PF Hospitality Group, Inc.
Form 10-12G/A
February 05, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10

(Amendment No. 3)

GENERAL FORM FOR REGISTRATION OF SECURITIES

Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

PF HOSPITALITY GROUP, INC.
(Exact name of registrant as specified in its charter)

Nevada	**80-0379897**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

399 NW 2nd Avenue, Suite 216, Boca Raton, FL	**33432**
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) **(561) 939-2520**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
N/A	N/A

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, $0.001 par value

(Title of class)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]
(Do not check if a smaller reporting company)	

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EXPLANATORY NOTE

This Amendment No. 3 to Form 10 (this " Third Amendment") amends the Form 10-12G filing, originally filed on October 13, 2015 (the "Original Filing"), Amendment No. 2 to Form 10 (the "Second Amendment") filed January 5, 2016 and Amendment No. 1 to Form 10 (the "First Amendment") filed December 2, 2015 by PF Hospitality Group, Inc., a Nevada corporation (the "Company," "we," "us," "our"). We are filing this Third Amendment to address the Securities and Exchange Commission's ("SEC") comments dated January 15, 2016 , to provide EXO:EXO, Inc. 's ("EXO") net sales for its fiscal year ended December 31, 2014 and to revise the disclosure in footnote 14 - Subsequent Events to the Company's September 30, 2015 financial statements to include disclosure of the Company's December 16, 2015 acquisition of EXO as disclosed in its Form 8-K filed with the SEC on December 22, 2015. In addition, this Amendment No. 3 also corrects a typographical error regarding the expiration date of Sloan McComb's December 16, 2015 employment agreement.

This Third Amendment supplements and clarifies the information set forth in the Original Filing , the First Amendment and the Second Amendment. The Original Filing , the First Amendment and the Second Amendment continue to speak as of the dates of the Original Filing , the First Amendment and the Second Amendment , respectively, except as indicated herein.

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements. The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This report and other written and oral statements that we make from time to time contain such forward-looking statements that set out anticipated results based on management's plans and assumptions regarding future events or performance. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated sales efforts, expenses and financial results.

We caution that the factors described herein and other factors could cause our actual results of operations and financial condition to differ materially from those expressed in any forward-looking statements we make and that investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time, and it is not possible for us to predict all of such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to

differ materially from those contained in any forward-looking statements.

INFORMATION REQUIRED IN REGISTRATION STATEMENT

ITEM 1. Business

We are a management firm which creates, cultivates, and operates innovative and healthy lifestyle brands within the restaurant and retail industries. We focus on consumer food service concepts that is founded on a franchised and multi-unit business model in the retail, fast-casual, and casual restaurant sector. As the creator and current advisor organization of the all-natural and organic pizza franchise, Pizza Fusion, we are seeking to expand our innovative food service with an emphasis on sustainability and community impact. Currently with locations in selected markets in the United States, Saudi Arabia, and the United Arab Emirates, we are poised to rollout new concepts we plan to develop and manage.

Following the completion of our merger with PF Hospitality Group and the sale of a $1.3 million principal amount of convertible debentures we are now in a position to make an impact on the food and hospitality industry this coming year for critical growth and smart expansion. We believe successful investing begins with providing a compelling value proposition to the consumer combined with a unique and innovative concept, to all business constituencies. With that in mind, on a daily basis we strive to consistently deliver passion, innovation, creativity, and financial growth to all of our stakeholders who make this possible.

In 2014 and the early part of 2015, we franchised two new Pizza Fusion locations in Dubai, UAE. Continuing to follow progress of our Pizza Fusion expansion of units within the Middle East, we plan to narrow our focus on the rebranding of the Pizza Fusion concept. Part of this effort will be building strong sales growth of existing restaurants with the introduction of new and innovative menu offerings. We are also looking into physical refurbishments to individual Pizza Fusion establishments, and assessing key investments in mobile technology designed to engage the brand’s growing, savvy audience. Pizza Fusion is a fast-casual pizza restaurant that utilizes primarily organic and all-natural ingredients. In addition to pizza, Pizza Fusion establishments serve appetizers, salads, sandwiches, desserts, natural sodas, teas, juices, beer and wine. Restaurants are typically 1,200 to 2,400 square feet. The average lunch check is $8.00 per person and the average dinner check is $11.00 per person.

Our newest concept, Shaker & Pie, is a new interactive restaurant concept combining wood-fired pizzas with healthy, hearty Italian-influenced street food. An “interactive restaurant” expands upon the traditional restaurant concept by incorporating an interactive experience that might include the use of tablets to place orders, and social interaction on social media, including the use of on-line reservations or on-line ordering. We expect Shaker & Pie will provide a lasting impression on the South Florida restaurant arena, where the flagship location is slated to open in the second fiscal quarter of 2016 in the Mizner Park area of affluent, Boca Raton, Florida. Boca Raton’s Mizner Park is a pioneering downtown mixed-use project that includes 236,000 square feet of retail space, 267,000 square feet of office space, luxury retail apartments, town homes and cultural arts space, as well as a 5,000-person-capacity open-air amphitheater and was named one of America’s Top Public Places in 2010 by the American Planning Association. In

addition, Boca Raton has been rated among the best places to start a new restaurant by the personal finance website NerdWallet.com. We are in the final stages of entering into a joint venture agreement with Sub-Culture Restaurant Group, an unrelated third party familiar with the operations of similar restaurant concepts for our initial Shaker & Pie location to utilize our executive management and marketing know-how and utilize our planned joint venture partner's restaurant operating experience. It is expected that we will own a controlling interest in the joint venture and that we will be responsible for all conceptual design and brand direction, as well as share in the operating and marketing responsibilities of the restaurant. The flagship Shaker & Pie is expected to occupy approximately 3,638 square feet and, based on the currently proposed menu, the expected average cost for lunch will be $12.00 per person and $15.00 per person for dinner.

In addition, we are exploring ways to broaden our reach into the hospitality space, as we seek to add and develop brands from the natural and organic space into our current and planned locations, as we remain responsive to the changing demographics driven by millennials. As part of this effort, we granted Aramark Food and Support Services Group, Inc. ("Aramark") the non-exclusive right to operate Pizza Fusion restaurants within Aramark's U.S. network of colleges, universities, sports complexes, healthcare facilities and entertainment venues at locations to be agreed on by us and Aramark pursuant to a Test License Agreement. No locations to be operated under this agreement have been identified as of the date of this report.

In addition, we are expanding our presence in the health and fitness space following our acquisition of EXO:EXO, Inc. ("EXO"), a designer and producer of active wear brands offered in national fitness retailers in the U.S. We acquired EXO pursuant to the terms of a stock exchange agreement (the "Stock Exchange Agreement") we entered into and closed on with EXO and Sloane McComb (EXO's sole shareholder) on December 16, 2015. Pursuant to the Stock Exchange Agreement, we acquired all of the issued and outstanding shares of EXO common stock from Ms. McComb in exchange for (i) the issuance to Ms. McComb of 500,000 shares of our unregistered common stock, (ii) a payment of $25,000 to Ms. McComb, (iii) the payment of up to $20,000 to a third party for the payment of certain debts of EXO, and (iv) contingent consideration of up to 700,000 shares of our unregistered common stock in the following amounts upon attainment of EXO gross sales targets in any calendar year following the closing: 100,000 shares if EXO attains gross sales of at least $250,000 but less than $500,000, an additional 150,000 shares if EXO attains gross sales of at least $500,000 but less than $750,000, an additional 200,000 shares if EXO attains gross sales of at least $750,000 but less than $1,000,000 and an additional 250,000 shares if EXO attains gross sales of at least $1,000,000 (the "Contingent Consideration"). In order earn the Contingent Consideration, Ms. McComb must be employed by us for the full calendar year during which the annual performance target has been achieved unless such target has been met prior to her separation. In addition to the purchase price, we agreed to invest $50,000 into EXO for inventory, marketing and working capital purposes. Pursuant to the Stock Exchange Agreement, EXO will be a wholly owned subsidiary of the Company upon the closing of the Stock Exchange. EXO's net sales as of its fiscal year ended December 31, 2014 were $83,384.

In connection with the closing under the Stock Exchange Agreement, EXO entered into an employment agreement with Ms. McComb, pursuant to which Ms. McComb has been engaged as the President of EXO for a term commencing on the closing and ending on December 21, 2018 , subject to automatic extensions if neither party has given the other notice that it does not wish to extend the agreement. Ms. McComb will receive an initial salary based on an annual rate to $40,000 for 2016 and $45,000 for 2017 and $50,000 for 2018, and will receive a quarterly bonus equal to 20% EXO's EBITDA in the prior quarter, and other benefits as determined by the company's board of directors.

We expect that this group will drive solid opportunities for expansion. We believe that leveraging our infrastructure and operations team will lead to potential acquisitions of undervalued brands in need of our managerial talent and cost control procedures.

Markets

We currently have Pizza Fusion franchises in 6 locations in the United States and 9 in Saudi Arabia and the United Arab Emirates. Within the United States, we have franchisees in Florida, New Jersey, and Virginia. We anticipate opening the first Shaker & Pie restaurant Boca Raton, Florida in the second fiscal quarter of 2016.

