phillips 66 Partners LP	24,755	1,117,193
Valero Energy Partners LP	19,193	775,781
		9,100,567
Total Master Limited Partnerships and Related Companies (Cost $44,332,225)		63,185,970
Common Stock 22.4%[(1)]		
Crude Oil Pipelines 8.1%[(1)]		
United States 8.1%[(1)]		
Plains GP Holdings, L.P.[(4)]	308,071	10,831,773
SemGroup Corporation	71,922	2,592,788
		13,424,561
Natural Gas/Natural Gas Liquids Pipelines 9.2%[(1)]		
United States 9.2%[(1)]		
ONEOK, Inc.	126,747	6,962,213
Spectra Energy Corp	123,221	5,045,900
Tallgrass Energy GP, LP	133,814	3,238,299

		15,246,412
Natural Gas Gathering/Processing 4.6%[1]		
United States 4.6%[1]		
EnLink Midstream LLC	125,234	2,291,782
Targa Resources Corp.	101,103	5,387,779
		7,679,561
Refined Product Pipelines 0.5%[1]		
United States 0.5%[1]		
VTTI Energy Partners LP	50,626	903,674
Total Common Stock (Cost $29,597,237)		37,254,208

See accompanying Notes to Financial Statements.

TPZ Schedule of Investments (continued)
November 30, 2016

	Shares		Fair Value
Preferred Stock 4.2%(1)			
Natural Gas Gathering/Processing 1.0%(1)			
United States 1.0%(1)			
Targa Resources Corp., 9.500%(2)(5)	1,685	$	1,740,791
Natural Gas/Natural Gas Liquids Pipelines 1.4%(1)			
United States 1.4%(1)			
Kinder Morgan, Inc., 9.750%, 10/26/2018	44,949		2,209,693
Oil and Gas Production 0.6%(1)			
United States 0.6%(1)			
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	24,400		1,003,572
Power/Utility 1.2%(1)			
United States 1.2%(1)			
DTE Energy, 6.500%, 10/01/2019	39,600		2,019,600
Total Preferred Stock (Cost $6,000,057)			6,973,656
Warrants 0.7%(1)			
Natural Gas Gathering/Processing 0.7%(1)			
United States 0.7%(1)			
Targa Resources Corp. Series A, $18.88, 03/16/2023(2)(5)(6)	23,657		814,038
Targa Resources Corp. Series B, $25.11, 03/16/2023(2)(5)(6)	11,407		321,449
Total Warrants (Cost $243,584)			1,135,487
Short-Term Investment 0.1%(1)			
United States Investment Company 0.1%(1)			
Government & Agency Portfolio Institutional Class, 0.29%(7) (Cost $141,155)	141,155		141,155
Total Investments 129.7%(1) (Cost $184,502,989)			215,473,262
Interest Rate Swap Contracts (0.1)%(1)			
$23,500,000 notional net unrealized depreciation(8)			(153,308)
Other Assets and Liabilities 0.8%(1)			1,352,976
Credit Facility Borrowings (30.4)%(1)			(50,600,000)
Total Net Assets Applicable to Common Stockholders 100.0%(1)		$	166,072,930

(1) Calculated as a percentage of net assets applicable to common stockholders.
(2) Restricted securities have a total fair value of $42,088,912, which represents 25.3% of net assets. See Note 6 to the financial statements for further disclosure.

(3) Security distributions are paid-in-kind.
(4) A portion of the security is segregated as collateral for the unrealized depreciation of interest rate swap contracts of $153,308.
(5) Securities have been valued in accordance with fair value procedures, as more fully described in Note 2 to the financial statements.
(6) Non-income producing security.
(7) Rate indicated is the current yield as of November 30, 2016.
(8) See Note 11 to the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

Statements of Assets & Liabilities

November 30, 2016

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Assets		
Investments at fair value[1]	$ 2,580,222,084	$ 1,511,657,194
Receivable for Adviser fee waiver	22,891	
Dividends, distributions and interest receivable from investments	718,600	384,315
Current tax asset	9,470,072	830,709
Prepaid expenses and other assets	3,288,172	1,481,644
Total assets	2,593,721,819	1,514,353,862
Liabilities		
Call options written, at fair value[2]		
Payable to Adviser	4,086,451	2,403,571
Accrued directors fees and expenses	12,147	11,066
Distribution payable to common stockholders		1,608,998
Accrued expenses and other liabilities	8,442,540	3,256,112
Unrealized depreciation of interest rate swap contracts	365,051	
Deferred tax liability	451,741,282	161,408,048
Credit facility borrowings	109,300,000	46,800,000
Senior notes	442,500,000	284,000,000
Mandatory redeemable preferred stock	165,000,000	110,000,000
Total liabilities	1,181,447,471	609,487,795
Net assets applicable to common stockholders	$ 1,412,274,348	$ 904,866,067
Net Assets Applicable to Common Stockholders Consist of:		
Capital stock, $0.001 par value per share	$ 48,980	$ 47,081
Additional paid-in capital	970,617,966	640,289,329
Undistributed (accumulated) net investment income (loss), net of income taxes	(207,215,750)	(117,622,102)
Undistributed (accumulated) net realized gain (loss), net of income taxes	866,468,666	274,244,410
Net unrealized appreciation (depreciation), net of income taxes	(217,645,514)	107,907,349
Net assets applicable to common stockholders	$ 1,412,274,348	$ 904,866,067
Capital shares:		
Authorized	100,000,000	100,000,000
Outstanding	48,980,215	47,080,789
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	$ 28.83	$ 19.22
(1) Investments at cost	$ 2,057,098,073	$ 1,344,615,441
(2) Call options written, premiums received	$	$

See accompanying Notes to Financial Statements.

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
$ 303,332,252	$ 319,011,261	$ 215,473,262
24,584	50,084	
441,849	269,160	1,932,617
190,625	12,772	8,775
303,989,310	319,343,277	217,414,654
1,458,357	8,314,401	
540,850	550,923	339,671
10,757	10,473	10,871
224,151	317,462	
616,113	262,006	237,874
		153,308
16,600,000	63,800,000	50,600,000
34,000,000		
16,000,000		
69,450,228	73,255,265	51,341,724
$ 234,539,082	$ 246,088,012	$ 166,072,930
$ 10,016	$ 14,516	$ 6,951
234,975,148	291,115,232	129,482,470
1,926,853	(182,319)	6,607,440
(8,424,918)	(46,576,766)	(840,955)
6,051,983	1,717,349	30,817,024
$ 234,539,082	$ 246,088,012	$ 166,072,930
100,000,000	100,000,000	100,000,000
10,016,413	14,516,071	6,951,333
$ 23.42	$ 16.95	$ 23.89
$ 296,285,359	$ 311,133,072	$ 184,502,989
$ 462,996	$ 2,153,562	$

See accompanying Notes to Financial Statements.

Statements of Operations
Year Ended November 30, 2016

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Investment Income		
Distributions from master limited partnerships	$ 178,623,160	$ 106,803,586
Dividends and distributions from common stock	709,277	830,323
Dividends and distributions from preferred stock	2,942,872	1,575,815
Less return of capital on distributions	(178,682,940)	(108,859,567)
Less foreign taxes withheld		
Net dividends and distributions from investments	3,592,369	350,157
Interest from corporate bonds		
Dividends from money market mutual funds	2,672	848
Total Investment Income	3,595,041	351,005
Operating Expenses		
Advisory fees	23,421,107	13,454,343
Administrator fees	498,532	441,125
Professional fees	368,523	242,426
Directors fees	253,501	185,001
Stockholder communication expenses	210,691	144,658
Custodian fees and expenses	110,549	63,463
Fund accounting fees	90,120	77,319
Registration fees	68,770	46,732
Stock transfer agent fees	26,822	11,799
Franchise fees, net of refund	(199,809)	16,305
Other operating expenses	187,846	102,182
Total Operating Expenses	25,036,652	14,785,353
Leverage Expenses		
Interest expense	17,792,587	11,162,446
Distributions to mandatory redeemable preferred stockholders	8,124,385	4,676,664
Amortization of debt issuance costs	2,872,343	398,455
Premium on redemption of senior notes	900,000	450,000
Premium on redemption of mandatory redeemable preferred stock	800,000	
Other leverage expenses	292,973	100,350
Total Leverage Expenses	30,782,288	16,787,915
Total Expenses	55,818,940	31,573,268
Less fees waived by Adviser	(100,067)	(55,998)
Net Expenses	55,718,873	31,517,270
Net Investment Income (Loss), before Income Taxes	(52,123,832)	(31,166,265)
Deferred tax benefit	14,098,723	9,451,508
Net Investment Income (Loss)	(38,025,109)	(21,714,757)
Realized and Unrealized Gain (Loss) on Investments and Interest Rate Swaps		
Net realized gain (loss) on investments	180,456,255	77,017,271
Net realized gain on options		
Net realized loss on interest rate swap settlements	(306,002)	
Net realized loss on foreign currency and translation of other assets and liabilities denominated in foreign currency		
Net realized gain (loss), before income taxes	180,150,253	77,017,271
Current tax expense	(57,075,786)	(1,891,670)
Deferred tax expense	(5,325,881)	(25,818,494)
Income tax expense	(62,401,667)	(27,710,164)
Net realized gain (loss)	117,748,586	49,307,107
Net unrealized appreciation of investments	40,438,813	123,087,616
Net unrealized depreciation of options		
Net unrealized appreciation of interest rate swap contracts	198,517	
Net unrealized appreciation of other assets and liabilities due to foreign currency translation		
Net unrealized appreciation, before income taxes	40,637,330	123,087,616
Deferred tax expense	(14,076,234)	(44,285,886)

Net unrealized appreciation	26,561,096	78,801,730
Net Realized and Unrealized Gain	144,309,682	128,108,837
Net Increase in Net Assets Applicable to Common Stockholders Resulting from Operations	$ 106,284,573	$ 106,394,080

See accompanying Notes to Financial Statements.

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
$ 4,969,942	$ 3,827,178	$ 3,908,253
9,702,290	2,133,724	2,225,825
290,532	273,283	422,023
(8,660,531)	(3,801,046)	(4,900,513)
(287,913)	(105,580)	
6,014,320	2,327,559	1,655,588
		6,378,062
868	1,053	774
6,015,188	2,328,612	8,034,424
2,846,232	3,005,858	1,864,278
103,599	109,404	78,596
154,584	228,907	218,370
84,300	84,701	67,999
73,524	56,170	95,583
18,476	13,348	9,244
44,957	47,417	28,874
24,553	24,591	24,566
13,425	11,825	15,101
44,990	44,721	27,665
3,408,640	3,626,942	2,430,276
1,476,808	782,518	643,393
686,401		
93,971		
100,000		
16,683		
2,373,863	782,518	643,393
5,782,503	4,409,460	3,073,669
(139,486)	(273,261)	
5,643,017	4,136,199	3,073,669
372,171	(1,807,587)	4,960,755
372,171	(1,807,587)	4,960,755
3,492,108	(27,321,138)	7,176,087
1,830,788	7,002,946	
		(277,797)
(3,732)	(5,010)	
5,319,164	(20,323,202)	6,898,290
5,319,164	(20,323,202)	6,898,290
48,832,009	74,838,222	17,134,427
(1,101,540)	(6,627,411)	

		204,455
1,237	1,555	
47,731,706	68,212,366	17,338,882
47,731,706	68,212,366	17,338,882
53,050,870	47,889,164	24,237,172
$ 53,423,041	$ 46,081,577	$ 29,197,927

See accompanying Notes to Financial Statements.

Statements of Changes in Net Assets

	Tortoise Energy Infrastructure Corp. Year Ended November 30, 2016	Tortoise Energy Infrastructure Corp. Year Ended November 30, 2015	Tortoise MLP Fund, Inc. Year Ended November 30, 2016	Tortoise MLP Fund, Inc. Year Ended November 30, 2015
Operations				
Net investment income (loss)	$ (38,025,109)	$ (29,663,135)	$ (21,714,757)	$ (14,930,010)
Net realized gain (loss)	117,748,586	239,505,914	49,307,107	74,333,232
Net unrealized appreciation (depreciation)	26,561,096	(1,048,807,031)	78,801,730	(505,485,793)
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	106,284,573	(838,964,252)	106,394,080	(446,082,571)
Distributions to Common Stockholders				
Net investment income				
Net realized gain				
Return of capital	(127,370,405)	(124,362,971)	(79,464,402)	(79,430,357)
Total distributions to common stockholders	(127,370,405)	(124,362,971)	(79,464,402)	(79,430,357)
Capital Stock Transactions				
Proceeds from issuance of common shares through shelf offerings	24,678,844			
Underwriting discounts and offering expenses associated with the issuance of common stock	(412,770)	(7,291)	(46,340)	(4,308)
Issuance of common shares from reinvestment of distributions to stockholders	3,361,039		1,573,688	
Net increase (decrease) in net assets applicable to common stockholders from capital stock transactions	27,627,113	(7,291)	1,527,348	(4,308)
Total increase (decrease) in net assets applicable to common stockholders	6,541,281	(963,334,514)	28,457,026	(525,517,236)
Net Assets				
Beginning of year	1,405,733,067	2,369,067,581	876,409,041	1,401,926,277
End of year	$ 1,412,274,348	$ 1,405,733,067	$ 904,866,067	$ 876,409,041
Undistributed (accumulated) net investment income (loss), net of income taxes, end of year	$ (207,215,750)	$ (169,190,641)	$ (117,622,102)	$ (95,907,345)
Transactions in common shares				
Shares outstanding at beginning of year	48,016,591	48,016,591	47,000,211	47,000,211
Shares issued through shelf offerings	849,006			
Shares issued through reinvestment of distributions	114,618		80,578	
Shares outstanding at end of year	48,980,215	48,016,591	47,080,789	47,000,211

See accompanying Notes to Financial Statements.

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Tortoise Pipeline & Energy Fund, Inc. Year Ended November 30, 2016	Tortoise Pipeline & Energy Fund, Inc. Year Ended November 30, 2015	Tortoise Energy Independence Fund, Inc. Year Ended November 30, 2016	Tortoise Energy Independence Fund, Inc. Year Ended November 30, 2015	Tortoise Power and Energy Infrastructure Fund, Inc. Year Ended November 30, 2016	Tortoise Power and Energy Infrastructure Fund, Inc. Year Ended November 30, 2015
$372,171	$2,163,077	$(1,807,587)	$(1,385,242)	$4,960,755	$6,122,553
5,319,164	15,446,400	(20,323,202)	(23,896,492)	6,898,290	5,399,578
47,731,706	(151,609,618)	68,212,366	(54,363,201)	17,338,882	(60,109,113
53,423,041	(134,000,141)	46,081,577	(79,644,935)	29,197,927	(48,586,982
(3,810,236)	(3,400,129)		(7,821)	(8,977,396)	(6,309,193
(12,516,517)	(16,131,876)			(1,710,279)	(13,588,998
		(25,403,124)	(25,395,303)		
(16,326,753)	(19,532,005)	(25,403,124)	(25,403,124)	(10,687,675)	(19,898,191
37,096,288	(153,532,146)	20,678,453	(105,048,059)	18,510,252	(68,485,173
197,442,794	350,974,940	225,409,559	330,457,618	147,562,678	216,047,851
$ 234,539,082	$ 197,442,794	$ 246,088,012	$ 225,409,559	$ 166,072,930	$ 147,562,67
$1,926,853	$6,326,031	$(182,319)	$2,309,980	$6,607,440	$4,883,298
10,016,413	10,016,413	14,516,071	14,516,071	6,951,333	6,951,333
10,016,413	10,016,413	14,516,071	14,516,071	6,951,333	6,951,333

See accompanying Notes to Financial Statements.

Statements of Cash Flows
Year Ended November 30, 2016

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Cash Flows From Operating Activities		
Dividends, distributions and interest received from investments	$ 181,927,645	$ 109,013,298
Purchases of long-term investments	(616,752,041)	(512,960,213)
Proceeds from sales of long-term investments	866,562,689	575,260,455
Purchases of short-term investments, net	(242,479)	(293,566)
Call options written, net		
Payments on interest rate swap contracts, net	(306,002)	
Interest received on securities sold, net		
Interest expense paid	(17,982,242)	(11,381,135)
Distributions to mandatory redeemable preferred stockholders	(8,580,655)	(4,447,174)
Other leverage expenses paid	(230,212)	(25,500)
Income taxes paid	(88,011,514)	(2,921,143)
Premium on redemption of senior notes	(900,000)	(450,000)
Premium on redemption of mandatory redeemable preferred stock	(800,000)	
Operating expenses paid	(25,772,646)	(14,740,020)
Net cash provided by operating activities	288,912,543	137,055,002
Cash Flows From Financing Activities		
Advances (repayments) on credit facilities, net	43,300,000	(16,000,000)
Issuance of mandatory redeemable preferred stock		45,000,000
Maturity and redemption of mandatory redeemable preferred stock	(130,000,000)	(25,000,000)
Issuance of senior notes		30,000,000
Maturity and redemption of senior notes	(102,500,000)	(94,000,000)
Debt issuance costs	(3,096)	(726,947)
Issuance of common stock	24,678,844	
Common stock issuance costs	(378,937)	(46,340)
Distributions paid to common stockholders	(124,009,354)	(76,281,715)
Net cash used in financing activities	(288,912,543)	(137,055,002)
Net change in cash		
Cash beginning of year		
Cash end of year	$	$

See accompanying Notes to Financial Statements.

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
$ 14,792,731	$ 6,157,772	$ 13,522,186
(239,321,989)	(132,001,910)	(80,791,895)
264,809,419	145,892,789	80,483,152
(14,328)	(218,993)	(11,590)
1,765,896	7,255,917	
		(277,797)
		11,333
(1,547,441)	(646,316)	(532,858)
(686,400)		
(18,000)		
(100,000)		
(3,277,286)	(3,353,597)	(2,414,856)
36,402,602	23,085,662	9,987,675
(300,000)	2,000,000	700,000
(20,000,000)		
(16,102,602)	(25,085,662)	(10,687,675)
(36,402,602)	(23,085,662)	(9,987,675)
$	$	$

See accompanying Notes to Financial Statements.

Statements of Cash Flows (continued)
Year Ended November 30, 2016

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities		
Net increase in net assets applicable to common stockholders resulting from operations	$ 106,284,573	$ 106,394,080
Adjustments to reconcile net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities:		
Purchases of long-term investments	(616,752,041)	(512,960,213)
Proceeds from sales of long-term investments	866,386,256	575,166,753
Purchases of short-term investments, net	(242,479)	(293,566)
Call options written, net		
Return of capital on distributions received	178,682,940	108,859,567
Deferred tax expense	5,303,392	60,652,872
Net unrealized appreciation	(40,637,330)	(123,087,616)
Amortization of market premium, net		
Net realized (gain) loss	(180,456,255)	(77,017,271)
Amortization of debt issuance costs	2,872,343	398,455
Changes in operating assets and liabilities:		
(Increase) decrease in dividends, distributions and interest receivable from investments	(350,336)	(197,274)
Increase in current tax asset	(9,470,072)	(830,709)
Decrease in receivable for investments sold	176,433	93,702
(Increase) decrease in prepaid expenses and other assets	(204,540)	11,825
Increase (decrease) in payable to Adviser, net of fees waived	(585,516)	30,669
Decrease in current tax liability	(21,465,656)	(198,764)
Increase (decrease) in accrued expenses and other liabilities	(629,169)	32,492
Total adjustments	182,627,970	30,660,922
Net cash provided by operating activities	$ 288,912,543	$ 137,055,002
Non-Cash Financing Activities		
Reinvestment of distributions by common stockholders in additional common shares	$ 3,361,039	$ 1,573,688

See accompanying Notes to Financial Statements.