Franchise and Development Agreements

In connection with its franchising operations, we receive initial franchise fee (typically $30,000), area development fees (historically $250,000 to $300,000 per territory and a reduced franchise fee per location of $5,000 to $7,500 per location depending on the territory), franchise deposits and royalties of 5% of gross revenues of sales at franchised restaurants as defined in the franchise agreement. The term of the franchise agreement is generally for 10 years and may be renewed for two additional terms of 10 years subject to certain conditions, including the payment of a discounted franchise fee. We are currently operating 6 stores under franchise agreements.

Under the terms of our franchise agreement, we provide training, opening assistance and an operating manual, have the right to require franchisees source food items, equipment, supplies and certain services from approved suppliers, the right to approve any new menu items and make available to our franchisees information about new developments, techniques, and improvements in the areas of operations, management, and marketing. We also maintain a website for the benefit of ourselves and our franchisees. We have the right, but not the obligation, to establish, maintain, and administer a fund for the marketing of the "Pizza Fusion" brand and restaurants. If we establish a marketing fund, a franchisee is obligated to contribute an amount equal to 3% of its gross revenue for a local marketing fund plus an additional 2% of gross revenue if we establish a regional fund to cover a geographical area we have the right to designate. Further, franchisee's are obligated to spend an amount equal to 3% of their gross revenues on their own local marketing. We have the right at any time prior to six months before the end of the term of any franchise agreement to inspect a franchised business and require the franchisee to maintain, refurbish, renovate, and upgrade (including purchasing one or more new delivery vehicles).

An area development agreement grants a the developer exclusive right to open a specified number of restaurants in the development area within a specified time period or the agreements may be cancelled by us. Each location must be approved by us and will operate under a separate franchise agreement to be entered into upon selection of a location. A developer generally has a right to use the Pizza Fusion marks and grant sub-franchises within the development area. A developer is obligated to pay us an upfront fully earned fee upon execution of the agreement. We are obligated to provide initial training, on-going support and register the Pizza Fusion trademark in the development area. Furthermore, the developer is subject to certain non-solicitation and non-compete clauses during the term of the agreement and for a two year period after its expiration or termination. The area development agreements may not be assigned without our prior written consent, subject to certain limitations.

In January 2009 we entered into a ten year area development agreement with a third party to open a total of 10 Pizza Fusion locations in Saudi Arabia in return for a $250,000 development fee. Seven locations have been opened under the terms of this agreement.

In March 2011 we entered into a restaurant development agreement with a third party to open a total of 38 Pizza Fusion locations by 2019 in the countries of Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Tunisia and the United Arab Emirates. Two locations have been opened under the terms of this agreement and we have agreed to defer the development schedule under this agreement indefinitely. This development agreement expires on December 31, 2023.

During the preceding three years, the number of operating franchised restaurants has fluctuated from 11 restaurants in 2013 to a low of seven as of September 30, 2015. There are currently 15 operating Pizza Fusion franchises. As with any franchise system, the number of operating franchises fluctuates over time, and a reduction in the number of franchises may be due to factors outside of the franchisor's control. Several Pizza Fusion franchises that were in developing markets in 2008 were forced to cease operations due to the worldwide economic downturn. We also terminated or severed ties with certain franchises due to their non-compliance with our standards so as to negatively affect the image of our brand. Given the early stage of our development and our limited resources, we were not in a

position to assume operations of these franchised locations pending identification of replacement operators. We will likely continue to experience fluctuations in the number of franchisees for these and other reasons.

The natural and organic food industry has grown significantly since we created the concept in 2006. A majority of the products needed to provide natural and organic offerings are readily available through national distribution partners as well as regional and local distribution sources. Fluctuations in commodity costs are expected, are present in all restaurant concepts, and are not unique to operators of natural and organic restaurant concepts. We endeavor to monitor the market pricing of our major commodity items, such as tomatoes, cheese and flour, and seek to secure long-term contracts based on futures pricing. Notwithstanding these efforts, fluctuations in commodity prices, particularly when prices increase precipitously, could adversely affect the operations of our franchisees.

Research and Development

We do not engage in any material research and development activities. However, we do engage in ongoing studies to assist with food and menu development. Additionally, we conduct consumer research to determine customers' preferences, trends, and opinions, as well as to better understand other competitive brands.

Government Regulation

We and our franchisees are subject to various federal, state and local laws affecting our business.

Franchise Regulations

We are subject to a variety of federal, state, and international laws governing franchise sales and the franchise relationship. In general, these laws and regulations impose certain disclosure and registration requirements prior to the offer and sale of franchises. Rulings of several state and federal courts and existing or proposed federal and state laws demonstrate a trend toward increased protection of the rights and interests of franchisees against franchisors. Such decisions and laws may limit the ability of franchisors to enforce certain provisions of franchise agreements or to alter or terminate franchise agreements. Due to the scope of our business and the complexity of franchise regulations, we may encounter minor compliance issues from time to time. We do not believe, however, that any of these issues will have a material adverse effect on our business.

Regulations Affecting the Restaurant Industry

Each of our franchisees' restaurants must comply with licensing requirements and regulations by a number of governmental authorities, which include health, safety and fire agencies in the state or municipality in which the restaurant is located. The development and operation of restaurants depends on selecting and acquiring suitable sites, which are subject to zoning, land use, environmental, alcoholic beverage control, traffic and other regulations. We have not encountered significant difficulties or failures in obtaining the required licenses or approvals that could delay the opening of a new restaurant or the operation of an existing restaurant nor do we presently anticipate the occurrence of any such difficulties in the future.

Our franchisees are also subject to the Fair Labor Standards Act of 1938, as amended, and various other laws in the United States governing such matters as minimum-wage requirements, overtime, tip credits, other working conditions, safety standards, and hiring and employment practices. Any increases in labor costs might result in our franchisees inadequately staffing stores. Such increases in labor costs and other changes in labor laws could affect store performance and quality of service, decrease royalty revenues and adversely affect our brand.

Our franchisees' facilities must comply with the applicable requirements of the Americans with Disabilities Act of 1990 (the "ADA") and related state accessibility statutes. Under the ADA and related state laws, our franchisees must provide equivalent service to disabled persons and make reasonable accommodation for their employment, and when constructing or undertaking significant remodeling of restaurants, those facilities must be accessible.

Our franchisees are subject to laws and regulations relating to the preparation and sale of food, including regulations regarding product safety, nutritional content and menu labeling. Our franchisees are or may become subject to laws and regulations requiring disclosure of calorie, fat, trans fat, salt and allergen content. The Patient Protection and Affordable Care Act (the "Affordable Care Act") requires restaurants, such as our franchisees, to disclose calorie information on their menus. The Food and Drug Administration has proposed rules to implement this provision of the Affordable Care Act that would require restaurants to post the number of calories for most items on menus or menu boards and to make available more detailed nutrition information upon request.

Our franchisees are subject to laws relating to information security, privacy, cashless payments and consumer credit, protection and fraud. An increasing number of governments and industry groups worldwide have established data privacy laws and standards for the protection of personal information, including social security numbers, financial information (including credit card numbers), and health information.

Competition

We believe that our direct competitors, pizza restaurants using natural and organic ingredients constitute a small minority of operators within the pizza industry. We consider anyone in the fast-casual pizza space as competition and consider operators such as Blaze, Pie Five, Modmarket and Zpizza as our direct competitors within the natural and organic market.

In addition, the restaurant industry generally is intensely competitive with respect to the type and quality of food, price, service, restaurant location, personnel, brand, attractiveness of facilities, and effectiveness of advertising and marketing. The restaurant business is often affected by changes in consumer tastes; national, regional or local economic conditions; demographic trends; traffic patterns; the type, number and location of competing restaurants; and consumers' discretionary purchasing power. Our franchisees compete within each market with national and regional chains and locally-owned restaurants for guests, management and hourly personnel and suitable real estate sites. We and our franchisees also face growing competition from the supermarket industry, which offers "convenient meals" in the form of improved entrées and side dishes from the deli section. In addition, improving product offerings at fast casual restaurants and quick-service restaurants, together with negative economic conditions, could cause consumers to choose less expensive alternatives. We expect intense competition to continue in all of these areas.

Seasonality

We expect that our sales volumes will fluctuate seasonally. We expect that our average sales will be highest in the spring and winter, followed by the summer, and lowest in the fall, and that holidays, changes in the economy, severe weather and similar conditions may impact sales volumes seasonally in some regions. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

Trademarks and Service Marks

We own the service marks for "Pizza Fusion" and "Pizza Fusion Fresh, Organic Earth Friendly". These service marks are registered in the United States. We granted our area franchisee in the Middle East the right to register the Pizza Fusion trademark for the term of its franchise agreement with us in certain countries in the Middle East where the franchisee has the right to open Pizza Fusion restaurants. We expect that the service marks and trademarks related to our restaurant businesses will have significant value and be important to our marketing efforts. Registration of the Pizza Fusion and Pizza Fusion Fresh, Organic Earth Friendly service marks expire in our 2018 and 2019 fiscal years, respectively, unless renewed. We expect to renew these registrations at the appropriate time.

Employees

As of the date of this report, we had four full-time employees. None of our employees is represented by a collective bargaining agreement and we consider our relations with our employees to be good.