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
$ 53,423,041	$ 46,081,577	$ 29,197,927
(239,321,989)	(132,001,910)	(80,791,895)
264,809,419	145,882,673	80,483,152
(14,328)	(218,993)	(11,590)
1,765,896	7,255,917	
8,660,531	3,801,046	4,900,513
(47,731,706)	(68,212,366)	(17,338,882)
		432,910
(5,319,164)	20,323,202	(7,176,087)
93,971		
117,012	28,114	165,672
	10,116	
(935)	(87)	(466)
(5,354)	3,653	11,124
(73,792)	132,720	115,297
(17,020,439)	(22,995,915)	(19,210,252)
$ 36,402,602	$ 23,085,662	$ 9,987,675
$	$	$

See accompanying Notes to Financial Statements.

TYG Financial Highlights

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Noven 2
Per Common Share Data[1]					
Net Asset Value, beginning of year	$ 29.28	$ 49.34	$ 43.36	$ 36.06	$
Income (Loss) from Investment Operations					
Net investment loss[2]	(0.78)	(0.62)	(0.66)	(0.73)	
Net realized and unrealized gain (loss) on investments and interest rate swap contracts[2]	2.94	(16.85)	9.01	10.27	
Total income (loss) from investment operations	2.16	(17.47)	8.35	9.54	
Distributions to Common Stockholders					
Return of capital	(2.62)	(2.59)	(2.38)	(2.29)	
Capital Stock Transactions					
Premiums less underwriting discounts and offering costs on issuance of common stock[3]	0.01	(0.00)	0.01	0.05	
Net Asset Value, end of year	$ 28.83	$ 29.28	$ 49.34	$ 43.36	$
Per common share market value, end of year	$ 30.63	$ 26.57	$ 46.10	$ 49.76	$
Total investment return based on market value[4]	26.21 %	(37.86)%	(2.54)%	33.77 %	
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of year (000 s)	$ 1,412,274	$ 1,405,733	$ 2,369,068	$ 1,245,761	$ 1,02
Average net assets (000 s)	$ 1,345,764	$ 1,974,038	$ 1,837,590	$ 1,167,339	$ 98
Ratio of Expenses to Average Net Assets					
Advisory fees	1.74 %	1.76 %	1.65 %	1.61 %	
Other operating expenses	0.12	0.10	0.13	0.12	
Total operating expenses, before fee waiver	1.86	1.86	1.78	1.73	
Fee waiver[5]	(0.01)		(0.00)	(0.00)	
Total operating expenses	1.85	1.86	1.78	1.73	
Leverage expenses	2.29	1.75	1.38	1.59	
Income tax expense (benefit)[6]	4.64	(24.50)	7.81	14.05	
Total expenses	8.78 %	(20.89)%	10.97 %	17.37 %	

See accompanying Notes to Financial Statements.

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	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012
Ratio of net investment loss to average net assets before fee waiver	(2.83)%	(1.50)%	(1.33)%	(1.78)%	(1.82)%
Ratio of net investment loss to average net assets after fee waiver	(2.82)%	(1.50)%	(1.33)%	(1.78)%	(1.81)%
Portfolio turnover rate	24.23%	12.94%	15.33%	13.40%	12.86%
Credit facility borrowings, end of year (000 s)	$ 109,300	$ 66,000	$ 162,800	$ 27,600	$ 63,400
Senior notes, end of year (000 s)	$ 442,500	$ 545,000	$ 544,400	$ 300,000	$ 194,975
Preferred stock, end of year (000 s)	$ 165,000	$ 295,000	$ 224,000	$ 80,000	$ 73,000
Per common share amount of senior notes outstanding, end of year	$ 9.03	$ 11.35	$ 11.34	$ 10.44	$ 6.89
Per common share amount of net assets, excluding senior notes, end of year	$ 37.86	$ 40.63	$ 60.68	$ 53.80	$ 42.95
Asset coverage, per $1,000 of principal amount of senior notes and credit facility borrowings(7)	$ 3,858	$ 3,784	$ 4,667	$ 5,047	$ 5,232
Asset coverage ratio of senior notes and credit facility borrowings(7)	386%	378%	467%	505%	523%
Asset coverage, per $10 liquidation value per share of mandatory redeemable preferred stock(8)	$ 30	$ 26	$ 35	$ 41	$ 41
Asset coverage ratio of preferred stock(8)	297%	255 %	354%	406%	408%

(1) Information presented relates to a share of common stock outstanding for the entire year.

(2) The per common share data for the years ended November 30, 2015, 2014, 2013 and 2012 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

(3) Represents the premium on the shelf offerings of $0.02 per share, less the underwriting and offering costs of $0.01 per share for the year ended November 30, 2016. Represents underwriting and offering costs of less than $0.01 per share for the year ended November 30, 2015. Represents the premium on the shelf offerings of $0.02 per share, less the underwriting and offering costs of $0.01 per share for the year ended November 30, 2014. Represents the premium on the shelf offerings of $0.06 per share, less the underwriting and offering costs of $0.01 per share for the year ended November 30, 2013. Represents the premium on the shelf offerings of $0.08 per share, less the underwriting and offering costs of $0.01 per share for the year ended November 30, 2012.

(4) Total investment return is calculated assuming a purchase of common stock at the beginning of the period and a sale at the closing price on the last day of the period reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to TYG s dividend reinvestment plan.

(5) Less than 0.01% for the years ended November 30, 2014 and 2013.

(6) For the year ended November 30, 2016, TYG accrued $57,075,786 for current income tax expense and $5,303,392 for net deferred income tax expense. For the year ended November 30, 2015, TYG accrued $66,785,732 for net current income tax expense and $550,449,662 for net deferred income tax benefit. For the year ended November 30, 2014, TYG accrued $52,981,532 for current income tax expense and $90,477,388 for net deferred income tax expense. For the year ended November 30, 2013, TYG accrued $23,290,478 for net current income tax expense and $140,745,675 for net deferred income tax expense. For the year ended November 30, 2012, TYG accrued $16,189,126 for current income tax expense and $66,613,182 for net deferred income tax expense.

(7) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes and credit facility borrowings outstanding at the end of the year.

(8) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the year.

See accompanying Notes to Financial Statements.

NTG Financial Highlights

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Novem 2
Per Common Share Data[1]					
Net Asset Value, beginning of year	$ 18.65	$ 29.83	$ 28.00	$ 24.50	$
Income (Loss) from Investment Operations					
Net investment loss[2]	(0.46)	(0.32)	(0.54)	(0.42)	
Net realized and unrealized gain (loss) on investments[2]	2.72	(9.17)	4.06	5.59	
Total income (loss) from investment operations	2.26	(9.49)	3.52	5.17	
Distributions to Common Stockholders					
Return of capital	(1.69)	(1.69)	(1.69)	(1.67)	(1.66
Capital stock transactions					
Premiums less underwriting discounts and offering costs on issuance of common stock[3]	(0.00)	(0.00)		0.00	
Net Asset Value, end of year	$ 19.22	$ 18.65	$ 29.83	$ 28.00	$
Per common share market value, end of year	$ 18.90	$ 16.18	$ 27.97	$ 27.22	$
Total investment return based on market value[4]	27.99 %	(37.08)%	9.08 %	16.27 %	
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of year (000 s)	$ 904,866	$ 876,409	$ 1,401,926	$ 1,315,866	$ 1,1
Average net assets (000 s)	$ 862,527	$ 1,174,085	$ 1,404,751	$ 1,274,638	$ 1,1
Ratio of Expenses to Average Net Assets					
Advisory fees	1.56 %	1.56%	1.48 %	1.38 %	
Other operating expenses	0.16	0.12	0.10	0.10	
Total operating expenses, before fee waiver	1.72	1.68	1.58	1.48	
Fee waiver	(0.01)	(0.09)	(0.16)	(0.23)	
Total operating expenses	1.71	1.59	1.42	1.25	
Leverage expenses	1.95	1.42	1.09	1.08	
Income tax expense (benefit)[5]	7.25	(21.92)	7.04	11.09	
Total expenses	10.91 %	(18.91)%	9.55 %	13.42 %	

See accompanying Notes to Financial Statements.

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012
Ratio of net investment loss to average net assets before fee waiver	(2.53)%	(1.36)%	(1.97)%	(1.76)%	(1.88)%
Ratio of net investment loss to average net assets after fee waiver	(2.52)%	(1.27)%	(1.81)%	(1.53)%	(1.60)%
Portfolio turnover rate	35.47 %	17.54 %	18.09 %	13.42 %	15.14 %
Credit facility borrowings, end of year (000 s)	$ 46,800	$ 62,800	$ 68,900	$ 27,200	$ 23,900
Senior notes, end of year (000 s)	$ 284,000	$ 348,000	$ 348,000	$ 255,000	$ 255,000
Preferred stock, end of year (000 s)	$ 110,000	$ 90,000	$ 90,000	$ 90,000	$ 90,000
Per common share amount of senior notes outstanding, end of year	$ 6.03	$ 7.40	$ 7.40	$ 5.43	$ 5.48
Per common share amount of net assets, excluding senior notes, end of year	$ 25.25	$ 26.05	$ 37.23	$ 33.43	$ 29.98
Asset coverage, per $1,000 of principal amount of senior notes and credit facility borrowings(6)	$ 4,068	$ 3,353	$ 4,579	$ 5,982	$ 5,412
Asset coverage ratio of senior notes and credit facility borrowings(6)	407 %	335 %	458 %	598 %	541 %
Asset coverage, per $25 liquidation value per share of mandatory redeemable preferred stock(7)	$ 76	$ 69	$ 94	$ 113	$ 102
Asset coverage ratio of preferred stock(7)	305 %	275 %	377 %	454 %	409 %

(1) Information presented relates to a share of common stock outstanding for the entire year.
(2) The per common share data for the years ended November 30, 2015, 2014, 2013 and 2012 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.
(3) Represents underwriting and offering costs of less than $0.01 per share for the year ended November 30, 2016. Represents underwriting and offering costs of less than $0.01 per share for the year ended November 30, 2015. Represents the premiums on the shelf offerings of less than $0.01 per share, less the underwriter discount and offering costs of less than $0.01 per share for the years ended November 30, 2013 and 2012.
(4) Total investment return is calculated assuming a purchase of common stock at the beginning of the period and a sale at the closing price on the last day of the period reported (excluding brokerage commissions). This calculation also assumes reinvestment of distributions at actual prices pursuant to NTG s dividend reinvestment plan.
(5) For the year ended November 30, 2016, NTG accrued $1,891,670 for current income tax expense and $60,652,872 for net deferred income tax expense. For the year ended November 30, 2015, NTG accrued $200,550 for current income tax expense and $257,585,058 for net deferred income tax benefit. For the year ended November 30, 2014, NTG accrued $581,000 for current income tax expense and $98,329,597 for net deferred income tax expense. For the year ended November 30, 2013, NTG accrued $141,332,523 for net deferred income tax expense. For the year ended November 30, 2012, NTG accrued $44,677,351 for net deferred income tax expense.
(6) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes and credit facility borrowings outstanding at the end of the year.
(7) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the year.
See accompanying Notes to Financial Statements.

TTP Financial Highlights

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Novemb 20
Per Common Share Data[(1)]					
Net Asset Value, beginning of year	$ 19.71	$ 35.04	$ 30.33	$ 25.24	$
Income (Loss) from Investment Operations					
Net investment income[(2)]	0.04	0.22	0.08	0.10	
Net realized and unrealized gain (loss)[(2)]	5.30	(13.60)	6.26	6.62	
Total income (loss) from investment operations	5.34	(13.38)	6.34	6.72	
Distributions to Common Stockholders					
Net investment income	(0.38)	(0.34)	(0.02)	(0.57)	
Net realized gain	(1.25)	(1.61)	(1.61)	(1.03)	
Return of capital				(0.03)	
Total distributions to common stockholders	(1.63)	(1.95)	(1.63)	(1.63)	
Net Asset Value, end of year	$ 23.42	$ 19.71	$ 35.04	$ 30.33	$
Per common share market value, end of year	$ 21.55	$ 17.47	$ 32.50	$ 28.11	$
Total investment return based on market value[(3)]	34.89 %	(41.19)%	21.68 %	23.44 %	
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of year (000 s)	$ 234,539	$ 197,443	$ 350,975	$ 303,797	$ 25
Average net assets (000 s)	$ 192,888	$ 292,473	$ 357,486	$ 289,876	$ 25
Ratio of Expenses to Average Net Assets					
Advisory fees	1.48 %	1.44 %	1.37 %	1.42 %	
Other operating expenses	0.29	0.22	0.18	0.19	
Total operating expenses, before fee waiver.	1.77	1.66	1.55	1.61	
Fee waiver	(0.07)	(0.14)	(0.19)	(0.26)	
Total operating expenses	1.70	1.52	1.36	1.35	
Leverage expenses	1.23	0.93	0.75	0.90	
Total expenses	2.93 %	2.45 %	2.11 %	2.25 %	

See accompanying Notes to Financial Statements.

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012
Ratio of net investment income to average net assets before fee waiver	0.12%	0.60%	0.02%	0.08%	0.16%
Ratio of net investment income to average net assets after fee waiver	0.19%	0.74%	0.21%	0.34%	0.49%
Portfolio turnover rate	90.22%	18.84%	18.45%	31.43%	34.65%
Credit facility borrowings, end of year (000 s)	$ 16,600	$ 16,900	$ 26,000	$ 22,200	$ 16,600
Senior notes, end of year (000 s)	$ 34,000	$ 54,000	$ 49,000	$ 49,000	$ 49,000
Preferred stock, end of year (000 s)	$ 16,000	$ 16,000	$ 16,000	$ 16,000	$ 16,000
Per common share amount of senior notes outstanding, end of year	$ 3.39	$ 5.39	$ 4.89	$ 4.89	$ 4.90
Per common share amount of net assets, excluding senior notes, end of year	$ 26.81	$ 25.10	$ 39.93	$ 35.22	$ 30.14
Asset coverage, per $1,000 of principal amount of senior notes and credit facility borrowings(4)	$ 5,951	$ 4,010	$ 5,893	$ 5,492	$ 5,093
Asset coverage ratio of senior notes and credit facility borrowings(4)	595%	401%	589%	549%	509%
Asset coverage, per $25 liquidation value per share of mandatory redeemable preferred stock(5)	$ 113	$ 82	$ 121	$ 112	$ 102
Asset coverage ratio of preferred stock(5)	452%	327%	486%	448%	409%

(1) Information presented relates to a share of common stock outstanding for the entire year.
(2) The per common share data for the years ended November 30, 2015, 2014, 2013 and 2012 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.
(3) Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at the closing price on the last day of the year reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to TTP s dividend reinvestment plan.
(4) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes and credit facility borrowings outstanding at the end of the year.
(5) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the year.

See accompanying Notes to Financial Statements.

NDP Financial Highlights

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Period July 31, 20 through Novembe 201
Per Common Share Data(2)					
Net Asset Value, beginning of period	$ 15.53	$ 22.76	$ 26.49	$ 22.73	$
Public offering price					2
Income (Loss) from Investment Operations					
Net investment income (loss)(3)	(0.12)	(0.10)	(0.12)	0.01	
Net realized and unrealized gain (loss)(3)	3.29	(5.38)	(1.86)	5.50	
Total income (loss) from investment operations	3.17	(5.48)	(1.98)	5.51	
Distributions to Common Stockholders					
Net investment income(4)		(0.00)	(0.00)	(0.27)	
Net realized gain			(1.66)	(1.42)	
Return of capital	(1.75)	(1.75)	(0.09)	(0.06)	
Total distributions to common stockholders	(1.75)	(1.75)	(1.75)	(1.75)	
Underwriting discounts and offering costs on issuance of common stock(5)					
Net Asset Value, end of period	$ 16.95	$ 15.53	$ 22.76	$ 26.49	$ 2
Per common share market value, end of period	$ 15.85	$ 13.18	$ 21.29	$ 24.08	$ 2
Total investment return based on market value(6)(7)	36.27 %	(31.05)%	(5.16)%	15.83 %	
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of period (000 s)	$ 246,088	$ 225,410	$ 330,458	$ 384,471	$ 329
Average net assets (000 s)	$ 212,528	$ 288,672	$ 413,380	$ 366,900	$ 334
Ratio of Expenses to Average Net Assets(8)					
Advisory fees	1.42 %	1.33 %	1.25 %	1.25 %	
Other operating expenses	0.29	0.21	0.16	0.16	
Total operating expenses, before fee waiver	1.71	1.54	1.41	1.41	
Fee waiver	(0.13)	(0.13)	(0.17)	(0.17)	
Total operating expenses	1.58	1.41	1.24	1.24	
Leverage expenses	0.37	0.21	0.14	0.16	
Total expenses	1.95 %	1.62 %	1.38 %	1.40 %	

See accompanying Notes to Financial Statements.

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Period from July 31, 2012[1] through November 30, 2012
Ratio of net investment income (loss) to average net assets before fee waiver[8]	(0.98)%	(0.61)%	(0.61)%	(0.13)%	0.38 %
Ratio of net investment income (loss) to average net assets after fee waiver[8]	(0.85)%	(0.48)%	(0.44)%	0.04 %	0.54 %
Portfolio turnover rate[6]	47.03 %	15.63 %	43.21 %	45.56 %	15.68 %
Credit facility borrowings, end of period (000 s)	$ 63,800	$ 61,800	$ 56,200	$ 56,300	$ 49,000
Asset coverage, per $1,000 of principal amount of credit facility borrowings[9]	$ 4,857	$ 4,647	$ 6,880	$ 7,829	$ 7,728
Asset coverage ratio of credit facility borrowings[9]	486 %	465 %	688 %	783 %	773 %

(1) Commencement of operations.
(2) Information presented relates to a share of common stock outstanding for the entire period.
(3) The per common share data for the years ended November 30, 2015, 2014 and 2013 and the period from July 31, 2012 through November 30, 2012 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.
(4) Less than $0.01 for the years ended November 30, 2015 and 2014.
(5) Represents the dilution per common share from underwriting and other offering costs for the period from July 31, 2012 through November 30, 2012.
(6) Not annualized for periods less than one full year.
(7) Total investment return is calculated assuming a purchase of common stock at the beginning of the period (or initial public offering price) and a sale at the closing price on the last day of the period reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to NDP s dividend reinvestment plan.
(8) Annualized for periods less than one full year.
(9) Represents value of total assets less all liabilities and indebtedness not represented by credit facility borrowings at the end of the period divided by credit facility borrowings outstanding at the end of the period.

See accompanying Notes to Financial Statements.