Former Business Operations and Corporate Information

We were incorporated in Nevada on April 5, 2005 under the name Tomi Holdings, Inc. In October 2005, we changed our name to InfraBlue (US), Inc., and in October 2007, we changed our name to NextGen Bioscience, Inc. In December 2008, we changed our name to Kalahari Greentech, Inc. In May 2015, we changed our name to PF Hospitality Group, Inc. Our principal executive offices are located at 399 NW 2nd Avenue, Suite 216, Boca Raton, Florida 33432. Our telephone number is (561) 939-2520 and our fiscal year end is September 30. Prior to our merger with PF Hospitality Group discussed below, we were a U.S.-based exploration company with a primary focus on projects with prior exploration and production history.

Effective July 1, 2015, we merged with Pizza Fusion Holdings, Inc. ("Pizza Fusion"), a franchisor of organic fare pizza restaurants. As a result of the merger, PF Hospitality Group has become a franchisor of pizza restaurants specializing in organic fare free of artificial additives, such as preservatives, growth hormones, pesticides, nitrates and trans fats. Pursuant to the terms of the May 26, 2015 merger agreement, we acquired 100% of the Pizza Fusion common shares and warrants in exchange for 17,117,268 shares of our common stock and warrants to purchase an aggregate of 11,411,512 shares of our common stock at $0.25 per share for a period of three years. In addition, we issued an aggregate of 2,385,730 warrants to acquire the common stock at $0.25 per share for a period of three years in exchange for previously issued and outstanding warrants to purchase Pizza Fusion Holdings, Inc. common stock. In addition, Pizza Fusion's founders, Vaughan Dugan and Randy Romano, each purchased 21,441,366 shares of our common stock and 1,000,000 shares of our Series A preferred stock at a price of $.0001 per share. The shares are restricted and subject to the conditions set forth in Rule 144. Holders of convertible debt in the original principal amount of $65,600 agreed as part of the merger to limit the number of shares issuable upon conversion of to such debt to 40,000,000 shares of our common stock. Upon completion of the merger, Vaughan Dugan was appointed as our Chief Executive Officer and Randy Romano was appointed as President. Messrs. Dugan and Romano were also appointed to the Company's board of directors. David Kugelman resigned from his position as Chief Executive Officer and Director.

Financings

Under the terms of the securities purchase agreement dated July 27, 2015, we issued and sold a $1,333,334 principal amount of convertible debentures due July 27, 2020 for a price of $1,200,000. Proceeds from this debenture will be paid to the company as follows: $140,000 upon signing with the balance payable in five consecutive monthly installments of $212,000 commencing on September 1, 2015. The company agreed to pay interest for the first 12 months at the rate of 10% per annum on the amounts advanced payable in cash in six equal tranches, the first of which is due on date the company closed on the financing and remainder will be due on each of the first five monthly anniversaries of such date.

Under the terms of a Registration Rights Agreement entered into as part of the offering, the company agreed to file a registration statement with the Securities and Exchange Commission within 60 days of the closing date covering the public resale of the shares of common stock underlying the debentures, and to use its best efforts to cause the registration statement to be declared effective within 180 days from the closing date. Should the number of shares of common stock the company is permitted to include in the initial registration statement be limited pursuant to Rule 415 of the Securities Act of 1933, the company further agreed to file additional registration statements with the SEC to register any remaining shares. We will pay all costs associated with the registration statements, other than underwriting commissions and discounts. The parties to the Registration Rights Agreement have agreed to defer the Company's obligation to file the a registration statement until further notice by the holders of the convertible debt.

The terms of the Securities Purchase Agreement contain certain negative covenants by the company, unless consent of purchasers holding at least 75% of the aggregate principal amount of the outstanding debentures, including prohibitions on: incurrence of certain indebtedness and liens, amendment to our articles of incorporation or bylaws, repayment or repurchase of the company's common stock or debts, sell substantially all of its assets or merger with another entity, pay cash dividends or enter into any related party transactions. We granted investors certain pro-rata rights of first refusal on future offerings by the company for as long as the investor(s) beneficially own any of the debentures.

The debentures are convertible into shares of the company's common stock at a conversion price equal to 65% of the lowest traded price of its common stock for the twenty trading days prior to each conversion date subject to adjustment. The conversion price of the debentures is subject to proportional adjustment in the event of stock splits, stock dividends and similar corporate events. In addition, the conversion price is subject to adjustment if the company issues or sells shares of its common stock for a consideration per share less than the conversion price then in effect, or issue options, warrants or other securities convertible or exchange for shares of its common stock at a conversion or exercise price less than the conversion price of the debentures then in effect. If either of these events should occur, the conversion price is reduced to the lowest price at which these securities were issued or are exercisable. The debentures shares are not convertible to the extent that (a) the number of shares of the company's common stock beneficially owned by the holder and (b) the number of shares of the company's common stock issuable upon the conversion of the debentures or otherwise would result in the beneficial ownership by holder of more than 4.99% of the company's then outstanding common stock. This ownership limitation can be increased or decreased to any percentage not exceeding 9.99% by the holder upon 61 days notice to the company.

ITEM 1A. Risk Factors.

Not applicable for a smaller reporting company.

ITEM 2. Financial Information.

Selected Financial Data

Not applicable.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Fiscal Year Periods

We have defined various periods that are covered in this report as follows:

"fiscal 2014" — October 1, 2013 through September 30, 2014

"fiscal 2015" — October 1, 2014 through September 30, 2015.

Overview

Effective July 1, 2015, we merged with Pizza Fusion, a franchisor of organic fare pizza restaurants. As a result of the merger, we have become a franchisor of pizza restaurants specializing in organic fare free of artificial additives, such as preservatives, growth hormones, pesticides, nitrates and trans fats. We are a management firm which creates, cultivates, and operates innovative and healthy lifestyle brand within the restaurant and retail industries. We focus on consumer food service concepts, with a specialization around franchised and multi-unit business models in the retail, fast-casual, and casual restaurant sectors. As the creator and current advisor organization of the all-natural and organic pizza franchise, Pizza Fusion, we have been on the cutting edge of innovative food service with an emphasis on sustainability and community impact since 2006. Currently with 6 locations in the United States, 7 Saudi Arabia, and 2 in the United Arab Emirates, we is now testing out new concepts it will develop and manage.

Our newest concept, Shaker & Pie, is a new interactive restaurant concept combining wood-fired pizzas with healthy, hearty Italian-influenced street food. We expect Shaker & Pie will provide a lasting impression on the South Florida restaurant arena, where the flagship location is slated to open in the second fiscal quarter of 2016 in the Mizner Park

area of affluent, Boca Raton, Florida. Boca Raton's Mizner Park is a pioneering downtown mixed-use project that includes 236,000 square feet of retail space, 267,000 square feet of office space, luxury retail apartments, town homes and cultural arts space, as well as a 5,000-person-capacity open-air amphitheater and was named one of America's Top Public Places in 2010 by the American Planning Association. In addition, Boca Raton has been rated among the best places to start a new restaurant by the personal finance website NerdWallet.com. We plan to enter into a joint venture with an operator of similar restaurant concepts for our initial Shaker & Pie location to utilize our executive management and marketing know-how and utilize our planned joint venture partner's pizzeria expertise by taking the Shaker & Pie brand to a competitive with a loyal customer base.

In addition, we are exploring ways to broaden our reach into the hospitality space, as we seek to add and develop brands from the natural and organic space into our current and planned locations, as we remain responsive to the changing demographics driven by millennials. We expect that this group will drive solid opportunities for expansion. We believe that leveraging our infrastructure and operations team will lead to potential acquisitions of undervalued brands in need of our managerial talent and cost control procedures.

Prior to the merger with Pizza Fusion, we were a U.S.-based exploration company with a primary focus on projects with prior exploration and production history, thereby lowering capital costs and exploration risks. Its mission was to build a fully-integrated gold, silver, and metals production company that incorporated exploration, development, acquisition, mining, ore processing and sales. It targeted historically proven and highly prospective properties in North and South America with an ultimate goal of bringing projects into production, entering into joint ventures, or a potential sale.

Accounting Treatment of the Merger

For financial reporting purposes, our merger with Pizza Fusion represents a "reverse merger" rather than a business combination and Pizza Fusion is deemed to be the accounting acquirer in the transaction. The merger is being accounted for as a reverse-merger and recapitalization effective as of July 1, 2015. Pizza Fusion is the acquirer for financial reporting purposes and PF Hospitality is the acquired company. Consequently, in reports we file with the SEC covering accounting periods after June 30, 2015, the assets and liabilities and the operations will reflect the historical financial statements prior to the merger will be those of Pizza Fusion and will be recorded at the historical cost basis of PF Hospitality, and the consolidated financial statements after completion of the merger will include the assets and liabilities of our company and Pizza Fusion, and the historical operations of Pizza Fusion and the combined operations with our company from the initial closing date under the merger agreement. Furthermore, since the merger occurred after the period ended June 30, 2015, the following discussion and analysis includes the financial results and operations of Pizza Fusion and PF Hospitality on consolidated basis for the periods ended September 30, 2015 and 2014.

Pizza Fusion Management's Discussion and Analysis of Financial Condition and Results of Operations

Year Ended September 30, 2015 Compared to Year Ended September 30, 2014

Total Revenue. For fiscal 2015, total revenue decreased by $104,305 to $210,633 compared to $314,938 in the same period in fiscal 2014 as a result of a reduction in royalty income due to two units that left the franchise system as part of a settlement in fiscal 2014 and the absence of income we recognized in fiscal 2014 as part of that settlement. As a result of the reduction in franchised units, there were nine franchised restaurants operating in the United States at September 30, 2014 and seven restaurants operating at September 30, 2015.

Total Operating Expenses. For fiscal 2015, total operating expenses increased 30.5% to $746,338 compared to $571,793 for same period in fiscal 2014. This increase was primarily due to an increase of $158,999 in selling, general and administrative expense due to our acquisition of Kalahari Greentech Inc., SEC reporting obligations and compliance with our SEC filing obligations and $15,546 in payroll expense.

Net Loss. As a result of the above, the net loss for fiscal 2015 increased $180,029, or 70.1%, to $436,884 compared to $256,855 in the same period in fiscal 2014.

Liquidity and Capital Resources

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements.

Year Ended September 30, 2015 Compared to Year Ended September 30, 2014

As of September 30, 2015, our working capital deficit amounted to $944,490, a reduction of $106,912 as compared to working capital deficit of $837,578 as of September 30, 2014. This decrease is primarily a result of a $294,403 increase in total current liabilities partially offset by a $176,988 increase in cash. Working capital at September 30, 2015 included primarily cash and cash equivalents of $272,785 and accounts payable and accrued liabilities of $920,826, advances of $205,861, convertible notes payable of $61,074 and $50,000 of notes payable.

Cash used in operating activities of $265,086 during fiscal 2015 was primarily attributable to a net loss of $436,884, an increase of $30,104 in litigation receivable, an increase of $10,503 in accounts receivable, partially offset by an increase in accounts payable and accrued liabilities, non-cash merger costs, depreciation and amortization of debt discount. The increase in the litigation receivable remitted from the settlement in February 2015 of a lawsuit against two former franchisees.

Cash used in investing activities was $20,914 during fiscal 2015, and principally related to design and related costs associated with a planned new restaurant.

Cash provided by financing activities of $462,988 during fiscal 2015 was attributable to proceeds from issuance of convertible notes, proceeds from advances, sale of common stock and series A preferred stock. Cash provided by financing activities of $149,361 during fiscal 2014 was attributable to proceeds from issuance of convertible notes, proceeds from advances and issuance of notes.

Capital Resources

We expect to incur a minimum of $1,555,000 in expenses during the next twelve months of operations as we launch our planned Shaker and Pie restaurant concept, acquisition of new restaurant concepts and manage our current franchise operations. We estimate that this will be comprised of approximately $1,055,000 towards leasehold improvements and launch costs. Additionally, approximately $500,000 will be needed for general overhead expenses such as for corporate legal and accounting fees, office overhead and general working capital. We have not determined the amount of funds needed to finance company's we are seeking to acquire. We plan to fund these costs from the proceeds of our $1.3 million principal amount convertible debentures and approximately $600,000 in capital contributions from our planned joint venture partner for the initial Shaker and Pie location. In the event we run into cost overruns or lower than anticipated revenues from the Shaker and Pie operation, we will have to raise the funds to pay for these expenses. We potentially will have to issue debt or equity, obtain capital from our joint venture partner or enter into a strategic arrangement with other third parties.

There can be no assurance that additional capital will be available to us. Other than our $1.3 million principal amount convertible debentures and our discussions with our proposed joint venture partner for the our initial Shaker and Pie location, we currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources. Since we have no other such arrangements or plans currently in effect, our inability to raise funds for the above purposes that exceed our current working capital, the funding schedule in our $1.3 million principal amount convertible debentures and the funds from our planned joint venture partner will have a severe negative impact on our ability to remain a viable company.

Off-Balance Sheet Arrangements

As of September 30, 2015, Pizza Fusion did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term "off-balance sheet arrangement" generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have any obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

Going Concern Consideration

Pizza Fusion's consolidated financial statements were prepared using GAAP applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Pizza Fusion has not yet established an ongoing source of revenues sufficient to cover its operating costs which raises substantial doubt regarding its ability to continue as a going concern. Pizza Fusion has incurred significant losses and, as of September 30, 2015, has an accumulated deficit of $10,862,378, total current assets of $293,271 and total stockholders' deficit of $1,378,229. Our ability to continue as a going concern is dependent on our obtaining adequate capital to fund operating losses until we become profitable. If we are unable to obtain adequate capital, we could be forced to cease operations.

In order to continue as a going concern, we will need, among other things, additional capital resources. Management's plan is to obtain such resources for our capital needs by obtaining capital from management and significant shareholders sufficient to meet its operating expenses and planned expansion and seeking equity and/or debt financing. However management cannot provide any assurances that we will be successful in accomplishing any of our plans.

Our ability to continue as a going concern is dependent upon our ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

Critical Accounting Policies

We have identified the following policies below as critical to its business and results of operations. Our reported results are impacted by the application of the following accounting policies, certain of which require management to make subjective or complex judgments. These judgments involve making estimates about the effect of matters that are inherently uncertain and may significantly impact quarterly or annual results of operations. For all of these policies, management cautions that future events rarely develop exactly as expected, and the best estimates routinely require adjustment. Specific risks associated with these critical accounting policies are described in the following paragraphs.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. For the purpose of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment. Property and equipment are stated at cost. Depreciation is computed principally on the straight-line method over the estimated useful lives of the assets. The useful lives of the Company's property and equipment ranges from 5 to 7 years.

Concentrations of Risk. The Company's bank accounts are held by insured institutions. The funds are insured up to $250,000. At September 30, 2015 and 2014, the Company's bank deposits did not exceed the insured amounts.

Accounts Receivable. The Company's accounts receivable are net of the allowance for estimated doubtful accounts of $-0- and $-0- as of September 30, 2015 and 2014, respectively. The allowance for doubtful accounts reflects managements' best estimate of probable losses inherent in the accounts receivable balance.

Impairment of Long-Lived Assets. The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Fair value of Financial Instruments. The fair value of cash and cash equivalents, royalties receivable, prepaid expenses and other assets, accounts payable and accrued liabilities, deferred income, approximates the carrying amount of these financial instruments due to their short-term nature. The fair value of long-term debt, which approximates its carrying value, is based on current rates at which we could borrow funds with similar remaining maturities.

Advertising Expense. In accordance with ASC 720, the Company expenses all costs of advertising as incurred which such amounts being immaterial.

Stock-based Compensation. The Company follows the provisions of ASC 718 which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations based on their fair values. The Company uses the Black-Scholes pricing model for determining the fair value of stock-based compensation.

Income Revenue Recognition. In connection with its franchising operations, the Company receives initial franchise fees, area development fees, franchise deposits and royalties which are based on sales at franchised restaurants.

Franchise fees, which are typically received prior to completion of the revenue of the revenue recognition process, are deferred when received. Such fees are recognized as income when substantially all services to be performed by the Company and conditions related to the sale of the franchise have been performed or satisfied, which generally occurs when the franchised restaurant commences operations.

Development agreements require the developer to open a specified number of restaurants in the development area within a specified time period or the agreements may be cancelled by the Company. Fees from development agreements are deferred when received and recognized as income as restaurants in the development area commence operations on a pro rata basis to the minimum number of restaurants required to be open.

Deferred franchise fees and development fees are classified as current or long term in the financial statements based on the projected opening date of the restaurants. Royalty fees, which are based upon a percentage of franchise sales, are made by the franchisee.

Taxes. The Company provides for income taxes under ASC 740, Accounting for Income Taxes. ASC 740 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. ASC 740 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Research and Development. Research and development costs are charged to operations as they are incurred. Legal fees and other direct costs incurred in obtaining and protecting patents are expensed as incurred which such amounts being immaterial.

Recent Accounting Pronouncements

We implemented all new accounting standards that are in effect and that may impact its consolidated financial statements. We do not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on the consolidated financial position or results of operations.

Off-Balance Sheet Arrangements

As of September 30, 2015, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term “off-balance sheet arrangement” generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have any obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

Going Concern

The accompanying unaudited condensed financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, the Company has reported, as of the year ended September 30, 2015, net losses of $436,884, accumulated deficit of $10,862,378 and total current liabilities in excess of current assets of $944,490.

The Company’s revenue from operations is not sufficient to meet its working capital needs and will be dependent on funds raised to satisfy its ongoing capital requirements for at least the next 12 months. The Company will require additional financing in order to execute its operating plan and continue as a going concern. The Company cannot predict whether this additional financing will be in the form of equity or debt, or be in another form. The Company may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all.

In any of these events, the Company may be unable to implement its current plans for expansion or respond to competitive pressures, any of these circumstances would have a material adverse effect on its business, prospects, financial condition and results of operations.

Critical Accounting Policies

We have identified the following policies below as critical to our business and results of operations. Our reported results are impacted by th, Managing Director since 2006; Age: 47 and Merrill Lynch Investment Managers, L.P. ("MLIM") and Fund Secretary Asset Management ("FAM") Managing Director (2006); MLIM and FAM, First Vice President (1997 - 2005) and Treasurer (1999 - 2006); Princeton Services, Inc., Senior Vice President and Treasurer (1999 - 2006).
---------- James

E. Hillman P.O. Box 9011 Vice 2007 to IQ Investment Advisors LLC, Treasurer since March 2007; Princeton, NJ 08543-9011 President present MLPF&S, Director, Structured and Alternative Solutions since Age: 50 and 2007; Director, Global Wealth Management Market Investments & Treasurer Origination (September 2006 - 2007); Managed Account Advisors LLC, Vice President and Treasurer since November 2006; Director, Citigroup Alternative Investments Tax Advantaged Short Term Fund in 2006; Director, Korea Equity Inc. Fund in 2006; Independent Consultant, January to September 2006; Managing Director, The Bank of New York, Inc. (1999 - 2006).