TPZ Financial Highlights

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Novemb 20
Per Common Share Data[1]					
Net Asset Value, beginning of year	$ 21.23	$ 31.08	$ 28.12	$ 26.76	$
Income (loss) from Investment Operations					
Net investment income[2]	0.71	0.88	0.81	0.76	
Net realized and unrealized gain (loss)[2]	3.49	(7.87)	3.65	2.10	
Total income (loss) from investment operations	4.20	(6.99)	4.46	2.86	
Distributions to Common Stockholders					
Net investment income	(1.29)	(0.91)	(0.90)	(0.50)	
Net realized gain	(0.25)	(1.95)	(0.60)	(1.00)	
Return of capital					
Total distributions to common stockholders	(1.54)	(2.86)	(1.50)	(1.50)	
Net Asset Value, end of year	$ 23.89	$ 21.23	$ 31.08	$ 28.12	$
Per common share market value, end of year	$ 21.43	$ 18.53	$ 26.90	$ 24.74	$
Total investment return based on market value[3]	25.57 %	(22.54)%	14.94 %	3.80 %	
Total investment return based on net asset value[4]	22.18 %	(23.19)%	16.84 %	11.36 %	
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of year (000 s)	$ 166,073	$ 147,563	$ 216,048	$ 195,484	$ 18
Average net assets (000 s)	$ 146,274	$ 187,752	$ 208,698	$ 193,670	$ 18
Ratio of Expenses to Average Net Assets					
Advisory fees	1.27 %	1.20 %	1.12 %	1.13 %	
Other operating expenses	0.39	0.31	0.26	0.26	
Total operating expenses, before fee waiver	1.66	1.51	1.38	1.39	
Fee waiver		(0.01)	(0.07)	(0.12)	
Total operating expenses	1.66	1.50	1.31	1.27	
Leverage expenses	0.44	0.26	0.19	0.25	
Total expenses	2.10 %	1.76 %	1.50 %	1.52 %	

See accompanying Notes to Financial Statements.

	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013	Year Ended November 30, 2012
Ratio of net investment income to average net assets before fee waiver	3.39%	3.25%	2.62%	2.62%	2.64%
Ratio of net investment income to average net assets after fee waiver	3.39%	3.26%	2.69%	2.74%	2.76%
Portfolio turnover rate	40.61%	30.99%	18.39%	12.21%	13.67%
Credit facility borrowings, end of year (000 s)	$ 50,600	$ 49,900	$ 42,400	$ 37,400	$ 16,400
Senior notes, end of year (000 s)					$ 20,000
Per common share amount of senior notes outstanding, end of year					$ 2.88
Per common share amount of net assets, excluding senior notes, end of year	$ 23.89	$ 21.23	$ 31.08	$ 28.12	$ 29.64
Asset coverage, per $1,000 of principal amount of senior notes and credit facility borrowings(5)	$ 4,282	$ 3,957	$ 6,095	$ 6,227	$ 6,111
Asset coverage ratio of senior notes and credit facility borrowings(5)	428%	396%	610%	623%	611%

(1) Information presented relates to a share of common stock outstanding for the entire year.
(2) The per common share data for the years ended November 30, 2015, 2014, 2013 and 2012 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.
(3) Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at the closing price on the last day of the year reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to TPZ s dividend reinvestment plan.
(4) Total investment return is calculated assuming a purchase of common stock at the beginning of year and a sale at net asset value on the last day of the year reported. The calculation also assumes reinvestment of distributions at actual prices pursuant to TPZ s dividend reinvestment plan.
(5) Represents value of total assets less all liabilities and indebtedness not represented by senior notes and credit facility borrowings at the end of the year divided by senior notes and credit facility borrowings outstanding at the end of the year.

See accompanying Notes to Financial Statements.

Notes to Financial Statements
November 30, 2016

1. General Organization

This report covers the following companies, each of which is listed on the New York Stock Exchange (NYSE): Tortoise Energy Infrastructure Corp. (TYG), Tortoise MLP Fund, Inc. (NTG), Tortoise Pipeline & Energy Fund, Inc. (TTP), Tortoise Energy Independence Fund, Inc. (NDP), and Tortoise Power and Energy Infrastructure Fund, Inc. (TPZ). These companies are individually referred to as a Fund or by their respective NYSE symbols, or collectively as the Funds, and each is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). Each of TYG, NTG, TTP and NDP has a primary investment objective to seek a high level of total return with an emphasis on current distributions. TPZ has a primary investment objective to provide a high level of current income, with a secondary objective of capital appreciation.

2. Significant Accounting Policies

The Funds follow accounting and reporting guidance applicable to investment companies under U.S. generally accepted accounting principles (GAAP).

A. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the amount of income and expenses during the period reported. Actual results could differ from those estimates.

B. Security Valuation

In general, and where applicable, the Funds use readily available market quotations based upon the last updated sales price from the principal market to determine fair value. The Funds primarily own securities that are listed on a securities exchange or are traded in the over-the-counter market. The Funds value those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Funds use the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ are valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security is valued at the mean between the last bid price and last ask price on such day. These securities are categorized as Level 1 in the fair value hierarchy as further described below.

Restricted securities are subject to statutory or contractual restrictions on their public resale, which may make it more difficult to obtain a valuation and may limit a Fund s ability to dispose of them. Investments in private placement securities and other securities for which market quotations are not readily available are valued in good faith by using fair value procedures. Such fair value procedures consider factors such as discounts to publicly traded issues, time until conversion date, securities with similar yields, quality, type of issue, coupon, duration and rating. If events occur that affect the value of a Fund s portfolio securities before the net asset value has been calculated (a significant event), the portfolio securities so affected are generally priced using fair value procedures.

An equity security of a publicly traded company acquired in a private placement transaction without registration under the Securities Act of 1933, as amended (the 1933 Act), is subject to restrictions on resale that can affect the security s liquidity and fair value. If such a security is convertible into publicly traded common shares, the security generally will be valued at the common share market price adjusted by a percentage discount due to the restrictions and categorized as Level 2 in the fair value hierarchy. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be used to determine the discount. If the security has characteristics that are dissimilar to the class of security that trades on the open market, the security will generally be valued and categorized as Level 3 in the fair value hierarchy.

Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity. Unobservable inputs reflect the Funds own beliefs about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include the Fund s own data. The Fund s own data are adjusted if information is reasonably available without undue cost and effort that indicates that market participants would use different assumptions. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Exchange-traded options are valued at the last reported sale price on any exchange on which they trade. If no sales are reported on any exchange on the measurement date, exchange-traded options are valued at the mean between the last highest bid and last lowest asked prices obtained as of the closing of the exchanges on which the option is traded. The value of Flexible Exchange Options (FLEX Options) are determined (i) by an evaluated price as determined by a third-party valuation service; or (ii) by using a quotation provided by a broker-dealer.

The Funds generally value debt securities at evaluated bid prices obtained from an independent third-party valuation service that utilizes a pricing matrix based upon yield data for securities with similar characteristics, or based on a direct written broker-dealer quotation from a dealer who has made a market in the security. Debt securities with 60 days or less to maturity at time of purchase are valued on the basis of amortized cost, which approximates market value.

Interest rate swap contracts are valued by using industry-accepted models, which discount the estimated future cash flows based on a forward rate curve and the stated terms of the interest rate swap agreement by using interest rates currently available in the market, or based on dealer quotations, if available, and are categorized as Level 2 in the fair value hierarchy.

Notes to Financial Statements (continued)

Various inputs are used in determining the fair value of the Funds investments and financial instruments. These inputs are summarized in the three broad levels listed below:

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)

Level 3 significant unobservable inputs (including a Fund s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following tables provide the fair value measurements of applicable assets and liabilities by level within the fair value hierarchy as of November 30, 2016. These assets and liabilities are measured on a recurring basis.

TYG:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Master Limited Partnerships(a)	$ 2,489,296,913	$ 37,261,802	$	$ 2,526,558,715
Preferred Stock(a)	16,155,864		22,478,411	38,634,275
Warrants(a)			14,662,641	14,662,641
Short-Term Investment(b)	366,453			366,453
Total Assets	$ 2,505,819,230	$ 37,261,802	$ 37,141,052	$ 2,580,222,084
Liabilities				
Interest Rate Swap Contracts	$	$ 365,051	$	$ 365,051

NTG:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Master Limited Partnerships(a)	$ 1,460,275,575	$ 21,904,472	$	$ 1,482,180,047
Preferred Stock(a)	8,205,435		12,657,666	20,863,101
Warrants(a)			8,256,558	8,256,558
Short-Term Investment(b)	357,488			357,488
Total Assets	$ 1,468,838,498	$ 21,904,472	$ 20,914,224	$ 1,511,657,194

TTP:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Common Stock(a)	$ 202,302,121	$	$	$ 202,302,121
Master Limited Partnerships and Related Companies(a)	88,622,918	2,844,385		91,467,303
Preferred Stock(a)	5,648,835		2,177,797	7,826,632
Warrants(a)			1,420,555	1,420,555
Short-Term Investment(b)	315,641			315,641
Total Assets	$ 296,889,515	$ 2,844,385	$ 3,598,352	$ 303,332,252
Liabilities				
Written Call Options	$ 1,109,139	$ 349,218	$	$ 1,458,357

NDP:

Description	Level 1	Level 2	Level 3	Total

Assets				
Investments:				
Common Stock[a]	$ 238,154,919	$	$	$ 238,154,919
Master Limited Partnerships and Related Companies[a]	72,787,569	2,865,468		75,653,037
Preferred Stock[a]	1,517,697		2,063,121	3,580,818
Warrants[a]			1,345,782	1,345,782
Short-Term Investment[b]	276,705			276,705
Total Assets	$ 312,736,890	$ 2,865,468	$ 3,408,903	$ 319,011,261
Liabilities				
Written Call Options	$ 6,184,369	$ 2,130,032	$	$ 8,314,401

Notes to Financial Statements (continued)

TPZ:

Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investments:				
Corporate Bonds[a]	$	$ 106,782,786	$	$ 106,782,786
Master Limited Partnerships and Related Companies[a]	61,166,142	2,019,828		63,185,970
Common Stock[a]	37,254,208			37,254,208
Preferred Stock[a]	5,232,865		1,740,791	6,973,656
Warrants[a]			1,135,487	1,135,487
Short-Term Investment[b]	141,155			141,155
Total Assets	$ 103,794,370	$ 108,802,614	$ 2,876,278	$ 215,473,262
Liabilities				
Interest Rate Swap Contracts	$	$ 153,308	$	$ 153,308

(a) All other industry classifications are identified in the Schedule of Investments.
(b) Short-term investment is a sweep investment for cash balances.

The Funds utilize the beginning of reporting period method for determining transfers between levels. During the year ended November 30, 2016, Rice Midstream Partners LP common units held by TYG, NTG, TTP, NDP, and TPZ in the amount of $10,725,914, $5,680,382, $558,987, $527,870, and $367,430, respectively, were transferred from Level 2 to Level 1 when they converted into registered and unrestricted common units of Rice Midstream Partners LP. There were no other transfers between levels for the Funds during the year ended November 30, 2016.

The following tables present each Fund s assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended November 30, 2016:

Preferred Stock	**TYG**	**NTG**	**TTP**	**NDP**	**TPZ**
Balance beginning of year	$	$	$	$	$
Purchases	19,265,393	10,848,405	1,866,506	1,768,223	1,491,965
Return of capital	(1,469,872)	(827,690)	(142,407)	(134,908)	(113,831)
Sales					
Total realized gains					
Change in unrealized gains	4,682,890	2,636,951	453,698	429,806	362,657
Balance end of year	$ 22,478,411	$ 12,657,666	$ 2,177,797	$ 2,063,121	$ 1,740,791

Warrants	**TYG**	**NTG**	**TTP**	**NDP**	**TPZ**
Balance beginning of year	$	$	$	$	$
Purchases	3,145,347	1,771,155	304,734	288,687	243,585
Return of capital					
Sales					
Total realized gains					
Change in unrealized gains	11,517,294	6,485,403	1,115,821	1,057,095	891,902
Balance end of year	$ 14,662,641	$ 8,256,558	$ 1,420,555	$ 1,345,782	$ 1,135,487

	TYG	**NTG**	**TTP**	**NDP**	**TPZ**
Change in unrealized gains on investments still held at November 30, 2016	$ 16,200,184	$ 9,122,354	$ 1,569,519	$ 1,486,901	$ 1,254,559

The Funds own units of preferred stock of Targa Resources Corp. that were issued in a private placement transaction that closed on March 16, 2016. The preferred stock provides the purchaser an option to convert into common stock after 12 years. In addition, the preferred stock can be repurchased by the issuer at a price of $1,100 per share after five years and $1,050 per share after six years. As part of the transaction, each Fund received two classes of warrants.

A lattice model is being utilized to determine fair value of the preferred stock. The Funds estimate future volatility of the underlying common stock price and the discount rate to apply to expected future cash flows. Unobservable inputs used to determine the discount rate include an illiquidity spread due to the shares being issued in the private market and a seniority spread due to the purchased private preferred units being lower in the capital structure than the issuer s public preferred stock. An increase (decrease) in the illiquidity spread or seniority spread would lead to a corresponding decrease (increase) in fair value of the preferred stock. An increase (decrease) in estimated future volatility would lead to a corresponding increase (decrease) in fair value of the preferred stock.

An option pricing model is utilized to determine fair value of each class of warrants. In using this methodology, the Funds estimate future volatility of the underlying common stock price. An increase (decrease) in estimated future volatility would lead to a corresponding increase (decrease) in fair value of the warrants.

Notes to Financial Statements (continued)

The following tables summarize the fair value and significant unobservable inputs that each Fund used to value its portfolio investments categorized as Level 3 as of November 30, 2016:

Assets at Fair Value	TYG	NTG	TTP	NDP	TPZ
Preferred Stock	$22,478,411	$12,657,666	$2,177,797	$2,063,121	$1,740,791
Warrants	$14,662,641	$ 8,256,558	$1,420,555	$1,345,782	$1,135,487

Assets at Fair Value	Valuation Technique	Unobservable Inputs	Input
Preferred Stock	Lattice model	Illiquidity spread	1.25%
Preferred Stock	Lattice model	Seniority spread	0.25%
Warrants	Option pricing model	Estimated future volatility	40%

C. Securities Transactions and Investment Income

Securities transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. Dividend income and distributions are recorded on the ex-dividend date. Distributions received from investments generally are comprised of ordinary income and return of capital. The Funds estimate the allocation of distributions between investment income and return of capital at the time such distributions are received based on historical information or regulatory filings. These estimates may subsequently be revised based on actual allocations received from the portfolio companies after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal year-end of the Funds.

During the year ended November 30, 2016, the Funds reallocated the amount of 2015 investment income and return of capital they recognized based on the 2015 tax reporting information received. These reclassifications amounted to:

	Increase (Decrease) in Net Investment Income		Increase (Decrease) in Unrealized Appreciation		Increase (Decrease) in Realized Gains	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
TYG						
Pre-tax	$ (20,252,692)	$ (0.413)	$ 18,195,282	$ 0.371	$ 2,057,410	$ 0.042
After-tax	$ (12,789,575)	$ (0.261)	$ 11,490,321	$ 0.235	$ 1,299,254	$ 0.026
NTG						
Pre-tax	$ (4,884,523)	$ (0.104)	$ 4,388,558	$ 0.093	$ 495,965	$ 0.011
After-tax	$ (3,097,276)	$ (0.066)	$ 2,782,784	$ 0.059	$ 314,492	$ 0.007
TTP	$ (662,094)	$ (0.066)	$ 603,930	$ 0.060	$ 58,164	$ 0.006
NDP	$ 150,585	$ 0.010	$ (140,284)	$ (0.009)	$ (10,301)	$ (0.001)
TPZ	$ (405,542)	$ (0.058)	$ 295,169	$ 0.042	$ 110,373	$ 0.016

In addition, the Funds may be subject to withholding taxes on foreign-sourced income. The Funds accrue such taxes when the related income is earned.

D. Foreign Currency Translation

For foreign currency, investments in foreign securities, and other assets and liabilities denominated in a foreign currency, the Funds translate these amounts into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange on the valuation date, and (ii) purchases and sales of investment securities, income and expenses at the relevant rates of exchange on the respective dates of such transactions. The Funds do not isolate the portion of gains and losses on investments that is due to changes in the foreign exchange rates from that which is due to changes in market prices of securities.

E. Federal and State Income Taxation

Each of TYG and NTG, as corporations, are obligated to pay federal and state income tax on its taxable income. Currently, the highest regular marginal federal income tax rate for a corporation is 35%. Each of TYG and NTG may be subject to a 20% federal alternative minimum tax (AMT) on its federal alternative minimum taxable income to the extent that its AMT exceeds its regular federal income tax.

TTP, NDP and TPZ each qualify as a regulated investment company (RIC) under the Internal Revenue Code (IRC). As a result, TTP, NDP and TPZ generally will not be subject to U.S. federal income tax on income and gains that they distribute each taxable year to stockholders if they meet certain minimum distribution requirements. RICs are required to distribute substantially all of their income, in addition to meeting certain asset diversification requirements, and are subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless the fund makes sufficient distributions to satisfy the excise tax avoidance requirement.

The Funds invest in master limited partnerships (MLPs), which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, each Fund reports its allocable share of the MLP s taxable income in computing its own taxable income. The Funds tax expense or benefit, if applicable, is included in the Statements of Operations based on the component of income or gains (losses) to which such expense or benefit relates. For TYG and NTG, deferred income taxes reflect the net tax effects of temporary differences between the

Notes to Financial Statements (continued)

carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

The Funds recognize the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained upon examination by the tax authorities based on the technical merits of the tax position. The Funds policy is to record interest and penalties on uncertain tax positions as part of tax expense. As of November 30, 2016, the Funds had no uncertain tax positions and no penalties or interest was accrued. The Funds do not expect any change in their unrecognized tax positions in the next twelve months. The tax years ended on the following dates remain open to examination by federal and state tax authorities:

TYG November 30, 2013 through 2016

NTG November 30, 2010 through 2016

TTP, NDP and TPZ November 30, 2013 through 2016

F. Distributions to Stockholders

Distributions to common stockholders are recorded on the ex-dividend date. The Funds may not declare or pay distributions to its common stockholders if it does not meet asset coverage ratios required under the 1940 Act or the rating agency guidelines for its debt and preferred stock following such distribution. The amount of any distributions will be determined by the Board of Directors. The character of distributions to common stockholders made during the year may differ from their ultimate characterization for federal income tax purposes.

As RICs, TTP, NDP and TPZ each intend to make cash distributions of its investment company taxable income and capital gains to common stockholders. In addition, on an annual basis, TTP, NDP and TPZ each may distribute additional capital gains in the last calendar quarter if necessary to meet minimum distribution requirements and thus avoid being subject to excise taxes. Distributions paid to stockholders in excess of investment company taxable income and net realized gains will be treated as return of capital to stockholders.

Distributions to mandatory redeemable preferred (MRP) stockholders are accrued daily based on applicable distribution rates for each series and paid periodically according to the terms of the agreements. The Funds may not declare or pay distributions to its preferred stockholders if it does not meet a 200% asset coverage ratio for its debt or the rating agency basic maintenance amount for the debt following such distribution. The character of distributions to preferred stockholders made during the year may differ from their ultimate characterization for federal income tax purposes.