Catherine Johnston P.O. Box 9011 Chief 2007 to IQ Investment Advisors LLC, Chief Compliance Officer since Princeton, NJ 08543-9011 Compliance present April 2007; Merrill Lynch & Co., Inc., Director, Corporate Age: 53 Officer Compliance since September 2007; BlackRock, Inc., Director (2006 - 2007); MLIM, Director (2003 - 2006), Vice President (1998 - 2003).

Martin G. Byrne P.O. Box 9011 Chief 2007 to IQ Investment Advisors LLC, Chief Legal Officer since June Princeton, NJ 08543-9011 Legal present 2006; Merrill Lynch & Co., Inc., Office of General Counsel, Age: 45 Officer Managing Director since 2006, First Vice President (2002 - 2006), Director (2000 - 2002); Managed Account Advisors LLC, Chief Legal Officer since November 2006; FAMD, Director since 2006.

Jay M. Fife P.O. Box 9011 Vice 2007 to IQ Investment Advisors LLC, Vice President (2005 - March Princeton, NJ 08543-9011 President present 2007); BlackRock, Inc., Managing Director since 2007; Age: 37 BlackRock, Inc., Director in 2006; MLIM, Director (2000 - 2006); MLPF&S, Director (2000) and Vice President (1997 - 2000).

Colleen R. Rusch P.O. Box 9011 Vice 2007 to IQ Investment Advisors LLC, Chief Administrative Officer and Princeton, NJ 08543-9011 President present Secretary since 2007, Vice President since 2005; MLPF&S, Age: 40 and Director, Structured and Alternative Solutions since 2007; Assistant MLPF&S, Director, Global Wealth Management Market Investments Secretary & Origination (2005 - 2007); MLIM, Director from January 2005 to July 2005; Vice President of MLIM (1998 - 2004). ----------

* Officers of the Fund serve at the pleasure of the Board of Directors.

Custodian State Street Bank and Trust Company P.O. Box 351 Boston, MA 02101 Transfer Agent The Bank of New York Mellon 101 Barclay Street -- 11 East New York, NY 10286 NYSE Symbol MTP 26 MLP & STRATEGIC EQUITY FUND INC. OCTOBER 31, 2007 Availability of Quarterly Schedule of Investments The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at http://www.sec.gov. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Electronic Delivery The Fund offers electronic delivery of communications to its shareholders. In order to receive this service, you must register your account and provide us with e-mail information. To sign up for this service, simply access this Web site at http://www.icsdelivery.com/live and follow the instructions. When you visit this site, you will obtain a personal identification number (PIN). You will need this PIN should you wish to update your e-mail address, choose to discontinue this service and/or make any other changes to the service. This service is not available for certain retirement accounts at this time. Contact Information For more information regarding the Fund, please visit www.IQIAFunds.com or contact us at 1-877-449-4742. MLP & STRATEGIC EQUITY FUND INC. OCTOBER 31, 2007 27 [LOGO] IQ INVESTMENT ADVISORS www.IQIAFunds.com MLP & Strategic Equity Fund Inc. seeks to provide a high level of after-tax total return. This report, including the financial information herein, is transmitted to shareholders of MLP & Strategic Equity Fund Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change. A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge at www.IQIAFunds.com/proxyvoting.asp or upon request by calling toll-free 1-877-449-4742 or through the Securities and Exchange Commission's Web site at http://www.sec.gov. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30

is available (1) at www.IQIAFunds.com/proxyvoting.asp; and (2) on the Securities and Exchange Commission's Web site at http://www.sec.gov. MLP & Strategic Equity Fund Inc. P.O. Box 9011 Princeton, NJ 08543-9011 #IQMTP -- 10/07 Item 2 - Code of Ethics - The registrant (or the "Fund") has adopted a code of ethics, as of the end of the period covered by this report, that applies to the registrant's principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge upon request by calling toll-free 1-877-449-4742. Item 3 - Audit Committee Financial Expert - The registrant's board of directors has determined that (i) the registrant has the following audit committee financial expert serving on its audit committee and (ii) the audit committee financial expert is independent: (1) Steven W. Kohlhagen. Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. Item 4 - Principal Accountant Fees and Services ---------- (a) Audit Fees (b) Audit-Related Fees(1) (c) Tax Fees(2) (d) All Other Fees ---------- Current Previous Current Previous Current Previous Current Previous Fiscal Year Fiscal Fiscal Year Fiscal Fiscal Year Fiscal Fiscal Year Fiscal Entity Name End Year End End Year End End Year End End Year End ---------- MLP & Strategic Equity Fund Inc. $54,600 N/A $0 N/A $6,100 N/A $0 N/A ---------- 1 The nature of the services include assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees. 2 The nature of the services include tax compliance, tax advice and tax planning. (e)(1) Audit Committee Pre-Approval Policies and Procedures: The registrant's audit committee (the "Committee") has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the registrant's affiliated service providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC's auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis ("general pre-approval"). However, such services will only be deemed pre-approved provided that any individual project does not exceed $5,000 attributable to the registrant or $50,000 for all of the registrants the Committee oversees. Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. (e)(2) None of the services described in each of Items 4(b) through (d) were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. (f) Not Applicable (g) Affiliates' Aggregate Non-Audit Fees: ---------- Current Fiscal Previous Fiscal Entity Name Year End Year End ---------- MLP & Strategic Equity Fund Inc. $6,100 N/A ---------- (h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the registrant's investment adviser(not including any non-affiliated sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence. Regulation S-X Rule 2-01(c)(7)(ii) - $2,094,000, 0% Item 5 - Audit Committee of Listed Registrants - The following individuals are members of the registrant's separately-designated standing audit committee established

in accordance with Section 3(a)(58)(A) of the Exchange Act (15 U.S.C. 78c(a)(58)(A)): Steven W. Kohlhagen Paul Glasserman William J. Rainer Laura S. Unger (effective September 12, 2007) Item 6 - Schedule of Investments - The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form. Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - The Registrant has delegated the voting of proxies relating to its voting securities to its investment sub-adviser, Fiduciary Asset Management, LLC (the "Sub-Adviser"). The Proxy Voting Policies and Procedures of the Sub-Adviser (the "Proxy Voting Policies") are attached as an Exhibit 99.PROXYPOL hereto. Proxy Voting Policies and Procedures For BlackRock Advisors, LLC And Its Affiliated SEC Registered Investment Advisers September 30, 2006 Table of Contents Page ---- Introduction..... Scope of Committee Responsibilities..... Special Circumstances..... Voting Guidelines..... Boards of Directors..... Auditors..... Compensation and Benefits..... Capital Structure..... Corporate Charter and By-Laws..... Corporate Meetings..... Investment Companies..... Environmental and Social Issues..... Notice to Clients..... Proxy Voting Policies and Procedures These Proxy Voting Policies and Procedures ("Policy") for BlackRock Advisors, LLC and its affiliated U.S. registered investment advisers(1) ("BlackRock") reflect our duty as a fiduciary under the Investment Advisers Act of 1940 (the "Advisers Act") to vote proxies in the best interests of our clients. BlackRock serves as the investment manager for investment companies, other commingled investment vehicles and/or separate accounts of institutional and other clients. The right to vote proxies for securities held in such accounts belongs to BlackRock's clients. Certain clients of BlackRock have retained the right to vote such proxies in general or in specific circumstances.(2) Other clients, however, have delegated to BlackRock the right to vote proxies for securities held in their accounts as part of BlackRock's authority to manage, acquire and dispose of account assets. When BlackRock votes proxies for a client that has delegated to BlackRock proxy voting authority, BlackRock acts as the client's agent. Under the Advisers Act, an investment adviser is a fiduciary that owes each of its clients a duty of care and loyalty with respect to all services the adviser undertakes on the client's behalf, including proxy voting. BlackRock is therefore subject to a fiduciary duty to vote proxies in a manner BlackRock believes is consistent with the client's best interests,(3) whether or not the client's proxy voting is subject to the fiduciary standards of the Employee Retirement Income Security Act of 1974 ("ERISA").(4) When voting proxies for client accounts (including investment companies), BlackRock's primary objective is to make voting decisions solely in the best interests of clients and ERISA clients' plan beneficiaries and participants. In fulfilling its obligations to clients, BlackRock will seek to act in a manner that it believes is most likely to enhance the economic value of the underlying securities held in client accounts.(5) It is imperative that BlackRock considers the interests of its clients, and not the interests of BlackRock, when voting proxies and that real (or perceived) material conflicts that may arise between BlackRock's interest and those of BlackRock's clients are properly addressed and resolved. ---------- (1) The Policy does not apply to BlackRock Asset Management U.K. Limited and BlackRock Investment Managers International Limited, which are U.S. registered investment advisers based in the United Kingdom. (2) In certain situations, a client may direct BlackRock to vote in accordance with the client's proxy voting policies. In these situations, BlackRock will seek to comply with such policies to the extent it would not be inconsistent with other BlackRock legal responsibilities. (3) Letter from Harvey L. Pitt, Chairman, SEC, to John P.M. Higgins, President, Ram Trust Services (February 12, 2002) (Section 206 of the Investment Advisers Act imposes a fiduciary responsibility to vote proxies fairly and in the best interests of clients); SEC Release No. IA-2106 (February 3, 2003). (4) DOL Interpretative Bulletin of Sections 402, 403 and 404 of ERISA at 29 C.F.R. 2509.94-2. (5) Other considerations, such as social, labor, environmental or other policies, may be of interest to particular clients. While BlackRock is cognizant of the importance of such considerations, when voting proxies it will generally take such matters into account only to the extent that they have a direct bearing on the economic value of the underlying securities. To the extent that a BlackRock client desires to pursue a particular social, labor, environmental or other agenda through the proxy votes made for its securities held through BlackRock as investment adviser, BlackRock encourages the client to consider retaining direct proxy voting authority or to appoint independently a special proxy voting fiduciary other than BlackRock. 1 Advisers Act Rule 206(4)-6 was adopted by the SEC in 2003 and requires, among other things, that an investment adviser that exercises voting authority over clients' proxy voting adopt policies and procedures reasonably designed to ensure that the

adviser votes proxies in the best interests of clients, discloses to its clients information about those policies and procedures and also discloses to clients how they may obtain information on how the adviser has voted their proxies. In light of such fiduciary duties, the requirements of Rule 206(4)-6, and given the complexity of the issues that may be raised in connection with proxy votes, BlackRock has adopted these policies and procedures. BlackRock's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the "Committee"), addresses proxy voting issues on behalf of BlackRock and its clients.(6) The Committee is comprised of senior members of BlackRock's Portfolio Management Group and advised by BlackRock's Legal and Compliance Department. ---------- (6) Subject to the Proxy Voting Policies of Merrill Lynch Bank & Trust Company FSB, the Committee may also function jointly as the Proxy Voting Committee for Merrill Lynch Bank & Trust Company FSB trust accounts managed by personnel dually-employed by BlackRock. 2 I. Scope of Committee Responsibilities The Committee shall have the responsibility for determining how to address proxy votes made on behalf of all BlackRock clients, except for clients who have retained the right to vote their own proxies, either generally or on any specific matter. In so doing, the Committee shall seek to ensure that proxy votes are made in the best interests of clients, and that proxy votes are determined in a manner free from unwarranted or inappropriate influences. The Committee shall also oversee the overall administration of proxy voting for BlackRock accounts.(7) The Committee shall establish BlackRock's proxy voting guidelines, with such advice, participation and research as the Committee deems appropriate from portfolio managers, proxy voting services or other knowledgeable interested parties. As it is anticipated that there will not necessarily be a "right" way to vote proxies on any given issue applicable to all facts and circumstances, the Committee shall also be responsible for determining how the proxy voting guidelines will be applied to specific proxy votes, in light of each issuer's unique structure, management, strategic options and, in certain circumstances, probable economic and other anticipated consequences of alternative actions. In so doing, the Committee may determine to vote a particular proxy in a manner contrary to its generally stated guidelines. The Committee may determine that the subject matter of certain proxy issues are not suitable for general voting guidelines and requires a case-by-case determination, in which case the Committee may elect not to adopt a specific voting guideline applicable to such issues. BlackRock believes that certain proxy voting issues - such as approval of mergers and other significant corporate transactions - require investment analysis akin to investment decisions, and are therefore not suitable for general guidelines. The Committee may elect to adopt a common BlackRock position on certain proxy votes that are akin to investment decisions, or determine to permit portfolio managers to make individual decisions on how best to maximize economic value for the accounts for which they are responsible (similar to normal buy/sell investment decisions made by such portfolio managers).(8) While it is expected that BlackRock, as a fiduciary, will generally seek to vote proxies over which BlackRock exercises voting authority in a uniform manner for all BlackRock clients, the Committee, in conjunction with the portfolio manager of an account, may determine that the specific circumstances of such account require that such account's proxies be voted differently due to such account's investment objective or other factors that differentiate it from other accounts. In addition, on proxy votes that are akin to investment decisions, BlackRock believes portfolio managers may from time to time ---------- (7) The Committee may delegate day-to-day administrative responsibilities to other BlackRock personnel and/or outside service providers, as appropriate. (8) The Committee will normally defer to portfolio managers on proxy votes that are akin to investment decisions except for proxy votes that involve a material conflict of interest, in which case it will determine, in its discretion, the appropriate voting process so as to address such conflict. 3 legitimately reach differing but equally valid views, as fiduciaries for BlackRock's clients, on how best to maximize economic value in respect of a particular investment. The Committee will also be responsible for ensuring the maintenance of records of each proxy vote, as required by Advisers Act Rule 204-2.(9) All records will be maintained in accordance with applicable law. Except as may be required by applicable legal requirements, or as otherwise set forth herein, the Committee's determinations and records shall be treated as proprietary, nonpublic and confidential. The Committee shall be assisted by other BlackRock personnel, as may be appropriate. In particular, the Committee has delegated to the BlackRock Operations Department responsibility for monitoring corporate actions and ensuring that proxy votes are submitted in a timely fashion. The Operations Department shall ensure that proxy voting issues are promptly brought to the Committee's attention and that the Committee's proxy voting decisions are appropriately disseminated and implemented. To assist BlackRock in voting proxies, the Committee may retain the services of a firm providing such services. BlackRock has currently retained Institutional Shareholder Services ("ISS") in that role. ISS is an independent adviser that specializes in providing a variety of fiduciary-level proxy-related services to institutional

investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided to BlackRock may include, but are not limited to, in-depth research, voting recommendations (which the Committee is not obligated to follow), vote execution, and recordkeeping. ---------- (9) The Committee may delegate the actual maintenance of such records to an outside service provider. Currently, the Committee has delegated the maintenance of such records to Institutional Shareholder Services. 4 II. Special Circumstances Routine Consents. BlackRock may be asked from time to time to consent to an amendment to, or grant a waiver under, a loan agreement, partnership agreement, indenture or other governing document of a specific financial instrument held by BlackRock clients. BlackRock will generally treat such requests for consents not as "proxies" subject to these Proxy Voting Policies and Procedures but as investment matters to be dealt with by the responsible BlackRock investment professionals would, provided that such consents (i) do not relate to the election of a board of directors or appointment of auditors of a public company, and (ii) either (A) would not otherwise materially affect the structure, management or control of a public company, or (B) relate to a company in which BlackRock clients hold only interests in bank loans or debt securities and are consistent with customary standards and practices for such instruments. Securities on Loan. Registered investment companies that are advised by BlackRock as well as certain of our advisory clients may participate in securities lending programs. Under most securities lending arrangements, securities on loan may not be voted by the lender (unless the loan is recalled). BlackRock believes that each client has the right to determine whether participating in a securities lending program enhances returns, to contract with the securities lending agent of its choice and to structure a securities lending program, through its lending agent, that balances any tension between loaning and voting securities in a matter that satisfies such client. If client has decided to participate in a securities lending program, BlackRock will therefore defer to the client's determination and not attempt to seek recalls solely for the purpose of voting routine proxies as this could impact the returns received from securities lending and make the client a less desirable lender in a marketplace. Where a client retains a lending agent that is unaffiliated with BlackRock, BlackRock will generally not seek to vote proxies relating to securities on loan because BlackRock does not have a contractual right to recall such loaned securities for the purpose of voting proxies. Where BlackRock or an affiliate acts as the lending agent, BlackRock will also generally not seek to recall loaned securities for proxy voting purposes, unless the portfolio manager responsible for the account or the Committee determines that voting the proxy is in the client's best interest and requests that the security be recalled. Voting Proxies for Non-US Companies. While the proxy voting process is well established in the United States, voting proxies of non-US companies frequently involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. These issues include (but are not limited to): (i) untimely notice of shareholder meetings, (ii) restrictions on a foreigner's ability to exercise votes, (iii) requirements to vote proxies in person, (iv) "shareblocking" (requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder meeting), (v) potential difficulties in translating the proxy, and (vi) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions. 5 As a consequence, BlackRock votes proxies of non-US companies only on a "best-efforts" basis. In addition, the Committee may determine that it is generally in the best interests of BlackRock clients not to vote proxies of companies in certain countries if the Committee determines that the costs (including but not limited to opportunity costs associated with shareblocking constraints) associated with exercising a vote generally are expected to outweigh the benefit the client will derive by voting on the issuer's proposal. If the Committee so determines in the case of a particular country, the Committee (upon advice from BlackRock portfolio managers) may override such determination with respect to a particular issuer's shareholder meeting if the Committee believes the benefits of seeking to exercise a vote at such meeting outweighs the costs, in which case BlackRock will seek to vote on a best-efforts basis. Securities Sold After Record Date. With respect to votes in connection with securities held on a particular record date but sold from a client account prior to the holding of the related meeting, BlackRock may take no action on proposals to be voted on in such meeting. Conflicts of Interest. From time to time, BlackRock may be required to vote proxies in respect of an issuer that is an affiliate of BlackRock (a "BlackRock Affiliate"), or a money management or other client of BlackRock (a "BlackRock Client").(10) In such event, provided that the Committee is aware of the real or potential conflict, the following procedures apply: o The Committee intends to adhere to the voting guidelines set forth herein for all proxy issues including matters involving BlackRock Affiliates and BlackRock Clients. The Committee may, in its discretion for the purposes of ensuring that an independent determination is reached, retain an independent fiduciary to advise the Committee on how to vote or to cast votes on behalf of BlackRock's clients; and o if the