For tax purposes, distributions to stockholders for the year ended November 30, 2016 were characterized as follows:

	TYG		NTG		TTP*		NDP	TPZ*
	Common	Preferred	Common	Preferred	Common	Preferred	Common	Common
Qualified dividend income	86%	100%			39%	39%		11%
Ordinary dividend income					58%	58%		80%
Return of capital	14%		100%	100%			100%	
Long-term capital gain					3%	3%		9%

* For Federal income tax purposes, distributions of short-term capital gains are included in qualified dividend income.

G. Offering and Debt Issuance Costs

Offering costs related to the issuance of common stock are charged to additional paid-in capital when the stock is issued. Debt issuance costs related to senior notes and MRP Stock are capitalized and amortized over the period the debt or MRP Stock is outstanding.

TYG:
Offering costs (excluding underwriter discounts and commissions) of $412,770 related to the issuance of common stock were recorded to additional paid-in capital during the year ended November 30, 2016. Capitalized costs (excluding underwriter commissions) were reflected during the year ended November 30, 2016 for Series LL Notes ($1,238) and Series MM Notes ($1,858) that were issued in April 2015.

NTG:
Offering costs (excluding underwriter discounts and commissions) of $46,340 related to the issuance of common stock were recorded to additional paid-in capital during the year ended November 30, 2016. Capitalized costs (excluding underwriter commissions) were reflected during the year ended November 30, 2016 for Series L Notes ($42,136) and Series M Notes ($21,068) that were issued in December 2015 and for MRP C Shares ($12,594) and MRP D Shares ($100,749) that were issued in December 2015.

There were no offering or debt issuance costs recorded during the year ended November 30, 2016 for TTP, NDP or TPZ.

Notes to Financial Statements (continued)

H. Derivative Financial Instruments
The Funds have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Funds do not hold or issue derivative financial instruments for speculative purposes. All derivative financial instruments are recorded at fair value with changes in fair value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses in the accompanying Statements of Operations. Derivative instruments that are subject to an enforceable master netting arrangement allow a Fund and the counterparty to the instrument to offset any exposure to the other party with amounts owed to the other party. The fair value of derivative financial instruments in a loss position are offset against the fair value of derivative financial instruments in a gain position, with the net fair value appropriately reflected as an asset or liability within the accompanying Statements of Assets & Liabilities.

TYG and TPZ use interest rate swap contracts in an attempt to manage interest rate risk. Cash settlements under the terms of the interest rate swap contracts and the termination of such contracts are recorded as realized gains or losses in the accompanying Statements of Operations.

TTP and NDP seek to provide current income from gains earned through an option strategy that normally consists of writing (selling) call options on selected equity securities held in the portfolio (covered calls). The premium received on a written call option is initially recorded as a liability and subsequently adjusted to the then current fair value of the option written. Premiums received from writing call options that expire unexercised are recorded as a realized gain on the expiration date. Premiums received from writing call options that are exercised are added to the proceeds from the sale of the underlying security to calculate the realized gain (loss). If a written call option is repurchased prior to its exercise, the realized gain (loss) is the difference between the premium received and the amount paid to repurchase the option.

I. Indemnifications
Under each of the Funds organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds may enter into contracts that provide general indemnification to other parties. A Fund s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred, and may not occur. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

J. Cash and Cash Equivalents
Cash and cash equivalents include short-term, liquid investments with an original maturity of three months or less and money market fund accounts.

K. Recent Accounting Pronouncements
In April 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-03 Interest Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs . ASU 2015-03 requires that debt issuance costs related to a note be reported in the balance sheet as a direct deduction from the face amount of that note. ASU 2015-03 is effective for fiscal years beginning on or after December 15, 2015 and interim periods within these fiscal years, and must be applied retrospectively.

In May 2015, the FASB issued ASU 2015-07 Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) . ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 is effective for fiscal years beginning on or after December 15, 2015 and interim periods within these fiscal years, and must be applied retrospectively.

Management has evaluated the provisions of the new accounting pronouncements and has determined the adoption of ASU 2015-03 and ASU 2015-07 will not materially impact the financial statements.

3. Concentration Risk

Each of the Funds concentrates its investments in the energy sector. Funds that primarily invest in a particular sector may experience greater volatility than companies investing in a broad range of industry sectors. A Fund may, for defensive purposes, temporarily invest all or a significant portion of its assets in investment grade securities, short-term debt securities and cash or cash equivalents. To the extent a Fund uses this strategy, it may not achieve its investment objective.

4. Agreements

The Funds have each entered into an Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C. (the Adviser). The Funds each pay the Adviser a fee based on the Fund s average monthly total assets (including any assets attributable to leverage and excluding any net deferred tax asset) minus accrued liabilities (other than net deferred tax liability, debt entered into for purposes of leverage and the aggregate liquidation

Notes to Financial Statements (continued)

preference of outstanding preferred stock) (Managed Assets), in exchange for the investment advisory services provided. Average monthly Managed Assets is the sum of the daily Managed Assets for the month divided by the number of days in the month. Accrued liabilities are expenses incurred in the normal course of each Fund s operations. Waived fees are not subject to recapture by the Adviser. The annual fee rates paid to the Adviser as of November 30, 2016 are as follows:

TYG 0.95% up to $2,500,000,000, 0.90% between $2,500,000,000 and $3,500,000,000, and 0.85% above $3,500,000,000.

NTG 0.95%, less a fee waiver of 0.05% during calendar year 2015.

TTP 1.10%, less a fee waiver of 0.10% during calendar year 2015, and 0.05% during calendar year 2016.

NDP 1.10%, less a fee waiver of 0.10% during calendar years 2015 and 2016.

TPZ 0.95%.

In addition, the Adviser has contractually agreed to waive all fees due under the Investment Advisory Agreements for TYG and NTG related to the net proceeds received from the issuance of additional common stock under at-the-market equity programs for a six month period following the date of issuance.

U.S. Bancorp Fund Services, LLC serves as each Fund s administrator. Each Fund pays the administrator a monthly fee computed at an annual rate of 0.04% of the first $1,000,000,000 of the Fund s Managed Assets, 0.01% on the next $500,000,000 of Managed Assets and 0.005% on the balance of the Fund s Managed Assets.

U.S. Bank, N.A. serves as the Funds custodian. Each Fund pays the custodian a monthly fee computed at an annual rate of 0.004% of the Fund s U.S. Dollar-denominated assets and 0.015% of the Fund s Canadian Dollar-denominated assets, plus portfolio transaction fees.

5. Income Taxes

TYG and NTG:
Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of TYG s and NTG s deferred tax assets and liabilities as of November 30, 2016 are as follows:

	TYG	NTG
Deferred tax assets:		
Net operating loss carryforwards	$ 1,352,952	$ 20,586,320
Capital loss carryforwards	13,337,102	20,082,964
AMT credit		2,667,784
	14,690,054	43,337,068
Deferred tax liabilities:		
Basis reduction of investment in MLPs	273,787,274	143,624,539
Net unrealized gains on investment securities	192,644,062	61,120,577
	466,431,336	204,745,116
Total net deferred tax liability	$ 451,741,282	$ 161,408,048

At November 30, 2016, a valuation allowance on deferred tax assets was not deemed necessary because each of TYG and NTG believe it is more likely than not that there is an ability to realize its deferred tax assets through future taxable income. Any adjustments to TYG s or NTG s estimates of future taxable income will be made in the period such determination is made.

Total income tax expense for each of TYG and NTG differs from the amount computed by applying the federal statutory income tax rate of 35% to net investment loss and net realized and unrealized gains on investments for the year ended November 30, 2016, as follows:

	TYG	NTG
Application of statutory income tax rate	$ 59,032,313	$ 59,128,518
State income taxes, net of federal tax effect	3,120,280	2,686,123
Change in deferred tax liability due to change in overall tax rate	(3,203,032)	(763,675)
Permanent differences	3,429,617	1,493,576
Total income tax expense	$ 62,379,178	$ 62,544,542

Total income taxes are computed by applying the federal statutory rate plus a blended state income tax rate. During the year, each of TYG and NTG re-evaluated its blended state income tax rate, decreasing the overall rate from 37.04% to 36.85% and from 36.76% to 36.59%, respectively, due to anticipated state apportionment of income and gains.

Notes to Financial Statements (continued)

For the year ended November 30, 2016, the components of income tax expense for TYG and NTG include the following:

	TYG	NTG
Current tax expense		
Federal	$ 53,623,964	$ 16
State	3,451,822	3,667
AMT		1,887,987
Total current tax expense	57,075,786	1,891,670
Deferred tax expense		
Federal	5,037,143	58,017,232
State (net of federal tax effect)	266,249	2,635,640
Total deferred tax expense	5,303,392	60,652,872
Total income tax expense	$ 62,379,178	$ 62,544,542

TYG acquired all of the net assets of Tortoise Energy Capital Corporation (TYY) and Tortoise North American Energy Corporation (TYN) on June 23, 2014 in a tax-free reorganization under Section 368(a)(1)(C) of the IRC. As of November 30, 2016, TYG and NTG had net operating losses for federal income tax purposes of approximately $3,866,000 (from TYN) and $55,691,000, respectively. The net operating losses may be carried forward for 20 years. If not utilized, these net operating losses will expire in the year ending November 30, 2027 for TYG and in the years ending November 30, 2033 through 2035 for NTG. Utilization of TYG s net operating losses from TYN is further subject to Section 382 limitations of the IRC, which limit tax attributes subsequent to ownership changes.

As of November 30, 2016, TYG and NTG had capital loss carryforwards of approximately $36,200,000 and $54,900,000, respectively, which may be carried forward for 5 years. If not utilized, these capital losses will expire in the year ending November 30, 2021. The capital losses for the year ended November 30, 2016 have been estimated based on information currently available. Such estimate is subject to revision upon receipt of the 2016 tax reporting information from the individual MLPs. For corporations, capital losses can only be used to offset capital gains and cannot be used to offset ordinary income. As of November 30, 2016, NTG had $2,667,784 of AMT credits available, which may be credited in the future against regular income tax and carried forward indefinitely.

TTP, NDP and TPZ:
It is the intention of TTP, NDP and TPZ to each continue to qualify as a RIC under Subchapter M of the IRC and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements.

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. These differences are primarily due to return of capital distributions from underlying investments, wash sales, straddles, swaps, differences in the timing of recognition of gains or losses on investments and distributions in excess of current earnings. These reclassifications have no impact on net assets or results of operations. Permanent book and tax basis differences resulted in the following reclassifications:

	TTP(1)	NDP(1)(2)	TPZ(1)(3)
Undistributed (accumulated) net investment income (loss)	$ (961,113)	$ (684,712)	$ 5,740,783
Undistributed (accumulated) net realized gain (loss)	994,675	1,772,715	(5,740,783)
Additional paid-in capital	(33,562)	(1,088,003)	

(1) Primarily related to character differences of realized gains (losses) on investments.
(2) Primarily related to return of capital distributions.
(3) Primarily related to character differences of realized losses on interest rate swap settlements.
The tax character of distributions paid to stockholders for the years ending November 30, 2016 and November 30, 2015 was as follows:

	Year Ended November 30, 2016			
	TTP		NDP	TPZ
	Common	Preferred	Common	Common

Ordinary income(1)	$ 15,773,743	$ 663,152	$	$ 9,685,245
Long-term capital gain	553,010	23,249		1,002,430
Return of capital			25,403,124	
Total distributions	$ 16,326,753	$ 686,401	$ 25,403,124	$ 10,687,675

Notes to Financial Statements (continued)

	Year Ended November 30, 2015			
	TTP		NDP	TPZ
	Common	Preferred	Common	Common
Ordinary income[1]	$ 4,341,633	$ 152,575	$ 7,821	$ 6,309,193
Long-term capital gain	15,190,372	533,826		13,588,998
Return of capital			25,395,303	
Total distributions	$ 19,532,005	$ 686,401	$ 25,403,124	$ 19,898,191

(1) For Federal income tax purposes, distributions of short-term capital gains are treated as ordinary income distributions.

As of November 30, 2016, the components of accumulated earnings (deficit) on a tax basis were as follows:

	TTP	NDP	TPZ
Unrealized appreciation	$ 1,163,740	$ 1,015,411	$ 36,601,033
Undistributed ordinary income	485,611		
Undistributed long-term capital gain			917
Capital loss carryforwards		(40,731,361)	
Qualified late year ordinary losses		(1,417,779) (1)	
Other temporary differences	(2,095,433) (2)	(3,908,007) (2)	(18,441)
Accumulated earnings (deficit)	$ (446,082)	$ (45,041,736)	$ 36,583,509

(1) Qualified late year ordinary losses are net ordinary losses incurred between January 1 and the end of NDP s fiscal year on November 30, 2016, per IRC Sec. 852(b)(8). Such losses may be deferred until the first day of NDP s next fiscal year.
(2) Primarily related to losses deferred under straddle regulations per IRC Sec. 1092.

As of November 30, 2016, NDP had a short-term capital loss carryforward of approximately $10,200,000 and a long-term capital loss carryforward of approximately $30,500,000, which may be carried forward for an unlimited period under the Regulated Investment Company Modernization Act of 2010. To the extent NDP realizes future net capital gains, those gains will be offset by any unused capital loss carryforwards. Capital loss carryforwards will retain their character as either short-term or long-term capital losses. Thus, such losses must be used first to offset gains of the same character; for example, long-term loss carryforwards will first offset long-term gains, before they can be used to offset short-term gains. The capital losses for the year ended November 30, 2016 have been estimated based on information currently available. Such estimate is subject to revision upon receipt of the 2016 tax reporting information from the individual MLPs.

As of November 30, 2016, the aggregate cost of investments, aggregate gross unrealized appreciation and aggregate gross unrealized depreciation on a federal income tax basis were as follows:

	TYG	NTG	TTP	NDP	TPZ
Cost of investments	$ 1,314,120,396	$ 952,091,424	$ 296,756,796	$ 302,462,065	$ 176,010,879
Gross unrealized appreciation of investments	$ 1,269,414,472	$ 561,238,189	$ 22,861,114	$ 37,433,267	$ 40,724,868
Gross unrealized depreciation of investments	(3,312,784)	(1,672,419)	(16,285,658)	(20,884,071)	(1,262,485)
Net unrealized appreciation of investments	$ 1,266,101,688	$ 559,565,770	$ 6,575,456	$ 16,549,196	$ 39,462,383

6. Restricted Securities

Certain of the Funds investments are restricted and are valued as determined in accordance with fair value procedures, as more fully described in Note 2. The carrying value per unit of unrestricted common units of Rice Midstream Partners LP was $23.32 on September 29, 2016, the date of the purchase agreement and the date an enforceable right to acquire the restricted Rice Midstream Partners LP units was obtained by each fund. The following table shows the principal amount or shares, acquisition date(s), acquisition cost, fair value and the percent of net assets which the securities comprise at November 30, 2016.

TYG:

Investment Security	Investment Type	Shares	Acquisition Date	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
Rice Midstream Partners LP	Master Limited Partnership	1,829,249	10/07/16	$39,328,854	$37,261,802	2.6 %
Targa Resources Corp., 9.500%	Preferred Stock	21,758	3/16/16	19,265,393	22,478,411	1.6
Targa Resources Corp., Series A, $18.88, 03/16/2023	Warrants	305,483	3/16/16	2,320,856	10,511,670	0.8
Targa Resources Corp., Series B, $25.11, 03/16/2023	Warrants	147,302	3/16/16	824,491	4,150,971	0.3
				$ 61,739,594	$ 74,402,854	5.3 %

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NTG:

Investment Security	Investment Type	Shares	Acquisition Date	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
Rice Midstream Partners LP	Master Limited Partnership	1,075,330	10/07/16	$23,119,595	$21,904,472	2.4 %
Targa Resources Corp., 9.500%	Preferred Stock	12,252	3/16/16	10,848,405	12,657,666	1.4
Targa Resources Corp., Series A, $18.88, 03/16/2023	Warrants	172,018	3/16/16	1,306,882	5,919,140	0.6
Targa Resources Corp., Series B, $25.11, 03/16/2023	Warrants	82,946	3/16/16	464,273	2,337,418	0.3
				$ 35,739,155	$42,818,696	4.7 %

TTP:

Investment Security	Investment Type	Shares	Acquisition Date	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
Rice Midstream Partners LP	Master Limited Partnership	139,636	10/07/16	$ 3,002,174	$ 2,844,385	1.2 %
Targa Resources Corp., 9.500%	Preferred Stock	2,108	03/16/16	1,866,506	2,177,797	0.9
Targa Resources Corp., Series A, $18.88, 03/16/2023	Warrants	29,596	03/16/16	224,854	1,018,398	0.4
Targa Resources Corp., Series B, $25.11, 03/16/2023	Warrants	14,271	03/16/16	79,880	402,157	0.2
				$ 5,173,414	$ 6,442,737	2.7 %

NDP:

Investment Security	Investment Type	Shares	Acquisition Date	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
Rice Midstream Partners LP	Master Limited Partnership	140,671	10/07/16	$ 3,024,427	$ 2,865,468	1.2 %
Targa Resources Corp., 9.500%	Preferred Stock	1,997	03/16/16	1,768,223	2,063,121	0.8
Targa Resources Corp., Series A, $18.88, 03/16/2023	Warrants	28,038	03/16/16	213,013	964,788	0.4
Targa Resources Corp., Series B, $25.11, 03/16/2023	Warrants	13,520	03/16/16	75,674	380,994	0.1
				$ 5,081,337	$ 6,274,371	2.5 %

TPZ:

Investment Security	Investment Type	Principal Amount/ Shares	Acquisition Date(s)	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
Blue Racer Midstream, LLC, 6.125%, 11/15/2022*	Corporate Bond	$ 4,000,000	06/23/16-07/29/16	$ 3,810,000	$ 3,900,000	2.3 %
Cheniere Corp., 7.000%, 06/30/2024*	Corporate Bond	$ 4,000,000	05/19/16-10/24/16	4,207,500	4,260,000	2.6
DCP Midstream LLC, 9.750%, 03/15/2019*	Corporate Bond	$ 3,000,000	08/07/09-08/16/12	3,674,870	3,345,000	2.0
Duquesne Light Holdings, Inc., 6.400%, 09/15/2020*	Corporate Bond	$ 3,000,000	11/30/11	3,180,330	3,362,307	2.0
Duquesne Light Holdings, Inc., 5.900%, 12/01/2021*	Corporate Bond	$ 2,000,000	11/18/11-12/05/11	2,074,420	2,243,080	1.4

Florida Gas Transmission Co., LLC, 5.450%, 07/15/2020*	Corporate Bond	$ 1,500,000	07/08/10-01/04/11	1,551,220	1,608,199	1.0
Gibson Energy Inc., 6.750%, 07/15/2021*	Corporate Bond	$ 4,500,000	06/26/13-07/01/13	4,459,760	4,668,750	2.8
Midcontinent Express Pipeline, LLC, 6.700%, 09/15/2019*	Corporate Bond	$ 2,000,000	09/09/09-03/02/10	2,061,010	2,075,000	1.3
PDC Energy Company, 6.125%, 09/15/2024*	Corporate Bond	$ 2,000,000	09/28/16	2,047,500	2,050,000	1.2
Range Resources Corporation, 5.000%, 03/15/2023*	Corporate Bond	$ 1,000,000	02/12/15	1,010,000	960,000	0.6
Rockies Express Pipeline, LLC, 6.000%, 01/15/2019*	Corporate Bond	$ 4,000,000	08/03/15	4,130,000	4,160,000	2.5

Notes to Financial Statements (continued)

TPZ:

Investment Security	Investment Type	Principal Amount/ Shares	Acquisition Date(s)	Acquisition Cost	Fair Value	Fair Value as Percent of Net Assets
Ruby Pipeline, LLC, 6.000%, 04/01/2022*	Corporate Bond	$ 1,500,000	09/17/12	$ 1,616,250	$ 1,545,470	0.9 %
Southern Star Central Corp., 5.125%, 07/15/2022*	Corporate Bond	$ 3,000,000	06/17/14	3,041,250	3,015,000	1.8
Rice Midstream Partners LP	Master Limited Partnership	99,157	10/07/16	2,131,876	2,019,828	1.2
Targa Resources Corp., 9.500%	Preferred Stock	1,685	03/16/16	1,491,965	1,740,791	1.0
Targa Resources Corp., Series A, $18.88, 03/16/2023	Warrants	23,657	03/16/16	179,734	814,038	0.5
Targa Resources Corp., Series B, $25.11, 03/16/2023	Warrants	11,407	03/16/16	63,851	321,449	0.2
				$ 40,546,046	$ 42,088,912	25.3 %

*Security is eligible for resale under Rule 144A under the 1933 Act.

7. Investment Transactions

For the year ended November 30, 2016, the amount of security transactions (other than U.S. government securities and short-term investments), is as follows:

	TYG	NTG	TTP	NDP	TPZ
Purchases	$616,752,041	$512,960,213	$239,321,989	$132,001,910	$ 80,791,895
Sales	$848,333,437	$564,567,252	$263,766,549	$145,882,673	$ 80,131,612

8. Senior Notes

TYG, NTG and TTP each have issued private senior notes (collectively, the Notes), which are unsecured obligations and, upon liquidation, dissolution or winding up of a Fund, will rank: (1) senior to all of the Fund s outstanding preferred shares, if any; (2) senior to all of the Fund s outstanding common shares; (3) on parity with any unsecured creditors of the Fund and any unsecured senior securities representing indebtedness of the Fund and (4) junior to any secured creditors of the Fund. Holders of the Notes are entitled to receive periodic cash interest payments until maturity. The Notes are not listed on any exchange or automated quotation system.

The Notes are redeemable in certain circumstances at the option of a Fund, subject to payment of any applicable make-whole amounts or early redemption premiums. The Notes for a Fund are also subject to a mandatory redemption if the Fund fails to meet asset coverage ratios required under the 1940 Act or the rating agency guidelines if such failure is not waived or cured. At November 30, 2016, each of TYG, NTG and TTP were in compliance with asset coverage covenants and basic maintenance covenants for its senior notes.

Details of each Fund s outstanding Notes, including estimated fair value, as of November 30, 2016 are included below. The estimated fair value of each series of fixed-rate Notes was calculated, for disclosure purposes, by discounting future cash flows by a rate equal to the current U.S. Treasury rate with an equivalent maturity date, plus either 1) the spread between the interest rate on recently issued debt and the U.S. Treasury rate with a similar maturity date or 2) if there has not been a recent debt issuance, the spread between the AAA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the spread between the fixed rates of the Notes and the AAA corporate finance debt rate. The estimated fair value of floating rate Notes approximates the carrying amount because the interest rate fluctuates with changes in interest rates available in the current market. The estimated fair values in the following tables are Level 2 valuations within the fair value hierarchy.

TYG:

Series	Maturity Date	Interest Rate	Payment Frequency	Notional/Carrying Amount	Estimated Fair Value
Series G	December 21, 2016	5.85%	Quarterly	$ 30,000,000	$ 30,407,584
Series M	September 27, 2017	2.75%	Semi-Annual	13,000,000	13,128,081
Series BB	September 27, 2017	2.75%	Semi-Annual	12,000,000	12,118,229
Series I	May 12, 2018	4.35%	Quarterly	10,000,000	10,307,265
Series X	June 15, 2018	4.55%	Quarterly	12,500,000	13,031,470
Series N	September 27, 2018	3.15%	Semi-Annual	10,000,000	10,178,569
Series CC	September 27, 2019	3.48%	Semi-Annual	15,000,000	15,388,906
Series J	December 19, 2019	3.30%	Semi-Annual	15,000,000	15,437,634
Series Y	June 14, 2020	2.77%	Semi-Annual	12,500,000	12,601,120
Series LL	June 14, 2020	2.06%(1)	Quarterly	20,000,000	20,000,000
Series O	September 27, 2020	3.78%	Semi-Annual	15,000,000	15,537,742
Series Z	June 14, 2021	2.98%	Semi-Annual	12,500,000	12,597,948
Series R	January 22, 2022	3.77%	Semi-Annual	25,000,000	25,962,415

Notes to Financial Statements (continued)

TYG (continued):

Series	Maturity Date	Interest Rate	Payment Frequency	Notional/Carrying Amount	Estimated Fair Value
Series DD	September 27, 2022	4.21%	Semi-Annual	$13,000,000	$13,689,098
Series II	December 18, 2022	3.22%	Semi-Annual	10,000,000	10,054,011
Series K	December 19, 2022	3.87%	Semi-Annual	10,000,000	10,438,469
Series S	January 22, 2023	3.99%	Semi-Annual	10,000,000	10,468,267
Series P	September 27, 2023	4.39%	Semi-Annual	12,000,000	12,736,423
Series FF	November 20, 2023	4.16%	Semi-Annual	10,000,000	10,400,008
Series JJ	December 18, 2023	3.34%	Semi-Annual	20,000,000	20,048,035
Series T	January 22, 2024	4.16%	Semi-Annual	25,000,000	26,339,978
Series L	December 19, 2024	3.99%	Semi-Annual	20,000,000	20,899,304
Series AA	June 14, 2025	3.48%	Semi-Annual	10,000,000	10,046,677
Series MM	June 14, 2025	2.11%(2)	Quarterly	30,000,000	30,000,000
Series NN	June 14, 2025	3.20%	Semi-Annual	30,000,000	29,483,807
Series KK	December 18, 2025	3.53%	Semi-Annual	10,000,000	10,054,341
Series OO	April 9, 2026	3.27%	Semi-Annual	30,000,000	29,148,415
				$442,500,000	$450,503,796

(1) Floating rate resets each quarter based on 3-month LIBOR plus 1.20%. The current rate is effective for the period from September 14, 2016 through December 13, 2016. The weighted-average interest rate for the year ended November 30, 2016 was 1.84%.

(2) Floating rate resets each quarter based on 3-month LIBOR plus 1.25%. The current rate is effective for the period from September 14, 2016 through December 13, 2016. The weighted-average interest rate for the year ended November 30, 2016 was 1.89%.

During the year ended November 30, 2016, TYG redeemed Notes with an aggregate principal amount of $90,000,000. TYG s Series Q Notes ($10,000,000), Series EE Notes ($5,000,000), and Series U Notes ($35,000,000), each with a floating interest rate based on 3-month LIBOR plus 1.35%, were redeemed in full on December 18, 2015. TYG s Series GG Notes ($20,000,000) with a floating interest rate based on 3-month LIBOR plus 1.35% and TYG s Series HH Notes ($20,000,000) with a floating interest rate based on 3-month LIBOR plus 1.30% were redeemed in full on January 15, 2016. TYG paid a total premium of $900,000 upon redemption of the Notes. TYG s Series W Notes with a notional amount of $12,500,000 and a fixed interest rate of 3.88% were paid in full upon maturity on June 15, 2016.

NTG:

Series	Maturity Date	Interest Rate	Payment Frequency	Notional/Carrying Amount	Estimated Fair Value
Series C	December 15, 2017	3.73%	Quarterly	$ 57,000,000	$ 58,335,911
Series I	April 17, 2018	2.77%	Semi-Annual	10,000,000	10,094,150
Series G	May 12, 2018	4.35%	Quarterly	10,000,000	10,307,265
Series K	September 9, 2019	2.13%(1)	Quarterly	35,000,000	35,000,000
Series D	December 15, 2020	4.29%	Quarterly	112,000,000	118,449,256
Series J	April 17, 2021	3.72%	Semi-Annual	30,000,000	30,913,385
Series L	April 17, 2021	2.33%(2)	Quarterly	20,000,000	20,000,000
Series M	April 17, 2021	3.06%	Semi-Annual	10,000,000	10,025,870
				$284,000,000	$293,125,837

(1) Floating rate resets each quarter based on 3-month LIBOR plus 1.30%. The current rate is effective for the period from September 9, 2016 through December 8, 2016. The weighted-average rate for the year ended November 30, 2016 was 1.94%.

(2) Floating rate resets each quarter based on 3-month LIBOR plus 1.45%. The current rate is effective for the period from October 17, 2016 through January 16, 2017. The weighted-average rate for the period from December 9, 2015 (date of issuance) through November 30, 2016 was 2.10%.

During the year ended November 30, 2016, NTG issued Notes with an aggregate principal amount of $30,000,000. Series L Notes ($20,000,000) and Series M Notes ($10,000,000) were each issued on December 9, 2015. NTG s Series B Notes, with a notional amount of $24,000,000 and a fixed interest rate of 3.14%, were paid in full upon maturity on December 8, 2015. NTG s Series E Notes, with a notional amount of $25,000,000 and a floating interest rate based on a 3-month LIBOR plus 1.70%, were paid in full upon maturity on December 9, 2015. On December 18, 2015, NTG partially redeemed its Series H Notes with a floating interest rate based on 3-month LIBOR plus 1.35% in the amount of $25,000,000. On January 15, 2016, NTG redeemed the remaining portion of its Series H Notes in the amount of $20,000,000. NTG paid a total premium of $450,000 upon redemption of the Notes.

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TTP:

Series	Maturity Date	Interest Rate	Payment Frequency	Notional/Carrying Amount	Estimated Fair Value
Series C	December 15, 2018	3.49%	Quarterly	$ 6,000,000	$ 6,159,150
Series F	December 12, 2020	3.01%	Semi-Annual	6,000,000	6,084,014
Series D	December 15, 2021	4.08%	Quarterly	16,000,000	16,778,429
Series G	December 12, 2022	1.90%(1)	Quarterly	6,000,000	6,000,000
				$ 34,000,000	$ 35,021,593

(1) Floating rate resets each quarter based on 3-month LIBOR plus 1.05%. The current rate is effective for the period from September 12, 2016 through December 11, 2016. The weighted-average interest rate for the year ended November 30, 2016 was 1.69%.

TTP s Series A Notes, with a notional amount of $10,000,000 and a floating interest rate based on 3-month LIBOR plus 1.75%, were redeemed in full on December 18, 2015. TTP s Series E Notes, with a notional amount of $10,000,000 and a floating interest rate based on 3-month LIBOR plus 1.00%, were redeemed in full on January 15, 2016. TTP paid a total premium of $100,000 upon redemption of the Notes.

9. Mandatory Redeemable Preferred Stock

TYG, NTG and TTP each have issued and outstanding MRP Stock at November 30, 2016. The MRP Stock has rights determined by the Board of Directors. Except as otherwise indicated in the Funds Charter or Bylaws, or as otherwise required by law, the holders of MRP Stock have voting rights equal to the holders of common stock (one vote per MRP share) and will vote together with the holders of shares of common stock as a single class except on matters affecting only the holders of preferred stock or the holders of common stock. The 1940 Act requires that the holders of any preferred stock (including MRP Stock), voting separately as a single class, have the right to elect at least two directors at all times.

Under the Investment Company Act of 1940, a fund may not declare dividends or make other distributions on shares of common stock or purchases of such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding MRP Stock would be less than 200%. The MRP Stock is also subject to a mandatory redemption if a Fund fails to meet an asset coverage ratio of at least 225% as determined in accordance with the 1940 Act or a rating agency basic maintenance amount if such failure is not waived or cured. At November 30, 2016, each of TYG, NTG and TTP were in compliance with asset coverage covenants and basic maintenance covenants for its MRP Stock.

Details of each Fund s outstanding MRP Stock, including estimated fair value, as of November 30, 2016 is included below. The estimated fair value of each series of TYG, NTG and TTP MRP Stock was calculated for disclosure purposes by discounting future cash flows at a rate equal to the current U.S. Treasury rate with an equivalent maturity date, plus either 1) the spread between the interest rate on recently issued preferred stock and the U.S. Treasury rate with a similar maturity date or 2) if there has not been a recent preferred stock issuance, the spread between the AA corporate finance debt rate and the U.S. Treasury rate with an equivalent maturity date plus the spread between the fixed rates of the MRP Stock and the AA corporate finance debt rate. The estimated fair values of each series of the TYG, NTG and TTP MRP Stock are Level 2 valuations within the fair value hierarchy.

TYG:

TYG has 65,000,000 shares of preferred stock authorized and 16,500,000 shares of MRP Stock outstanding at November 30, 2016. On December 8, 2015, TYG deposited with its paying agent funds to provide for the redemption of 5,000,000 shares ($50,000,000 aggregate liquidation preference) of MRP C Stock. On February 11, 2016, TYG deposited with its paying agent funds to provide for the redemption of 8,000,000 shares ($80,000,000 aggregate liquidation preference) of MRP B Stock. TYG paid a total premium of $800,000 upon redemption of the MRP B Stock. TYG s MRP Stock has a liquidation value of $10.00 per share plus any accumulated but unpaid distributions, whether or not declared. Holders of the MRP D Stock and MRP E Stock are entitled to receive cash interest payments semi-annually at a fixed rate until maturity. The TYG MRP Stock is not listed on any exchange or automated quotation system.

Series	Mandatory Redemption Date	Fixed Rate	Shares Outstanding	Aggregate Liquidation Preference	Estimated Fair Value
Series D	December 17, 2021	4.01%	8,500,000	$ 85,000,000	$ 86,864,629
Series E	December 17, 2024	4.34%	8,000,000	80,000,000	81,911,204
			16,500,000	$165,000,000	$168,775,833

TYG s MRP Stock is redeemable in certain circumstances at the option of TYG, subject to payment of any applicable make-whole amounts.

NTG:

NTG has 10,000,000 shares of preferred stock authorized and 4,400,000 shares of MRP Stock outstanding at November 30, 2016. On December 8, 2015, NTG issued $5,000,000 of MRP C Stock with a fixed distribution rate of 3.73% maturing December 8, 2020 and $40,000,000 of MRP D Stock with a fixed distribution rate of 4.19% maturing on December 8, 2022. The MRP A Stock with an aggregate liquidation preference of $25,000,000 and a fixed distribution rate of 3.69% was paid in full upon maturity on December 15, 2015. NTG s

Notes to Financial Statements (continued)

MRP Stock has a liquidation value of $25.00 per share plus any accumulated but unpaid distributions, whether or not declared. Holders of NTG MRP Stock are entitled to receive cash interest payments each quarter at a fixed rate until maturity. The NTG MRP Stock is not listed on any exchange or automated quotation system.

Series	Mandatory Redemption Date	Fixed Rate	Shares Outstanding	Aggregate Liquidation Preference	Estimated Fair Value
Series B	December 15, 2017	4.33%	2,600,000	$ 65,000,000	$ 66,567,343
Series C	December 8, 2020	3.73%	200,000	5,000,000	5,042,887
Series D	December 8, 2022	4.19%	1,600,000	40,000,000	40,407,226
			4,400,000	$110,000,000	$112,017,456

NTG s MRP Stock is redeemable in certain circumstances at the option of NTG, subject to payment of any applicable make-whole amounts.

TTP:

TTP has 10,000,000 shares of preferred stock authorized and 640,000 shares of MRP Stock outstanding at November 30, 2016. TTP s MRP Stock has a liquidation value of $25.00 per share plus any accumulated but unpaid distributions, whether or not declared. Holders of TTP MRP Stock are entitled to receive cash interest payments each quarter at a fixed rate until maturity. The TTP MRP Stock is not listed on any exchange or automated quotation system.

Series	Mandatory Redemption Date	Fixed Rate	Shares Outstanding	Aggregate Liquidation Preference	Estimated Fair Value
Series A	December 15, 2018	4.29%	640,000	$16,000,000	$16,496,612

TTP s MRP Stock is redeemable in certain circumstances at the option of TTP, subject to payment of any applicable make-whole amounts.

10. Credit Facilities

The following table shows key terms, average borrowing activity and interest rates for the period during which the facility was utilized during the year ended November 30, 2016, as well as the principal balance and interest rate in effect at November 30, 2016 for each of the Funds credit facilities:

	TYG	TYG	NTG	TTP	NDP	TPZ
Lending syndicate agent	U.S. Bank, N.A.	Scotia Bank, N.A.	Bank of America, N.A.	Scotia Bank, N.A.	Scotia Bank, N.A.	Scotia Bank
Type of facility	Unsecured, revolving credit facility	Unsecured, revolving credit facility	Unsecured, revolving credit facility	Unsecured, revolving credit facility	Unsecured, revolving credit facility	Unse revolving
Borrowing capacity	$157,500,000	$90,000,000	$117,000,000	$35,000,000	$80,000,000	$60,00
Maturity date	June 13, 2017	June 22, 2018	June 13, 2017	364-day rolling evergreen	179-day rolling evergreen	179-day eve
Interest rate	1-month LIBOR plus 1.20%	1-month LIBOR plus 1.20%	1-month LIBOR plus 1.20%	1-month LIBOR plus 1.125%	1-month LIBOR plus 0.80%	1-month plus
Non-usage fee	0.15%	0.15%(1)	0.15%	0.15%	0.20%(2)	0.
For the year ended November 30, 2016:						
Average principal balance	$34,500,000	$58,100,000	$44,200,000	$14,100,000(4)	$61,600,000	$49,90

Average interest rate	1.68%	1.67%	1.67%	1.82%(4)	1.31%	
As of November 30, 2016:						
Principal balance outstanding	$46,300,000	$63,000,000	$46,800,000	$16,600,000(4)	$63,800,000	$50,60
Interest rate	1.82%	1.82%	1.82%	1.87%(4)	1.42%	

(1) Non-usage fee is waived if the outstanding balance on the facility is at least $63,000,000.
(2) Non-usage fee is waived if the outstanding balance on the facility is at least $56,000,000.
(3) Non-usage fee is waived if the outstanding balance on the facility is at least $42,000,000.
(4) TTP s credit facility allows for interest rates to be fixed on all or a portion of the outstanding principal balance. Amounts reflect activity on the credit facility for the year ended November 30, 2016 and include $7,000,000 of the outstanding principal balance that has a fixed rate of 2.03% for the period from June 30, 2015 through June 30, 2017.

For the period from December 1, 2015 through June 22, 2016 (the date the agreement was amended), TYG had a revolving credit facility with Scotia Bank, N.A. The terms of the agreement provided for a $100,000,000 facility. Outstanding balances accrued interest at a variable rate equal to one-month LIBOR plus 1.20%. The average principal balance and interest rate for the period during which this credit facility was utilized was approximately $54,200,000 and 1.62%, respectively.

Notes to Financial Statements (continued)

For the period from December 1, 2015 through June 2, 2016 (the date the facility was terminated), NDP had a revolving margin loan facility with BNP Paribas Prime Brokerage, Inc. The terms of the agreement provided for an $85,000,000 facility. Outstanding balances accrued interest at a variable rate equal to one-month LIBOR plus 0.80%. The average principal balance and interest rate for the period during which this margin loan facility was utilized was approximately $59,900,000 and 1.22%, respectively.