Committee determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Committee shall determine how to vote the proxy after consulting with the BlackRock Legal and Compliance Department and concluding that the vote cast is in the client's best interest notwithstanding the conflict. ---------- (10) Such issuers may include investment companies for which BlackRock provides investment advisory, administrative and/or other services. 6 III. Voting Guidelines The Committee has determined that it is appropriate and in the best interests of BlackRock's clients to adopt the following voting guidelines, which represent the Committee's usual voting position on certain recurring proxy issues that are not expected to involve unusual circumstances. With respect to any particular proxy issue, however, the Committee may elect to vote differently than a voting guideline if the Committee determines that doing so is, in the Committee's judgment, in the best interest of its clients. The guidelines may be reviewed at any time upon the request of any Committee member and may be amended or deleted upon the vote of a majority of voting Committee members present at a Committee meeting for which there is a quorum. 7 A. Boards of Directors These proposals concern those issues submitted to shareholders relating to the composition of the Board of Directors of companies other than investment companies. As a general matter, the Committee believes that a company's Board of Directors (rather than shareholders) is most likely to have access to important, nonpublic information regarding a company's business and prospects, and is therefore best-positioned to set corporate policy and oversee management. The Committee therefore believes that the foundation of good corporate governance is the election of qualified, independent corporate directors who are likely to diligently represent the interests of shareholders and oversee management of the corporation in a manner that will seek to maximize shareholder value over time. In individual cases, the Committee may look at a Director nominee's history of representing shareholder interests as a director of other companies, or other factors to the extent the Committee deems relevant. The Committee's general policy is to vote:

---------- # VOTE and DESCRIPTION ---------- A.1 FOR nominees for director of United States companies in uncontested elections, except for nominees who o have missed at least two meetings and, as a result, attended less than 75% of meetings of the Board of Directors and its committees the previous year, unless the nominee missed the meeting(s) due to illness or company business o voted to implement or renew a "dead-hand" poison pill o ignored a shareholder proposal that was approved by either a majority of the shares outstanding in any year or by the majority of votes cast for two consecutive years o failed to act on takeover offers where the majority of the shareholders have tendered their shares o are corporate insiders who serve on the audit, compensation or nominating committees or on a full Board that does not have such committees composed exclusively of independent directors o on a case-by-case basis, have served as directors of other companies with allegedly poor corporate governance o sit on more than six boards of public companies ---------- A.2 FOR nominees for directors of non-U.S. companies in uncontested elections, except for nominees from whom the Committee determines to withhold votes due to the nominees' poor records of representing shareholder interests, on a case-by-case basis ---------- A.3 FOR proposals to declassify Boards of Directors, except where there exists a legitimate purpose for classifying boards ---------- A.4 AGAINST proposals to classify Boards of Directors, except where there exists a legitimate purpose for classifying boards ---------- 8 ---------- A.5 AGAINST proposals supporting cumulative voting ---------- A.6 FOR proposals eliminating cumulative voting ---------- A.7 FOR proposals supporting confidential voting ---------- A.8 FOR proposals seeking election of supervisory board members ---------- A.9 AGAINST shareholder proposals seeking additional representation of women and/or minorities generally (i.e., not specific individuals) to a Board of Directors ---------- A.10 AGAINST shareholder proposals for term limits for directors ---------- A.11 FOR shareholder proposals to establish a mandatory retirement age for directors who attain the age of 72 or older ---------- A.12 AGAINST shareholder proposals requiring directors to own a minimum amount of company stock

---------- A.13 FOR proposals requiring a majority of independent directors on a Board of Directors ---------- A.14 FOR proposals to allow a Board of Directors to delegate powers to a committee or committees ---------- A.15 FOR proposals to require audit, compensation and/or nominating committees of a Board of Directors to consist exclusively of independent directors ---------- A.16 AGAINST shareholder proposals seeking to prohibit a single person from occupying the roles of chairman and chief executive officer ---------- A.17 FOR proposals to elect account inspectors ---------- A.18 FOR proposals to fix the membership of a Board of Directors at a specified size ---------- A.19 FOR proposals permitting shareholder ability to nominate directors directly ---------- A.20 AGAINST proposals to eliminate shareholder ability to nominate directors directly ---------- A.21 FOR proposals permitting shareholder ability to remove directors directly ---------- A.22 AGAINST proposals to eliminate shareholder ability to remove directors directly ---------- 9 B. Auditors These proposals concern those issues submitted to shareholders related to the selection of auditors. As a general matter, the Committee believes that corporate auditors have a responsibility to represent the interests of shareholders and provide an independent view on the propriety of financial reporting decisions of corporate management. While the Committee will generally defer to a corporation's choice of auditor, in individual cases, the Committee may look at an auditors' history of representing shareholder interests as auditor of other companies, to the extent the Committee deems relevant. The Committee's general policy is to vote: ---------- B.1 FOR approval of independent auditors, except for o auditors that have a financial interest in, or material association with, the company they are auditing, and are therefore believed by the Committee not to be independent o auditors who have rendered an opinion to any company which in the Committee's opinion is either not consistent with best accounting practices or not indicative of the company's financial situation o on a case-by-case basis, auditors who in the Committee's opinion provide a significant amount of non-audit services to the company ---------- B.2 FOR proposals seeking authorization to fix the remuneration of auditors ---------- B.3 FOR approving internal statutory auditors ---------- B.4 FOR proposals for audit firm rotation, except for proposals that would require rotation after a period of less than 5 years ---------- 10 C. Compensation and Benefits These proposals concern those issues submitted to shareholders related to management compensation and employee benefits. As a general matter, the Committee favors disclosure of a company's compensation and benefit policies and opposes excessive compensation, but believes that compensation matters are normally best determined by a corporation's board of directors, rather than shareholders. Proposals to "micro-manage" a company's compensation practices or to set arbitrary restrictions on compensation or benefits will therefore generally not be supported. The Committee's general policy is to vote: ---------- C.1 IN ACCORDANCE WITH THE RECOMMENDATION OF ISS on compensation plans if the ISS recommendation is based solely on whether or not the company's plan satisfies the allowable cap as calculated by ISS. If the recommendation of ISS is based on factors other than whether the plan satisfies the allowable cap the Committee will analyze the particular proposed plan. This policy applies to amendments of plans as well as to initial approvals. ---------- C.2 FOR proposals to eliminate retirement benefits for outside directors ---------- C.3 AGAINST proposals to establish retirement benefits for outside directors ---------- C.4 FOR proposals approving the remuneration of directors or of supervisory board members ---------- C.5 AGAINST proposals to reprice stock options ---------- C.6 FOR proposals to approve employee stock purchase plans that apply to all employees. This policy applies to proposals to amend ESPPs if the plan as amended applies to all employees. ---------- C.7 FOR proposals to pay

retirement bonuses to directors of Japanese companies unless the directors have served less than three years ---------- C.8 AGAINST proposals seeking to pay outside directors only in stock ---------- C.9 FOR proposals seeking further disclosure of executive pay or requiring companies to report on their supplemental executive retirement benefits ---------- C.10 AGAINST proposals to ban all future stock or stock option grants to executives ---------- C.11 AGAINST option plans or grants that apply to directors or employees of "related companies" without adequate disclosure of the corporate relationship and justification of the option policy ---------- C.12 FOR proposals to exclude pension plan income in the calculation of earnings used in determining executive bonuses/compensation ---------- 11 D. Capital Structure These proposals relate to various requests, principally from management, for approval of amendments that would alter the capital structure of a company, such as an increase in authorized shares. As a general matter, the Committee will support requests that it believes enhance the rights of common shareholders and oppose requests that appear to be unreasonably dilutive. The Committee's general policy is to vote: ---------- D.1 AGAINST proposals seeking authorization to issue shares without preemptive rights except for issuances up to 10% of a non-US company's total outstanding capital ---------- D.2 FOR management proposals seeking preemptive rights or seeking authorization to issue shares with preemptive rights ---------- D.3 FOR management proposals approving share repurchase programs ---------- D.4 FOR management proposals to split a company's stock ---------- D.5 FOR management proposals to denominate or authorize denomination of securities or other obligations or assets in Euros ---------- D.6 FOR proposals requiring a company to expense stock options (unless the company has already publicly committed to do so by a certain date). ---------- 12 E. Corporate Charter and By-Laws These proposals relate to various requests for approval of amendments to a corporation's charter or by-laws, principally for the purpose of adopting or redeeming "poison pills". As a general matter, the Committee opposes poison pill provisions. The Committee's general policy is to vote: ---------- E.1 AGAINST proposals seeking to adopt a poison pill ---------- E.2 FOR proposals seeking to redeem a poison pill ---------- E.3 FOR proposals seeking to have poison pills submitted to shareholders for ratification ---------- E.4 FOR management proposals to change the company's name ---------- 13 F. Corporate Meetings These are routine proposals relating to various requests regarding the formalities of corporate meetings. The Committee's general policy is to vote: ---------- F.1 AGAINST proposals that seek authority to act on "any other business that may arise" ---------- F.2 FOR proposals designating two shareholders to keep minutes of the meeting ---------- F.3 FOR proposals concerning accepting or approving financial statements and statutory reports ---------- F.4 FOR proposals approving the discharge of management and the supervisory board ---------- F.5 FOR proposals approving the allocation of income and the dividend ---------- F.6 FOR proposals seeking authorization to file required documents/other formalities ---------- F.7 FOR proposals to authorize the corporate board to ratify and execute approved resolutions ---------- F.8 FOR proposals appointing inspectors of elections ---------- F.9 FOR proposals electing a chair of the meeting ---------- F.10 FOR proposals to permit "virtual" shareholder meetings over the Internet ---------- F.11 AGAINST proposals to require rotating sites for shareholder meetings