For the period from December 1, 2015 through May 16, 2016 (the date the facility was terminated), TPZ had a revolving margin loan facility with BNP Paribas Prime Brokerage, Inc. The terms of the agreement provided for a $65,000,000 facility. Outstanding balances accrued interest at a variable rate equal to one-month LIBOR plus 0.80%. The average principal balance and interest rate for the period during which this margin loan facility was utilized was approximately $50,000,000 and 1.22%, respectively.

Under the terms of the credit facilities, the Funds must maintain asset coverage required under the 1940 Act. If a Fund fails to maintain the required coverage, it may be required to repay a portion of an outstanding balance until the coverage requirement has been met. At November 30, 2016, each Fund was in compliance with credit facility terms.

11. Derivative Financial Instruments

The Funds have adopted the disclosure provisions of FASB Accounting Standard Codification 815, Derivatives and Hedging (ASC 815). ASC 815 requires enhanced disclosures about the Funds use of and accounting for derivative instruments and the effect of derivative instruments on the Funds results of operations and financial position. Tabular disclosure regarding derivative fair value and gain/loss by contract type (e.g., interest rate contracts, foreign exchange contracts, credit contracts, etc.) is required and derivatives accounted for as hedging instruments under ASC 815 must be disclosed separately from those that do not qualify for hedge accounting. Even though the Funds may use derivatives in an attempt to achieve an economic hedge, the Funds derivatives are not accounted for as hedging instruments under ASC 815 because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings.

Interest Rate Swap Contracts

TYG and TPZ have each entered into interest rate swap contracts in an attempt to protect it from increasing interest expense on its leverage resulting from increasing interest rates. A decline in interest rates may result in a decline in the value of the swap contracts, which may result in a decline in the net assets of TYG and TPZ. At the time the interest rate swap contracts reach their scheduled termination, there is a risk that TYG and TPZ will not be able to obtain a replacement transaction, or that the terms of the replacement would not be as favorable as on the expiring transaction. In addition, if TYG or TPZ is required to terminate any swap contract early due to a decline in net assets below a threshold amount ($450,000,000 for TYG and $60,000,000 for TPZ) or failing to maintain a required 300% asset coverage of the liquidation value of the outstanding debt, then TYG or TPZ could be required to make a payment to the extent of any net unrealized depreciation of the terminated swaps, in addition to redeeming all or some of its outstanding debt. TYG and TPZ each segregate a portion of its assets as collateral for the amount of any net liability of its interest rate swap contracts.

Details of the interest rate swap contracts outstanding for TYG as of November 30, 2016, are as follows:

Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by TYG	Floating Rate Received by TYG	Unrealized Depreciation
The Bank of Nova Scotia	09/02/2018	$5,000,000	1.815%	1-month U.S. Dollar LIBOR	$ (56,731)
The Bank of Nova Scotia	09/02/2021	10,000,000	2.381%	1-month U.S. Dollar LIBOR	(308,320)
		$15,000,000			$ (365,051)

Details of the interest rate swap contracts outstanding for TPZ as of November 30, 2016, are as follows:

Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by TPZ	Floating Rate Received by TPZ	Unrealized Appreciation (Depreciation)

Wells Fargo Bank, N.A.	01/05/2017	$ 2,500,000	1.34%	3-month U.S. Dollar LIBOR	$ (3,133)
Wells Fargo Bank, N.A.	08/07/2017	6,000,000	1.89%	3-month U.S. Dollar LIBOR	(38,998)
Wells Fargo Bank, N.A.	08/06/2018	6,000,000	1.95%	3-month U.S. Dollar LIBOR	(77,278)
Wells Fargo Bank, N.A.	11/29/2019	6,000,000	1.33%	3-month U.S. Dollar LIBOR	30,688
Wells Fargo Bank, N.A.	08/06/2020	3,000,000	2.18%	3-month U.S. Dollar LIBOR	(64,587)
		$ 23,500,000			$ (153,308)

TYG and TPZ are exposed to credit risk on the interest rate swap contracts if the counterparty should fail to perform under the terms of the interest rate swap contracts. The amount of credit risk is limited to the net appreciation of the interest rate swap contracts, if any, as no collateral is pledged by the counterparty. In addition, if the counterparty to the interest rate swap contracts defaults, the Fund would incur a loss in the amount of the receivable and would not receive amounts due from the counterparty to offset the interest payments on the Fund s leverage.

The average notional amount of all open swap agreements for TYG and TPZ for the year ended November 30, 2016 was approximately $18,800,000 and $23,800,000, respectively.

Notes to Financial Statements (continued)

The following table presents TYG s and TPZ s interest rate swap contracts, each of which is subject to a netting agreement, on a gross and a net basis at November 30, 2016:

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statements of Assets & Liabilities	Net Amounts of Liabilities Presented in the Statements of Assets & Liabilities	Gross Amounts Not Offset in the Statement of Assets & Liabilities: Financial Instruments	Gross Amounts Not Offset in the Statement of Assets & Liabilities: Cash Collateral Received	Net Amount
TYG: Interest Rate Swap Contracts	$ 365,051	$	$ 365,051	$	$	$ 365,051
TPZ: Interest Rate Swap Contracts	$ 183,996	$ 30,688	$ 153,308	$	$	$ 153,308

Written Call Options

Transactions in written option contracts for TTP and NDP for the year ended November 30, 2016, are as follows:

	TTP Number of Contracts	TTP Premium	NDP Number of Contracts	NDP Premium
Options outstanding at November 30, 2015	7,061	$ 527,888	41,185	$ 1,900,591
Options written	71,829	5,238,892	447,071	24,073,409
Options closed*	(67,655)	(4,842,751)	(398,950)	(20,919,686)
Options exercised	(1,663)	(127,463)	(13,454)	(603,756)
Options expired	(3,715)	(333,570)	(38,863)	(2,296,996)
Options outstanding at November 30, 2016	5,857	$ 462,996	36,989	$ 2,153,562

*The aggregate cost of closing written option contracts was $3,345,534 for TTP and $16,213,737 for NDP, resulting in net realized gains of $1,497,217 and $4,705,950 for TTP and NDP, respectively.

The following table presents the types and fair value of derivatives by location as presented on the Statements of Assets & Liabilities at November 30, 2016:

Derivatives not accounted for as hedging instruments under ASC 815	Liabilities: Location	Liabilities: Fair Value
TYG: Interest rate swap contracts	Interest rate swap contracts	$ 365,051
TTP: Written equity call options	Options written, at fair value	$ 1,458,357
NDP: Written equity call options	Options written, at fair value	$ 8,314,401
TPZ: Interest rate swap contracts	Interest rate swap contracts	$ 153,308

The following table presents the effect of derivatives on the Statements of Operations for the year ended November 30, 2016:

Derivatives not accounted for as hedging instruments under ASC 815	Location of Gains (Losses) on Derivatives	Net Realized Gain (Loss) on Derivatives	Net Unrealized Appreciation (Depreciation) of Derivatives
TYG: Interest rate swap contracts	Interest rate swaps	$ (306,002)	$ 198,517
TTP: Written equity call options	Options	$ 1,830,788	$ (1,101,540)
NDP: Written equity call options	Options	$ 7,002,946	$ (6,627,411)
TPZ: Interest rate swap contracts	Interest rate swaps	$ (277,797)	$ 204,455

12. Subsequent Events

TYG TYG has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no items require recognition or disclosure.

NTG NTG has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no items require recognition or disclosure.

TTP TTP has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no items require recognition or disclosure.

NDP NDP has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no items require recognition or disclosure.

TPZ On December 30, 2016, TPZ paid a distribution in the amount of $0.125 per common share, for a total of $868,917. Of this total, the dividend reinvestment amounted to $13,124.

TPZ has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no additional items require recognition or disclosure.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Tortoise Energy Infrastructure Corporation
Tortoise MLP Fund, Inc.
Tortoise Pipeline & Energy Fund, Inc.
Tortoise Energy Independence Fund, Inc.
Tortoise Power and Energy Infrastructure Fund, Inc.

We have audited the accompanying statements of assets and liabilities of Tortoise Energy Infrastructure Corporation, Tortoise MLP Fund, Inc., Tortoise Pipeline & Energy Fund, Inc., Tortoise Energy Independence Fund, Inc., and Tortoise Power and Energy Infrastructure Fund, Inc., (the Funds), including the schedules of investments, as of November 30, 2016, 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 years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds 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 audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds 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 Funds 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 and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2016, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. 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 Tortoise Energy Infrastructure Corporation, Tortoise MLP Fund, Inc., Tortoise Pipeline & Energy Fund, Inc., Tortoise Energy Independence Fund, Inc., and Tortoise Power and Energy Infrastructure Fund, Inc. at November 30, 2016, the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Kansas City, Missouri
January 19, 2017

Company Officers and Directors (unaudited)

November 30, 2016

Name and Age[(1)]	Position(s) Held With Company, Term of Office and Length of Time Served[(2)]	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director[(3)]	Other Public Company Directorships Held
Independent Directors				
Conrad S. Ciccotello (Born 1960)	Class I Director of TYG since 2003 and of NTG since 2010; Class II Director of NDP since 2012 and of TPZ since 2007; Class III Director of TTP since 2011.	Associate Professor of Risk Management and Insurance, Robinson College of Business, Georgia State University (faculty member since 1999); Director of Personal Financial Planning Program; Investment Consultant to the University System of Georgia for its defined contribution retirement plan; Formerly Faculty Member, Pennsylvania State University (1997-1999); Published a number of academic and professional journal articles on investment company performance and structure, with a focus on MLPs.	5	CorEnergy Infrastructure Trust, Inc.
Rand C. Berney (Born 1955)	Class I Director of TTP since January 1, 2014; Class II Director of each of TYG and NTG since January 1, 2014; Class III Director of each of NDP and TPZ since January 1, 2014.	Executive-in-Residence and Professor for Professional Financial Planning Course and Professional Ethics Course, College of Business Administration, Kansas State University since 2012; Formerly Senior Vice President of Corporate Shared Services of ConocoPhillips from 2009 to 2012, Vice President and Controller of ConocoPhillips from 2002 to 2009, and Vice President and Controller of Phillips Petroleum Company from 1997 to 2002; Member of the Oklahoma Society of CPAs, the Financial Executive Institute, American Institute of Certified Public Accountants, the Institute of Internal Auditors and the Institute of Management Accountants.	5	None
Charles E. Heath (Born 1942)	Class I Director of TTP since 2011; Class II Director of TYG since 2003 and of NTG since 2010; Class III Director of NDP since 2012 and of TPZ since 2007.	Retired in 1999, Formerly Chief Investment Officer, GE Capital s Employers Reinsurance Corporation (1989-1999). Chartered Financial Analyst (CFA) designation since 1974.	5	CorEnergy Infrastructure Trust, Inc.
Alexandra Herger (Born 1957)	Class I Director of each of NDP and TPZ since January 1, 2015; Class II Director of TTP since January 1, 2015; Class III Director of each of TYG and NTG since January 1, 2015.	Retired in 2014; Previously interim vice president of exploration for Marathon Oil in 2014 prior to her retirement; Director of international exploration and new ventures for Marathon Oil from 2008 to 2014; Held various positions with Shell Exploration and Production Co. between 2002 and 2008; Member of the Society of Exploration Geophysicists, the American Association of Petroleum Geologists, the Houston Geological Society and the Southeast Asia Petroleum Exploration Society; Member of the 2010 Leadership Texas/Foundation for Women s Resources since 2010; Director of Panoro Energy ASA, an international independent oil and gas company listed on the Oslo Stock Exchange.	5	None

Interested Directors [4]

H. Kevin Birzer (Born 1959)	Class I Director and Chairman of the Board of NDP since 2012 and of TPZ since 2007; Class II Director and Chairman of the Board of TTP since 2011; Class III Director and Chairman of the Board of TYG since 2003 and of NTG since 2010.	Chief Executive Officer of the Adviser; Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Director and Chairman of the Board of each of Tortoise Energy Capital Corporation (TYY) and Tortoise North American Energy Corporation (TYN) from its inception until its merger into TYG effective June 23, 2014; Director and Chairman of the Board of Tortoise Capital Resources Corporation (TTO), which changed its name to CorEnergy Infrastructure Trust, Inc. on December 3, 2012 (CORR), from its inception through November 30, 2011. CFA designation since 1988.	5	None
Terry C. Matlack (Born 1956)	Class I Director of each of TYG and NTG since 2012; Class II Director of each of NDP and TPZ since 2012; Class III Director of TTP since 2012.	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Director of each of TYY and TYN from November 12, 2012 until its merger into TYG effective June 23, 2014; Chief Executive Officer of each of TYG and TPZ from May 2011 to June 30, 2015, of NTG from 2010 to June 30, 2015, of each of TTP and NDP from its inception to June 30, 2015 and of each of TYY and TYN from May 2011 until its merger into TYG effective June 23, 2014; Chief Financial Officer of each of TYG, TYY, TYN and TPZ from its inception to May 2011, and of TTO from its inception to June 2012. CFA designation since 1985.	5	Epiq Systems, Inc. (until June 2012)

(1) The address of each director and officer is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.
(2) Ending year of Director terms by Class are as follows:

	TYG	NTG	TTP	NDP	TPZ
Class I	2017	2017	2018	2019	2019
Class II	2018	2018	2019	2017	2017
Class III	2019	2019	2017	2018	2018

(3) This number includes TYG, NTG, TTP, NDP and TPZ. The Adviser serves as the investment adviser to TYG, NTG, TTP, NDP and TPZ.
(4) As a result of their respective positions held with the Adviser or its affiliates, these individuals are considered interested persons within the meaning of the 1940 Act.

Company Officers and Directors (unaudited) (continued)
November 30, 2016

Name and Age[1]	Position(s) Held With Company, Term of Office and Length of Time Served[2]	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Public Company Directorships Held
Interested Officers[3]				
P. Bradley Adams (Born 1960)	Chief Executive Officer of each of TYG, NTG, TTP, NDP and TPZ since June 30, 2015.	Managing Director of the Adviser since January 2013; Director of Financial Operations of the Adviser from 2005 to January 2013; Chief Financial Officer of NTG from 2010 to June 30, 2015, of each of TYG and TPZ from May 2011 to June 30, 2015, of each of TTP and NDP from its inception to June 30, 2015, and of each of TYY and TYN from May 2011 to June 23, 2014; Assistant Treasurer of each of the TYG, TYY and TYN from November 2005 to May 2011, of TPZ from its inception to May 2011, and of TTO from its inception to June 2012.	N/A	None
Matthew G.P. Sallee (Born 1978)	President of TYG and NTG since June 30, 2015.	Managing Director of the Adviser since January 2014 and member of the Investment Committee of the Adviser since June 30, 2015; Portfolio Manager of the Adviser since July 2013; Senior Investment Analyst of the Adviser from June 2012 to July 2013; Investment Analyst of the Adviser from 2009 to June 2012; Research Analyst of the Adviser from 2005 to 2009. CFA designation since 2009.	N/A	None
Brian A. Kessens (Born 1975)	President of TTP and TPZ since June 30, 2015.	Managing Director of the Adviser since January 2015 and a member of the Investment Committee of the Adviser since June 30, 2015; Portfolio Manager of the Adviser since July 2013; Senior Investment Analyst of the Adviser from June 2012 to July 2013; Investment Analyst of the Adviser from 2008 to June 2012. CFA designation since 2006.	N/A	None
Robert J. Thummel (Born 1972)	President of NDP since June 30, 2015.	Managing Director of the Adviser since January 2014 and a member of the Investment Committee of the Adviser since June 30, 2015; Portfolio Manager of the Adviser since July 2013; Senior Investment Analyst of the Adviser from June 2012 to July 2013; Investment Analyst of the Adviser from 2004 to June 2012. Previously, the President of TYN from 2008 until its merger into TYG in June 2014.	N/A	None
Brent W. Behrens (Born 1979)	Principal Financial Officer and Treasurer of TYG, NTG, TTP, NDP and TPZ since June 30, 2015.	Director of Financial Operations of the Adviser since January 2013; Senior Financial Operations Analyst of the Adviser from 2008 to January 2013; Assistant Treasurer of each of TYG, NTG, TTP, NDP and TPZ from May 2013 to June 30, 2015 and of TYY and TYN from May 2013 to June 23, 2014. CFA designation since 2014.	N/A	None
Nicholas S. Holmes (Born 1985)	Vice President of each of TYG and NTG since June 30, 2015.	Investment Analyst of the Adviser since January 2015; Research Analyst of the Adviser from January 2012 through December 2014 and Assistant Research Analyst from January 2010 through December 2011. CFA designation since	N/A	None

		2013.		
Brett Jergens (Born 1978)	Vice President of NDP since June 30, 2015.	Investment Analyst of the Adviser since December 2010; Research Analyst of the Adviser from June 2007 to December 2010. CFA designation since 2011.	N/A	None
Shobana Gopal (Born 1962)	Vice President of each of TYG, NTG, TTP, NDP and TPZ since June 30, 2015.	Director, Tax of the Adviser since January 2013; Tax Analyst of the Adviser from September 2006 through December 2012.	N/A	None
Diane Bono (Born 1958)	Secretary of each of TYG, NTG, TTP, NDP and TPZ since May 2013.	Chief Compliance Officer of the Adviser since June 2006; Chief Compliance Officer of TYG since June 2006 and of each of NTG, TTP, NDP and TPZ since its inception, and of each of TYY and TYN from June 2006 to June 23, 2014; Secretary of each of TYY and TYN from May 2013 to June 23, 2014.	N/A	None

(1) The address of each director and officer is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.
(2) Officers are elected annually.
(3) As a result of their respective positions held with the Adviser or its affiliates, these individuals are considered interested persons within the meaning of the 1940 Act.

Additional Information (unaudited)

Notice to Shareholders
For stockholders that do not have a November 30, 2016 tax year end, this notice is for information purposes only. For stockholders with a November 30, 2016 tax year end, please consult your tax advisor as to the pertinence of this notice. For the fiscal year ended November 30, 2016, each Fund is designating the following items with regard to distributions paid during the year.

Common Distributions

	Return of Capital Distributions	Long-Term Capital Gain Distributions(1)	Ordinary Income Distributions	Total Distributions	Qualifying Dividends(2)	Qualifying For Corporate Dividends Rec. Deduction(3)
TTP	0.00%	3.39%	96.61%	100.00%	40.50%	28.82%
NDP	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%
TPZ	0.00%	9.38%	90.62%	100.00%	12.33%	12.33%

Preferred Distributions

	Return of Capital Distributions	Long-Term Capital Gain Distributions(1)	Ordinary Income Distributions	Total Distributions	Qualifying Dividends(2)	Qualifying For Corporate Dividends Rec. Deduction(3)
TTP	0.00%	3.39%	96.61%	100.00%	40.50%	28.82%

(1) The Fund designates long-term capital gain distributions per IRC Code Sec. 852(b)(3)(C). The long-term capital gain tax rate is variable based on the taxpayer s taxable income.
(2) Represents the portion of Ordinary Income Distributions taxable at the capital gain tax rates if the stockholder meets holding period requirements.
(3) Represents the portion of Ordinary Income Distributions which qualify for the Corporate Dividends Received Deduction.

Director and Officer Compensation
The Funds do not compensate any of its directors who are interested persons, as defined in Section 2(a)(19) of the 1940 Act, nor any of its officers. For the year ended November 30, 2016, the aggregate compensation paid by the Funds to the independent directors was as follows:

TYG	NTG	TTP	NDP	TPZ
$245,000	$180,000	$84,000	$84,000	$67,000

The Funds did not pay any special compensation to any of its directors or officers.

Forward-Looking Statements
This report contains forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect each Fund s actual results are the performance of the portfolio of investments held by it, the conditions in the U.S. and international financial, petroleum and other markets, the price at which shares of each Fund will trade in the public markets and other factors discussed in filings with the SEC.

Proxy Voting Policies
A description of the policies and procedures that each Fund uses to determine how to vote proxies relating to portfolio securities owned by the Fund and information regarding how each Fund voted proxies relating to the portfolio of securities during the 12-month period ended June 30, 2016 are available to stockholders (i) without charge, upon request by calling the Adviser at (913) 981-1020 or toll-free at (866) 362-9331 and on the Adviser s Web site at www.tortoiseadvisors.com; and (ii) on the SEC s Web site at www.sec.gov.

Form N-Q
Each Fund files its complete schedule of portfolio holdings for the first and third quarters of each fiscal year with the SEC on Form N-Q. Each Fund s Form N-Q is available without charge upon request by calling the Adviser at (866) 362-9331 or by visiting the SEC s Web site at www.sec.gov. In addition, you may review and copy each Fund s Form N-Q at the SEC s Public Reference Room in Washington D.C. You may obtain information on the operation of the Public Reference Room by calling (800) SEC-0330.

Each Fund s Form N-Qs are also available through the Adviser s Web site at www.tortoiseadvisors.com.

Statement of Additional Information
The Statement of Additional Information (SAI) includes additional information about each Fund s directors and is available upon request without charge by calling the Adviser at (866) 362-9331 or by visiting the SEC s Web site at www.sec.gov.

Certifications
Each Fund s Chief Executive Officer has submitted to the New York Stock Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the SEC, as an exhibit to its most recently filed Form N-CSR, the certification of its Chief Executive Officer and Principal Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

Additional Information (unaudited) (continued)

Privacy Policy
In order to conduct its business, each Fund collects and maintains certain nonpublic personal information about its stockholders of record with respect to their transactions in shares of each Fund s securities. This information includes the stockholder s address, tax identification or Social Security number, share balances, and distribution elections. We do not collect or maintain personal information about stockholders whose share balances of our securities are held in street name by a financial institution such as a bank or broker.

We do not disclose any nonpublic personal information about you, the Funds other stockholders or the Funds former stockholders to third parties unless necessary to process a transaction, service an account, or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about the Funds stockholders to those employees who need to know that information to provide services to our stockholders. We also maintain certain other safeguards to protect your nonpublic personal information.

Repurchase Disclosure
Notice is hereby given in accordance with Section 23(c) of the 1940 Act, that each Fund may from time to time purchase shares of its common stock in the open market.

Automatic Dividend Reinvestment
Each of NTG, TTP, NDP and TPZ have an Automatic Dividend Reinvestment Plan and TYG has an Automatic Dividend Reinvestment and Cash Purchase Plan (each, a Plan). Each Plan allows participating common stockholders to reinvest distributions, including dividends, capital gains and return of capital in additional shares of the Fund s common stock and TYG s Plan also allows registered holders of the TYG s common stock to make optional cash investments, in accordance with TYG s Plan, on a monthly basis.

If a stockholder s shares are registered directly with the Fund or with a brokerage firm that participates in the Fund s Plan, all distributions are automatically reinvested for stockholders by the Agent in additional shares of common stock of the Fund (unless a stockholder is ineligible or elects otherwise). Stockholders holding shares that participate in the Plan in a brokerage account may not be able to transfer the shares to another broker and continue to participate in the Plan. Stockholders who elect not to participate in the Plan will receive all distributions payable in cash paid by check mailed directly to the stockholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by Computershare, as dividend paying agent. Distributions subject to tax (if any) are taxable whether or not shares are reinvested.

Any single investment pursuant to the cash purchase option under TYG s Plan must be in an amount of at least $100 and may not exceed $5,000 per month unless a request for waiver has been granted. A request for waiver should be directed to TYG at 1-866-362-9331 and TYG has the sole discretion to grant any requested waiver. Optional cash investments may be delivered to the Agent by personal check, by automatic or electronic bank account transfer or by online access at www.computershare.com. TYG reserves the right to reject any purchase order. Stockholders who hold shares in street or other nominee name who want to participate in optional cash investments should contact their broker, bank or other nominee and follow their instructions. There is no obligation to make an optional cash investment at any time, and the amount of such investments may vary from time to time. Optional cash investments must be received by the Agent no later than two business days prior to the monthly investment date (the payment date) for purchase of common shares on the next succeeding purchase date under TYG s Plan. Scheduled optional cash purchases may be cancelled or refunded upon a participant s written request received by the Agent at least two business days prior to the purchase date. Participants will not be able to instruct the Agent to purchase common shares at a specific time or at a specific price.

If on the distribution payment date or, for TYG, the purchase date for optional cash investments, the net asset value per share of the common stock is equal to or less than the market price per share of common stock plus estimated brokerage commissions, the Fund will issue additional shares of common stock to participants. The number of shares will be determined by the greater of the net asset value per share or 95 percent of the market price. Otherwise, shares generally will be purchased on the open market by the Agent as soon as possible following the payment date or purchase date, but in no event later than 30 days after such date except as necessary to comply with applicable law. There are no brokerage charges with respect to shares issued directly by the Fund as a result of distributions payable either in shares or in cash or, for TYG, as a result of optional cash investments. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Agent s open-market purchases in connection with the reinvestment of distributions or optional cash investments. If a participant elects to have the Agent sell part or all of his or her common stock and remit the proceeds, such participant will be charged a transaction fee of $15.00 plus his or her pro rata share of brokerage commissions on the shares sold.

Participation is completely voluntary. Stockholders may elect not to participate in the Plan, and participation may be terminated or resumed at any time without penalty, by giving notice in writing, by telephone or Internet to Computershare, the Plan Agent, at the address set forth below. Such termination will be effective with respect to a particular distribution if notice is received prior to such record date.

Additional information about the Plan may be obtained by writing to Computershare Trust Company, N.A, P.O. Box 30170, College Station, TX 77842-3170. You may also contact Computershare by phone at (800) 426-5523 or visit their Web site at www.computershare.com.

Additional Information (unaudited) (continued)

Approval of the Investment Advisory Agreement

In approving the renewal of each fund s respective Investment Advisory Agreement in November 2016, the directors who are not interested persons (as defined in the Investment Company Act of 1940) of the fund (Independent Directors) requested and received extensive data and information from the Adviser concerning the fund and the services provided to it by the Adviser under the Investment Advisory Agreement, including information from independent, third-party sources, regarding the factors considered in their evaluation. Before the Independent Directors voted on approval of the Investment Advisory Agreement, the Independent Directors met with independent legal counsel during an executive session and discussed the agreement and related information.

Factors Considered for Each Fund

The Independent Directors considered and evaluated all the information provided by the Adviser. The Independent Directors did not identify any single factor as being all-important or controlling, and each Independent Director may have attributed different levels of importance to different factors. In deciding to renew the fund s agreement, the Independent Directors decision was based on the following factors.

Nature, Extent and Quality of Services Provided. The Independent Directors considered information regarding the history, qualification and background of the Adviser and the individuals primarily responsible for the portfolio management of the fund. Additionally, the Independent Directors considered the quality and extent of the resources devoted to research and analysis of the fund s actual and potential investments, including the research and decision-making processes utilized by the Adviser, as well as risk oversight and the methods adopted to seek to achieve compliance with the investment objectives, policies and restrictions of the fund, and meeting regulatory requirements. Further, the Independent Directors considered the quality and depth of the Adviser personnel (including the number and caliber of portfolio managers and research analysts involved and the size and experience of the investment, accounting, trading, client service and compliance teams dedicated to the fund), the continued addition of professionals at the Adviser to broaden its coverage efforts, and other Adviser resources and plans for growth, use of affiliates of the Adviser, and the particular expertise with respect to energy companies, MLP markets and financing (including private financing).

In addition to advisory services, the Independent Directors considered the quality of the administrative and other non-investment advisory services provided to the fund. The Adviser provides the fund with certain services (in addition to any such services provided to the fund by third parties) and officers and other personnel as are necessary for the operations of the fund. In particular, the Adviser provides the fund with the following administrative services including, among others: (i) preparing disclosure documents, such as periodic stockholder reports and the prospectus and the statement of additional information in connection with public offerings; (ii) communicating with analysts to support secondary market analysis of the fund; (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 compliance support; (viii) furnishing analytical and other support to assist the Board in its consideration of strategic issues; (ix) the responsible handling of the leverage target; and (x) performing other administrative services for the operation of the fund, such as press releases, fact sheets, investor calls, leverage financing, tax reporting, tax management, fulfilling regulatory filing requirements and investor relations services.

The Independent Directors also reviewed information received from the Adviser and the fund s Chief Compliance Officer (the CCO) regarding the compliance policies and procedures established pursuant to the 1940 Act and their applicability to the fund, including the fund s Code of Ethics.

The Independent Directors concluded that the nature of the fund and the specialized expertise of the Adviser in the niche market of MLPs for each of TYG and NTG and the energy market for each of TTP, NDP and TPZ, as well as the nature, extent and quality of services provided by the Adviser to the fund, made it qualified to serve as the adviser. The Independent Directors recognized that the Adviser s commitment to a long-term investment horizon correlated well to the investment strategy of the fund.

Investment Performance of the Fund and the Adviser, Costs of the Services To Be Provided and Profits To Be Realized by the Adviser and its Affiliates from the Relationship, and Fee Comparisons. The Independent Directors reviewed and evaluated information regarding the fund s performance and the performance of other Adviser accounts (including other investment companies), and information regarding the nature of the markets during the performance period, with a particular focus on the MLP sector for each of TYG and NTG and on the energy sector for each of TTP, NDP and TPZ. The Independent Directors considered the fund s investment performance against peer funds for the following periods: one year, three year, five year and since inception for each of TYG and NTG; one year, three year and since inception for each of TTP and NDP; one year for TPZ, and for each of 2013, 2014, 2015 and 2016 year-to-date for each fund, as well as against specialized sector (including a custom composite of sector indices (custom composite) for each of TTP and TPZ) and more general market indices for the fiscal year-to-date, one year and since inception periods for the fund. The Independent Directors also considered senior management s and portfolio managers analysis of the reasons for any over-performance or underperformance against its peers and/or sector market indices, as applicable. The Independent Directors noted that for the relevant periods, based on NAV: TYG s performance outperformed and underperformed the average for its peers depending on the period and outperformed, performed in line and underperformed sector market indices depending on the period and the index and outperformed and underperformed the general market index depending on the period; NTG s performance outperformed and underperformed the average for its peers depending on the period and outperformed and underperformed the specialized sector and general market indices depending on the period; TTP s performance outperformed and underperformed the average for its peers depending on the period and outperformed and underperformed the custom composite, the specialized sector market index and the general market index

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Additional Information (unaudited) (continued)

depending on the period and the index; NDP s performance outperformed the average for its peers and outperformed, performed in line and underperformed the specialized sector market index and outperformed and underperformed the general market index depending on the period; and TPZ s performance outperformed and underperformed the average for its peers depending on the period and outperformed and underperformed the custom composite and the general market index depending on the period. The Independent Directors noted that for the relevant periods, based on market price, each of TYG, NTG and TTP outperformed and underperformed the average for its peers depending on the period; NDP outperformed the average for its peers, and TPZ outperformed and underperformed the average for its peers depending on the period. For each of TTP and TPZ, the Independent Directors noted the lack of peers and sector market indices with similar strategies to the fund and also took into account the custom composite to better reflect the strategy of the fund. The Adviser believes that performance relative to the applicable custom composite for each of TTP and TPZ is an appropriate performance metric for the fund. The Independent Directors also noted that the custom composites for TTP and TPZ and the sector market indices are pre expenses, in contrast to the fund and its peers, and the sector market indices are pre tax accrual in contrast to TYG and NTG and their MLP peers. The Independent Directors also noted differences across the peer universe in distribution and leverage strategies, including the fund s focus on sustainable distributions and leverage strategy, and took into account that stockholders, in pursuing their investment goals and objectives, may have purchased their shares based upon the reputation and the investment style, long-term philosophy and strategy of the Adviser. The Independent Directors also considered discussions with the Adviser regarding a variety of initiatives for the fund, including the Adviser s plans to continue aftermarket support and investor communications regarding recent market price performance. Based upon their review and also considering market conditions and volatility, the Independent Directors concluded that the fund s performance has been reasonable based on the fund s strategy and compared to other closed-end funds that focus on the MLP sector (for each of TYG and NTG) and the energy sector (for each of TTP, NDP and TPZ) and that the fund has generated reasonable returns for investors.

The Adviser provided detailed information concerning its cost of providing services to the fund, its profitability in managing the fund, its overall profitability, and its financial condition. The Independent Directors reviewed the methodology used to prepare this financial information. This financial information regarding the Adviser is considered in order to evaluate the Adviser s financial condition, its ability to continue to provide services under the Investment Advisory Agreement, and the reasonableness of the current management fee, and was, to the extent possible, evaluated in comparison to other more specialized investment advisers.

The Independent Directors considered and evaluated information regarding fees charged to, and services provided to, other investment companies advised by the Adviser (including the impact of any fee waiver or reimbursement arrangements and any expense reimbursement arrangements), and fees charged to separate institutional accounts and other accounts managed by the Adviser. The information provided to the Independent Directors discussed the significant differences in scope of services provided to the fund and to the Adviser s other non-closed-end fund clients. The Independent Directors considered the fee comparisons in light of the different services provided in managing these other types of clients. The Independent Directors considered and evaluated the information they received comparing the fund s contractual annual management fee and overall expenses with a peer group of comparable closed-end funds with similar investment objectives and strategies, including other MLP or energy investment companies, as applicable depending on the fund, determined by the Adviser. Given the specialized universe of managers and funds fitting within the criteria for the peer group as well as a lack of reliable, consistent third party data, the Adviser did not believe that it would be beneficial to engage the services of an independent third-party to prepare the peer group analysis, and the Independent Directors concurred with this approach. The Adviser provided information on the methodology used for determining the peer group.

The Independent Directors concluded that the fees (including the management fee) and expenses that the fund is paying under the Investment Advisory Agreement, as well as the operating expense ratios of the fund, are reasonable given the quality of services provided under the Investment Advisory Agreement and that such fees and expenses are reasonable compared to the fees charged by advisers to comparable funds.

Economies of Scale. The Independent Directors considered information from the Adviser concerning whether economies of scale would be realized as the fund grows, and whether fee levels reflect any economies of scale for the benefit of the fund s stockholders, and for TYG, taking into account the tiered fee schedule implemented by the Adviser for the fund in connection with the merger of Tortoise Energy Capital Corporation and Tortoise North American Energy Corporation into the fund in June 2014. The Independent Directors concluded that economies of scale are difficult to measure and predict overall. Accordingly, the Independent Directors reviewed other information, such as year-over-year profitability of the Adviser generally, the profitability of its management of the fund, and the fees of competitive funds not managed by the Adviser over a range of asset sizes. The Independent Directors concluded the Adviser is appropriately sharing any economies of scale through its fee structure and through reinvestment in its business resources to provide stockholders additional content and services.

Additional Information (unaudited) (continued)

Collateral Benefits Derived by the Adviser. The Independent Directors reviewed information from the Adviser concerning collateral benefits it receives as a result of its relationship with the fund. They concluded that the Adviser generally does not directly use the fund s or stockholder information to generate profits in other lines of business, and therefore does not derive any significant collateral benefits from them.

The Independent Directors did not, with respect to their deliberations concerning their approval of the continuation of the Investment Advisory Agreement, consider the benefits the Adviser may derive from relationships the Adviser may have with brokers through soft dollar arrangements because the Adviser does not employ any third party soft dollar arrangements in rendering its advisory services to the fund. The Adviser receives unsolicited research from some of the brokers with whom it places trades on behalf of clients, however, the Adviser has no arrangements or understandings with such brokers regarding receipt of research in return for commissions. The Adviser does not consider this research when selecting brokers to execute fund transactions and does not put a specific value on unsolicited research, nor attempt to estimate and allocate the relative costs or benefits among clients.

Conclusions of the Directors

The Independent Directors concluded that no single factor reviewed was determinative as the principal factor in whether to approve the Agreement. The process, as discussed above, describes only the most important factors, but not all of the matters, considered by the Independent Directors. On the basis of such information as the Independent Directors considered necessary to the exercise of its reasonable business judgment and its evaluation of all of the factors described above, and after discussion and as assisted by the advice of legal counsel that is independent of the Adviser, the Independent Directors determined that each factor, in the context of all of the other factors they considered, favored approval of the Agreement. The Independent Directors therefore unanimously concluded that the Investment Advisory Agreement between the fund and the Adviser is fair and reasonable in light of the services provided and should be renewed. It was noted that it was the judgment of the Independent Directors that approval of the Investment Advisory Agreement was in the best interests of the fund and its stockholders.

Office of the Funds
and of the Investment Adviser
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Board of Directors of
Tortoise Energy Infrastructure Corp.
Tortoise MLP Fund, Inc.
Tortoise Pipeline & Energy Fund, Inc.
Tortoise Energy Independence Fund, Inc.
Tortoise Power and Energy Infrastructure Fund, Inc.

H. Kevin Birzer, Chairman
Tortoise Capital Advisors, L.L.C.

Terry Matlack
Tortoise Capital Advisors, L.L.C.

Rand C. Berney
Independent

Conrad S. Ciccotello
Independent

Charles E. Heath
Independent

Alexandra Herger
Independent

Administrator
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Custodian
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Stock Symbols
Listed NYSE Symbols: TYG, NTG, TTP, NDP, TPZ

This report is for stockholder information. This is not a prospectus intended for use in the purchase or sale of fund shares. **Past performance is no guarantee of future results and your investment may be worth more or less at the time you sell.**

11550 Ash Street, Suite 300
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Item 2. Code of Ethics.

The Registrant has adopted a code of ethics that applies to the Registrant s Principal Executive Officer and its Principal Financial Officer. The Registrant has not made any amendments to this code of ethics during the period covered by this report. The Registrant has not granted any waivers from any provisions of this code of ethics during the period covered by this report.

Item 3. Audit Committee Financial Expert.

The Registrant s Board of Directors has determined that there is at least one audit committee financial expert serving on its audit committee. Mr. Conrad Ciccotello is the audit committee financial expert and is considered to be independent as each term is defined in Item 3 of Form N-CSR. In addition to his experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements, Mr. Ciccotello has a Ph.D. in Finance.

Item 4. Principal Accountant Fees and Services.

The Registrant has engaged its principal accountant to perform audit services, audit-related services and tax services during the past two fiscal years. Audit services refer to performing an audit of the Registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. Audit-related services refer to the assurance and related services by the principal accountant that are reasonably related to the performance of the audit. Tax services refer to professional services rendered by the principal accountant for tax compliance (including preparation of tax returns), tax advice, and tax planning. The following table details the approximate amounts of aggregate fees billed to the Registrant for the last two fiscal years for audit fees, audit-related fees, tax fees and other fees by the principal accountant.