---------- 14 G. Investment Companies These proposals relate to proxy issues that are associated solely with holdings of shares of investment companies, including, but not limited to, investment companies for which BlackRock provides investment advisory, administrative and/or other services. As with other types of companies, the Committee believes that a fund's Board of Directors (rather than its shareholders) is best-positioned to set fund policy and oversee management. However, the Committee opposes granting Boards of Directors authority over certain matters, such as changes to a fund's investment objective, that the Investment Company Act of 1940 envisions will be approved directly by shareholders. The Committee's general policy is to vote: ---------- G.1 FOR nominees for director of mutual funds in uncontested elections, except for nominees who o have missed at least two meetings and, as a result, attended less than 75% of meetings of the Board of Directors and its committees the previous year, unless the nominee missed the meeting due to illness or fund business o ignore a shareholder proposal that was approved by either a majority of the shares outstanding in any year or by the majority of votes cast for two consecutive years o are interested directors who serve on the audit or nominating committees or on a full Board that does not have such committees composed exclusively of independent directors o on a case-by-case basis, have served as directors of companies with allegedly poor corporate governance
---------- G.2 FOR the establishment of new series or classes of shares ---------- G.3 AGAINST proposals to change a fund's investment objective to nonfundamental ---------- G.4 FOR proposals to establish a master-feeder structure or authorizing the Board to approve a master-feeder structure without a further shareholder vote ---------- G.5 AGAINST a shareholder proposal for the establishment of a director ownership requirement
---------- G.6 FOR classified boards of closed-end investment companies ---------- 15 H. Environmental and Social Issues These are shareholder proposals to limit corporate conduct in some manner that relates to the shareholder's environmental or social concerns. The Committee generally believes that annual shareholder meetings are inappropriate forums for the discussion of larger social issues, and opposes shareholder resolutions "micromanaging" corporate conduct or requesting release of information that would not help a shareholder evaluate an investment in the corporation as an economic matter. While the Committee is generally supportive of proposals to require corporate disclosure of matters that seem relevant and material to the economic interests of shareholders, the Committee is generally not supportive of proposals to require disclosure of corporate matters for other purposes. The Committee's general policy is to vote: ---------- H.1 AGAINST proposals seeking to have companies adopt international codes of conduct
---------- H.2 AGAINST proposals seeking to have companies provide non-required reports on: o environmental liabilities; o bank lending policies; o corporate political contributions or activities; o alcohol advertising and efforts to discourage drinking by minors; o costs and risk of doing business in any individual country; o involvement in nuclear defense systems
---------- H.3 AGAINST proposals requesting reports on Maquiladora operations or on CERES principles ---------- H.4 AGAINST proposals seeking implementation of the CERES principles
---------- 16 Notice to Clients BlackRock will make records of any proxy vote it has made on behalf of a client available to such client upon request.(11) BlackRock will use its best efforts to treat proxy votes of clients as confidential, except as it may decide to best serve its clients' interests or as may be necessary to effect such votes or as may be required by law. BlackRock encourage clients with an interest in particular proxy voting issues to make their views known to BlackRock, provided that, in the absence of specific written direction from a client on how to vote that client's proxies, BlackRock reserves the right to vote any proxy in a manner it deems in the best interests of its clients, as it determines in its sole discretion. These policies are as of the date indicated on the cover hereof. The Committee may subsequently amend these policies at any time, without notice. ---------- (11) Such request may be made to the client's portfolio or relationship manager or addressed in writing to Secretary, BlackRock Equity Investment Policy Oversight Committee, Legal and Compliance Department, BlackRock Inc., 40 East 52nd Street, New York, New York 10022. 17 Item 8 - Portfolio Managers of Closed-End Management Investment Companies - as of October 31, 2007. (a)(1) The following individuals at the Subadviser (the

"Portfolio Managers") have primary responsibility for the day-to-day implementation of the Fund's investment strategy: James J. Cunnane Jr., CFA - Managing Director, Senior Portfolio Manager and Member of Strategy Committee & Investment Committee Mr. Cunnane joined Fiduciary Asset Management in 1996 and has 14 years of portfolio management and securities research experience. He manages institutional and private client equity portfolios and is senior portfolio manager of FAMCO's MLP assets. He is actively involved with the Strategy Committee's macroeconomic assessment and top-down approach to portfolio management. Prior to joining FAMCO, Mr. Cunnane worked as a research analyst with A.G. Edwards & Sons. Mr. Cunnane also worked as an analyst for Maguire Investment Advisors, where he gained extensive experience in the development of master limited partnership and small- and mid-cap stock portfolios. Mr. Cunnane holds a B.S. in finance from Indiana University, is a Chartered Financial Analyst (CFA), and serves on the investment committee of the Archdiocese of St. Louis. Quinn T. Kiley - Senior Vice President, Portfolio Manager and Member of Investment Committee Mr. Kiley is responsible for private placement and private equity transactions and portfolio management as they relate to various energy infrastructure assets. Prior to joining FAMCO in 2005, Mr. Kiley was Vice President of Corporate & Investment Banking at Banc of America Securities in New York. He was responsible for executing strategic advisory and financing transactions for clients in the Energy & Power sectors. Mr. Kiley holds a B.S. with Honors in Geology from Washington & Lee University, a M.S. in Geology from the University of Montana, a Juris Doctorate from Indiana University School of Law, and a M.B.A. from the Kelley School of Business at Indiana University. Mr. Kiley has been admitted to the New York State Bar. (a)(2) As of October 31, 2007:

---------- (iii) Number of Other Accounts and (ii) Number of Other Accounts Managed Assets for Which Advisory Fee is and Assets by Account Type Performance-Based

---------- Other Other Other Other (i) Name of Registered Pooled Registered Pooled Portfolio Investment Investment Other Investment Investment Other Manager Companies Vehicles Accounts Companies Vehicles Accounts

---------- James Cunnane 1 1 119 0 0 0 ---------- $712,870,916 $8,802,512 $593,060,907 $0 $0 $0

---------- Quinn T. Kiley 0 1 64 0 0 0 ---------- $0 $8,802,512 $466,327,270 $0 $0 $0

---------- (iv) Potential Material Conflicts of Interest Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. More specifically, portfolio managers who manage multiple funds and /or other accounts may be presented with one or more of the following potential conflicts: The management of multiple funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each fund and/or other account. The Sub-Adviser seeks to manage such competing interests for the time and attention of a portfolio manager by having the portfolio manager focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Fund. If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one fund or other account, a fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible funds and other accounts. To deal with these situations, the Sub-Adviser has adopted procedures for allocating portfolio transactions across multiple accounts. With respect to securities transactions for the Fund, the Sub-Adviser determines which broker to use to execute each order, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts (such as pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Sub-Adviser may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of a fund or other account(s) involved. The Sub-Adviser has adopted certain compliance procedures which are designed to address these

types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises. (a)(3) As of October 31, 2007: Compensation Structure. The primary portfolio managers' compensation is as follows: James J. Cunnane, Jr.--The portfolio manager is paid a fixed base salary and a quarterly bonus. The base salary is set at a level determined to be appropriate based upon the individual's experience and responsibilities. The quarterly bonus is discretionary and is determined by the CEO of FAMCO. It is based in part on the amount of assets under management of FAMCO, but not on the performance of any fund or managed accounts. Quinn T. Kiley-- The portfolio manager is paid a fixed base salary and a quarterly bonus. The base salary is set at a level determined to be appropriate based upon the individual's experience and responsibilities. The quarterly bonus is discretionary and is determined by the CEO of FAMCO. It is based in part on certain portions of the assets under management of FAMCO, but not on the performance of any fund or managed accounts. The portfolio managers also participate in benefit plans and programs generally available to all employees. (a)(4) Beneficial Ownership of Securities. As of October 31, 2007, neither of Messrs. Cunnane or Kiley beneficially owned any stock issued by the Fund. Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable due to no such purchases during the period covered by this report. Item 10 - Submission of Matters to a Vote of Security Holders - The registrant's Nominating Committee will consider nominees to the Board recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations which include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures. Item 11 - Controls and Procedures 11(a) - The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities and Exchange Act of 1934, as amended. 11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting. Item 12 - Exhibits attached hereto 12(a)(1) - Code of Ethics - See Item 2 12(a)(2) - Certifications - Attached hereto 12(a)(3) - Not Applicable 12(b) - Certifications - Attached hereto Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. MLP & Strategic Equity Fund Inc. By: /s/ Mitchell M. Cox ---------- Mitchell M. Cox, Chief Executive Officer (principal executive officer) of MLP & Strategic Equity Fund Inc. Date: December 19, 2007 Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By: /s/ Mitchell M. Cox ---------- Mitchell M. Cox, Chief Executive Officer (principal executive officer) of MLP & Strategic Equity Fund Inc. Date: December 19, 2007 By: /s/ James E. Hillman ---------- James E. Hillman, Chief Financial Officer (principal financial officer) of MLP & Strategic Equity Fund Inc. Date: December 19, 2007