	FYE 11/30/2016	FYE 11/30/2015
Audit Fees	$115,000	$107,000
Audit-Related Fees		
Tax Fees	$ 20,000	$ 20,000
All Other Fees		
Aggregate Non-Audit Fees	$ 20,000	$ 20,000

The audit committee has adopted pre-approval policies and procedures that require the audit committee to pre-approve (i) the selection of the Registrant s independent registered public accounting firm, (ii) the engagement of the independent registered public accounting firm to provide any non-audit services to the Registrant, (iii) the engagement of the independent registered public accounting firm to provide any non-audit services to the Adviser or any entity controlling, controlled by, or under common control with the Adviser that provides ongoing services to the Registrant, if the engagement relates directly to the operations and financial reporting of the Registrant, and (iv) the fees and other compensation to be paid to the independent registered public accounting firm. The Chairman of the audit committee may grant the pre-approval of any engagement of the independent registered public accounting firm for non-audit services of less than $10,000, and such delegated pre-approvals will be presented to the full audit committee at its next meeting. Under certain limited circumstances, pre-approvals are not required under securities law regulations for certain non-audit services below certain de minimus thresholds. Since the adoption of these policies and procedures, the audit committee has pre-approved all audit and non-audit services provided to the Registrant by the principal accountant. None of these services provided by the principal accountant were approved by the audit committee pursuant to the de minimus exception under Rule 2.01(c)(7)(i)(C) or Rule 2.01(c)(7)(ii) of Regulation S-X. All of the principal accountant s hours spent on auditing the Registrant s financial statements were attributed to work performed by full-time permanent employees of the principal accountant.

In the Registrant s fiscal years ended November 30, 2016 and 2015, the Adviser was billed approximately $143,300 and $79,900 in fees, respectively, for tax and other non-audit services provided to the Adviser. These non-audit services were not required to be preapproved by the Registrant s audit committee. No entity controlling, controlled by, or under common control with the Adviser that provides ongoing services to the Registrant, has paid to, or been billed for fees by, the principal accountant for non-audit services rendered to the Adviser or such entity during the Registrant s last two fiscal years. The audit committee has considered whether the principal accountant s provision of services (other than audit services) to the Registrant, the Adviser or any entity controlling, controlled by, or under common control with the Adviser that provides services to the Registrant is compatible with maintaining the principal accountant s independence in performing audit services.

Item 5. Audit Committee of Listed Registrants.

The Registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, and is comprised of Mr. Conrad S. Ciccotello, Mr. Rand C. Berney, Mr. Charles E. Heath and Ms. Alexandra A. Herger.

Item 6. Investments.

(a) Schedule of Investments is included as part of the report to shareholders filed under Item 1.
(b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Copies of the proxy voting policies and procedures of the Registrant and the Adviser are attached hereto as Exhibit 99.VOTEREG and Exhibit 99.VOTEADV, respectively.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

Unless otherwise indicated, information is presented as of November 30, 2016.

Portfolio Managers

As of the date of this filing, management of the Registrant s portfolio is the responsibility of a team of portfolio managers consisting of H. Kevin Birzer, Terry Matlack, Zachary A. Hamel, Kenneth P. Malvey, Brian A. Kessens, James R. Mick, Matthew G.P. Sallee and Robert J. Thummel, Jr., all of whom are Managing Directors of the Adviser, comprise the investment committee of the Adviser and share responsibility for such investment management. The investment committee provides investment strategy oversight to the portfolio management team who implements the strategy. Biographical information about each member of the investment committee as of the date of this filing is set forth below.

Name and Age*	Position(s) Held with Company and Length of Time Served	Principal Occupation During Past Five Years
H. Kevin Birzer (Born 1959)	Director and Chairman of the Board since 2012	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Director and Chairman of the Board of each of Tortoise Energy Infrastructure Corporation (TYG), Tortoise Power and Energy Infrastructure Fund, Inc. (TPZ), Tortoise MLP Fund, Inc. (NTG) and Tortoise Pipeline & Energy Fund, Inc. (TTP) since its inception, and of each of Tortoise Energy Capital Corporation (TYY) and Tortoise North American Energy Corporation (TYN) from its inception until its merger into TYG effective June 23, 2014; Director and Chairman of the Board of Tortoise Capital Resources Corporation (TTO), which changed its name to CorEnergy Infrastructure Trust, Inc. on December 3, 2012, from its inception through November 30, 2011. CFA designation since 1988.
Terry Matlack (Born 1956)	Director since 2012	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Director of each of TYG, TYY, TYN, TPZ and TTO from its inception to September 15, 2009; Director of each of TYG, TPZ, NTG and TTP since November 12, 2012 and of TYY and TYN from November 12, 2012 to June 23, 2014; Chief Executive Officer of NTG from 2010 to June 30, 2015, of each of TYG and TPZ from May 2011 to June 30, 2015, of each of the Company and TTP from its inception to June 30, 2015, and of TYY and TYN from May 2011 to June 23, 2014; Chief Financial Officer of each of TYG, TYY, TYN, and TPZ from its inception to May 2011, and of TTO from its inception to June 2012. CFA designation since 1985.
Zachary A. Hamel (Born 1965)	N/A	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Joined Fountain Capital Management, LLC (Fountain Capital) in 1997 and was a Partner there from 2001 through September 2012. President of NTG from 2010 to June 30, 2015, of each of TYG and TPZ from May 2011 to June 30, 2015, of each of the Company and TTP from its inception to June 30, 2015, and of TYY from May 2011 to June 23, 2014; Senior Vice President of TYY from 2005 to May 2011, of TYG from 2007 to May 2011, of TYN from 2007 to June 23, 2014, of TPZ from its inception to May 2011 and of TTO from 2005 through November 2011. CFA designation since 1998.
Kenneth P. Malvey (Born 1965)	N/A	Managing Director of the Adviser and member of the Investment Committee of the Adviser since 2002; Joined Fountain Capital in 2002 and was a Partner there from 2004 through September 2012; Treasurer of TYG from 2005 to June 30, 2015, of each of the Company, TPZ, NTG and TTP from its inception to June 30, 2015, of each of TYY and TYN from 2005 to June 23, 2014 and of TTO from 2005 through November 2011; Senior Vice President of TYY from 2005 to June 23, 2014, of TYN from 2007 to June 23, 2014, of TYG from 2007 to June 30, 2015, of each of the Company, TPZ, NTG and TTP from its inception to June 30, 2015, and of TTO from inception through November 2011. CFA designation since 1996.

Name and Age*	Position(s) Held with Company and Length of Time Served	Principal Occupation During Past Five Years
Brian A. Kessens (Born 1975)	N/A	Investment Analyst of the Adviser from 2008 to June 2012; Senior Investment Analyst of the Adviser from June 2012 to July 2013; Portfolio Manager of the Adviser since July 2013; Managing Director of the Adviser since January 2015; Member of the Investment Committee of the Adviser and President of each of TTP and TPZ since June 30, 2015. CFA designation since 2006.
James R. Mick (Born 1975)	N/A	Research Analyst of the Adviser from 2006 to 2011; Investment Analyst of the Adviser from 2011 to June 2012; Senior Investment Analyst of the Adviser from June 2012 to July 2013; Portfolio Manager of the Adviser since July 2013; Managing Director of the Adviser since January 2014; Member of the Investment Committee of the Adviser since June 30, 2015. CFA designation since 2010.
Matthew G.P. Sallee (Born 1978)	N/A	Research Analyst of the Adviser from 2005 to 2009; Investment Analyst of the Adviser from 2009 to June 2012; Senior Investment Analyst of the Adviser from June 2012 to July 2013; Portfolio Manager of the Adviser since July 2013; Managing Director of the Adviser since January 2014; Member of the Investment Committee of the Adviser and President of each of TYG and NTG since June 30, 2015. CFA designation since 2009.
Robert J. Thummel, Jr. (Born 1972)	President since June 30, 2015	Investment Analyst of the Adviser from 2004 to June 2012; Senior Investment Analyst of the Adviser from June 2012 to July 2013; Portfolio Manager of the Adviser since July 2013; Managing Director of the Adviser since January 2014; President of TYN from 2008 until its merger into TYG effective June 23, 2014; Member of the Investment Committee of the Adviser since June 30, 2015.

*The address of each member of the investment committee is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.

The Adviser also serves as the investment adviser to TYG, TPZ, NTG and TTP.

The following table provides information about the other accounts managed on a day-to-day basis by each of the portfolio managers as of November 30, 2016:

Name of Manager	Number of Accounts	Total Assets of Accounts	Number of Accounts Paying a Performance Fee	Total Assets of Accounts Paying a Performance Fee
H. Kevin Birzer				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	16	$ 626,960,916	1	$5,666,695
Other accounts	1014	$ 6,904,592,219	0	
Zachary A. Hamel				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	16	$ 626,960,916	1	$5,666,695
Other accounts	1014	$ 6,904,592,219	0	
Kenneth P. Malvey				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	16	$ 626,960,916	1	$5,666,695
Other accounts	1014	$ 6,904,592,219	0	
Terry Matlack				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	16	$ 626,960,916	1	$5,666,695
Other accounts	1014	$ 6,904,592,219	0	
Brian A. Kessens				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	17	$ 681,816,168	2	$60,521,948
Other accounts	1014	$ 6,904,592,219	0	
James R. Mick				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	17	$ 681,816,168	2	$60,521,948
Other accounts	1014	$ 6,904,592,219	0	
Matthew G.P. Sallee				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	17	$ 681,816,168	2	$60,521,948
Other accounts	1014	$ 6,904,592,219	0	
Robert J. Thummel, Jr.				
Registered investment companies	9	$ 7,680,653,401	0	
Other pooled investment vehicles	17	$ 681,816,168	2	$60,521,948
Other accounts	1014	$ 6,904,592,219	0	

Material Conflicts of Interest

Conflicts of interest may arise from the fact that the Adviser and its affiliates carry on substantial investment activities for other clients, in which the Registrant has no interest, some of which may have investment strategies similar to the Registrant. The Adviser's portfolio managers must allocate time and investment ideas across multiple accounts. Trades may be executed for some accounts that may adversely impact the value of securities held by other accounts. In addition, conflicts of interest may arise from the fact that a related person of the Adviser has an interest in a limited liability company client, similar to a general partner interest in a partnership, for which the Adviser also serves as manager. The Adviser or its affiliates may have financial incentives to favor certain of these accounts over the Registrant. For example, the Adviser may have an incentive to allocate potentially more favorable investment opportunities to other funds and clients that pay the Adviser an incentive or performance fee. Performance and incentive fees also create the incentive to allocate potentially riskier, but potentially better performing, investments to such funds and other clients in an effort to increase the incentive fee. The Adviser also may have an incentive to make investments in one fund, having the effect of increasing the value of a security in the same issuer held by another fund or client, which in turn, may result in an incentive fee being paid to the Adviser by that other fund or client. Certain of the Adviser's client accounts may invest in the equity securities of a particular company, while other client accounts may invest in the debt securities of the same company. Any of the Adviser s or its affiliates proprietary accounts or other customer accounts may compete with the Registrant for specific trades. The Adviser or its affiliates may give advice and recommend securities to, or buy or sell securities for, other accounts and customers, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for, the Registrant, even though their investment objectives may be the same as, or similar to, the Registrant s objectives. The Adviser has written allocation policies and procedures designed to address potential conflicts of interest. For instance, when two or more clients advised by the Adviser or its affiliates seek to purchase or sell the same publicly traded securities, the securities actually purchased or sold will be allocated among the clients on a good faith equitable basis by the Adviser in its discretion and in accordance with the clients various investment objectives and the Adviser s procedures. In some cases, this system may adversely affect the price or size of the position the Registrant may obtain or sell. In other cases, the Registrant s ability to participate in volume transactions may produce better execution for it. When possible, the Adviser combines all of the trade orders into one or more block orders, and each account participates at the average unit or share price obtained in a block order. When block orders are only partially filled, the Adviser considers a number of factors in determining how allocations are made, with the overall goal to allocate in a manner so that accounts are not preferred or disadvantaged over time. The Adviser also has allocation policies for transactions involving private placement securities, which are designed to result in a fair and equitable participation in offerings or sales for each participating client.

The Adviser also serves as investment adviser for four other publicly traded management investment companies, all of which invest in the energy sector.

The Adviser will evaluate a variety of factors in determining whether a particular investment opportunity or strategy is appropriate and feasible for the relevant account at a particular time, including, but not limited to, the following: (1) the nature of the investment opportunity taken in the context of the other investments at the time; (2) the liquidity of the investment relative to the needs of the particular entity or account; (3) the availability of the opportunity (i.e., size of obtainable position); (4) the transaction costs involved; and (5) the investment or regulatory limitations applicable to the particular entity or account. Because these considerations may differ when applied to the Registrant and relevant accounts under management in the context of any particular investment opportunity, the Registrant s investment activities, on the one hand, and other managed accounts, on the other hand, may differ considerably from time to time. In addition, the Registrant s fees and expenses will differ from those of the other managed accounts. Accordingly, stockholders should be aware that the Registrant s future performance and the future performance of the other accounts of the Adviser may vary.

From time to time, the Adviser may seed proprietary accounts for the purpose of evaluating a new investment strategy that eventually may be available to clients through one or more product structures. Such accounts also may serve the purpose of establishing a performance record for the strategy. The Adviser s management of accounts with proprietary interests and nonproprietary client accounts may create an incentive to favor the proprietary accounts in the allocation of investment opportunities, and the timing and aggregation of investments. The Adviser s proprietary seed accounts may include long-short strategies, and certain client strategies may permit short sales. A conflict of interest arises if a security is sold short at the same time as a long position, and continuously short selling in a security may adversely affect the stock price of the same security held long in client accounts. The Adviser has adopted various policies to mitigate these conflicts, including policies that require the Adviser to avoid favoring any account, and that prohibit client and proprietary accounts from engaging in short sales with respect to individual stocks held long in client accounts. The Adviser s policies also require transactions in proprietary accounts to be placed after client transactions.

Situations may occur when the Registrant could be disadvantaged because of the investment activities conducted by the Adviser and its affiliates for their other accounts. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for the Registrant or the other accounts, thereby limiting the size of the Registrant s position; (2) the difficulty of liquidating an investment for the Registrant or the other accounts where the market cannot absorb the sale of the combined position; or (3) limits on co-investing in negotiated transactions under the Investment Company Act of 1940.

Under the Investment Company Act of 1940, the Registrant and its affiliated companies may be precluded from co-investing in negotiated private placements of securities. As such, the Registrant will not co-invest with its affiliates in negotiated private placement transactions. The Adviser will observe a policy for allocating negotiated private investment opportunities among its clients that takes into account the amount of each client s available cash and its investment objectives. These allocation policies may result in the allocation of investment opportunities to an affiliated company rather than to the Registrant.

To the extent that the Adviser sources and structures private investments, certain employees of the Adviser may become aware of actions planned, such as acquisitions, which may not be announced to the public. It is possible that the Registrant could be precluded from investing in or selling securities of companies about which the Adviser has material, non-public information; however, it is the Adviser s intention to ensure that any material, non-public information available to certain employees of the Adviser is not shared with the employees responsible for the purchase and sale of publicly traded securities or to confirm prior to receipt of any material non-public information that the information will shortly be made public. The Registrant s investment opportunities also may be limited by affiliations of the Adviser or its affiliates with energy companies.

The Adviser and its principals, officers, employees, and affiliates may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on the Registrant s behalf. As a result of differing trading and investment strategies or constraints, positions may be taken by principals, officers, employees, and affiliates of the Adviser that are the same as, different from, or made at a different time than positions taken for the Registrant. Further, the Adviser may at some time in the future, manage additional investment funds with the same investment objective as the Registrant s.

Compensation

None of Messrs. Birzer, Hamel, Malvey, Matlack, Kessens, Mick, Sallee or Thummel receives any direct compensation from the Registrant or any other of the managed accounts reflected in the table above. All such accounts are managed by the Adviser. Each of Messrs. Birzer, Hamel, Malvey, Matlack, Kessens, Mick, Sallee and Thummel has a services agreement with the Adviser and receives a base guaranteed payment from the Adviser for the services he provides. They are also eligible for an annual cash bonus based on the Adviser s earnings and the satisfaction of certain other conditions. Additional benefits received by Messrs. Birzer, Hamel, Malvey, Matlack, Kessens, Mick, Sallee and Thummel are normal and customary employee benefits generally available to all salaried employees. Each of Messrs. Birzer, Hamel, Malvey, Matlack, Kessens, Mick, Sallee and Thummel owns an equity interest in Tortoise Investments, LLC which wholly owns the Adviser, and each thus benefits from increases in the net income of the Adviser.

Securities Owned in the Registrant by Portfolio Managers

The following table provides information about the dollar range of equity securities in the Registrant beneficially owned by each of the portfolio managers as of November 30, 2016:

Portfolio Manager	Aggregate Dollar Range of Holdings in the Registrant
H. Kevin Birzer	$100,001 - $500,000
Zachary A. Hamel	$10,001 - $50,000
Kenneth P. Malvey	$100,001 - $500,000
Terry Matlack	$100,001 - $500,000
Brian A. Kessens	$1 - $10,000
James R. Mick	None
Matthew G.P. Sallee	$1 - $10,000
Robert J. Thummel, Jr.	$10,001 - $50,000

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Period	***(a) Total Number of Shares (or Units) Purchased***	***(b) Average Price Paid per Share (or Unit)***	***(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs***	***(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs***
Month #1 6/1/16-6/30/16	0	0	0	0
Month #2 7/1/16-7/31/16	0	0	0	0
Month #3 8/1/16-8/31/16	0	0	0	0
Month #4 9/1/16-9/30/16	0	0	0	0
Month #5 10/1/16-10/31/16	0	0	0	0
Month #6 11/1/16-11/30/16	0	0	0	0
Total	0	0	0	0

Item 10. Submission of Matters to a Vote of Security Holders.

None.

Item 11. Controls and Procedures.

(a) The Registrant s Chief Executive Officer and its Principal Financial Officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the 1940 Act)) are effective as of a date within 90 days of the filing date of this report, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rules 13a-15(b) or 15d-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 Registrant s second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Registrant s internal control over financial reporting.

Item 12. Exhibits.

(a)(1) *Any code of ethics or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the Registrant intends to satisfy Item 2 requirements through filing of an exhibit.* Filed herewith.

(2) *Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* Filed herewith.

(3) *Any written solicitation to purchase securities under Rule 23c-1 under the Act sent or given during the period covered by the report by or on behalf of the Registrant to 10 or more persons.* None.

(b) *Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* Furnished herewith.

SIGNATURES

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.

(Registrant) Tortoise Energy Independence Fund, Inc.

By (Signature and Title) /s/ P. Bradley Adams
P. Bradley Adams, Chief Executive Officer

Date January 19, 2017

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 (Signature and Title) /s/ P. Bradley Adams
P. Bradley Adams, Chief Executive Officer

Date January 19, 2017

By (Signature and Title) /s/ Brent Behrens
Brent Behrens, Principal Financial Officer and Treasurer

Date January 19, 2017