Eaton Vance Tax-Managed Buy-Write Income Fund
Form N-CSR
February 27, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act File Number: 811-21676

Eaton Vance Tax-Managed Buy-Write Income Fund

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant s Telephone Number)

December 31

Date of Fiscal Year End

December 31, 2016

Date of Reporting Period

Item 1. Reports to Stockholders

Eaton Vance

Tax-Managed Buy-Write Income Fund (ETB)

Annual Report

December 31, 2016

Commodity Futures Trading Commission Registration. Effective December 31, 2012, the Commodity Futures Trading Commission (CFTC) adopted certain regulatory changes that subject registered investment companies and advisers to regulation by the CFTC if a fund invests more than a prescribed level of its assets in certain CFTC-regulated instruments (including futures, certain options and swap agreements) or markets itself as providing investment exposure to such instruments. The Fund has claimed an exclusion from the definition of the term commodity pool operator under the Commodity Exchange Act. Accordingly, neither the Fund nor the adviser with respect to the operation of the Fund is subject to CFTC regulation. Because of its management of other strategies, the Fund s adviser is registered with the CFTC as a commodity pool operator and a commodity trading advisor.

Managed Distribution Plan. Pursuant to an exemptive order issued by the Securities and Exchange Commission (Order), the Fund is authorized to distribute long-term capital gains to shareholders more frequently than once per year. Pursuant to the Order, the Fund s Board of Trustees approved a Managed Distribution Plan (MDP) pursuant to which the Fund makes monthly cash distributions to common shareholders, stated in terms of a fixed amount per common share.

The Fund currently distributes monthly cash distributions equal to $0.1080 per share in accordance with the MDP. You should not draw any conclusions about the Fund s investment performance from the amount of these distributions or from the terms of the MDP. The MDP will be subject to regular periodic review by the Fund s Board of Trustees and the Board may amend or terminate the MDP at any time without prior notice to Fund shareholders. However, at this time there are no reasonably foreseeable circumstances that might cause the termination of the MDP.

The Fund may distribute more than its net investment income and net realized capital gains and, therefore, a distribution may include a return of capital. A return of capital distribution does not necessarily reflect the Fund s investment performance and should not be confused with yield or income. With each distribution, the Fund will issue a notice to shareholders and a press release containing information about the amount and sources of the distribution and other related information. The amounts and sources of distributions contained in the notice and press release are only estimates and are not provided for tax purposes. The amounts and sources of the Fund s distributions for tax purposes will be reported to shareholders on Form 1099-DIV for each calendar year.

Fund shares are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Shares are subject to investment risks, including possible loss of principal invested.

Annual Report December 31, 2016

Eaton Vance

Tax-Managed Buy-Write Income Fund

Table of Contents

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Management s Discussion of Fund Performance[1]

Economic and Market Conditions

U.S. stock markets rose in the 12-month period ended December 31, 2016, as the nation s economy continued to strengthen and the outcome of the U.S. presidential election gave stocks a late-period boost.

U.S. stocks as well as international markets opened the period on the downside amid worries about falling oil prices, declining interest rates and slowing global growth, particularly in China. The pullback began in early January 2016 and continued into mid-February, when stocks turned around and soon overcame the earlier losses. Coinciding with the move was a reversal in crude oil prices, which rose following a prolonged decline.

In June 2016, U.S. stocks plunged along with international markets following Britain s Brexit vote to leave the European Union. However, equity markets, led by the U.S., quickly rallied from the two-day tailspin and recovered the lost ground. Helped by stronger U.S. economic indicators, major U.S. stock indexes reached multiple record highs during July and August 2016.

U.S. equity markets retreated in late August 2016 amid falling oil prices and fears about a possible interest rate increase. The U.S. Federal Reserve s (the Fed s) decision at its September 2016 meeting to leave rates unchanged, along with an agreement by the Organization of the Petroleum Exporting Countries (OPEC) to curb oil production, sent stocks briefly higher. In November 2016, stocks rallied sharply following the victory of Donald Trump in the U.S. presidential election. The broad-based Trump Bump was led by financial stocks as well as the aerospace & defense industry. Financial stocks got another boost in mid-December 2016 when the Fed raised its benchmark interest rate amid stronger economic growth reports.

For the 12-month period, the blue-chip Dow Jones Industrial Average[2] advanced 16.50%, while the broader U.S. equity market, as represented by the S&P 500 Index, returned 11.96%. The technology-laden NASDAQ Composite Index delivered an 8.87% gain. Small-cap U.S. stocks, as measured by the Russell 2000® Index outperformed their large-cap counterparts, as measured by the S&P 500 Index during the period. Value stocks as a group outpaced growth stocks in both the large-and small-cap categories, as measured by the Russell value and growth indexes.

Fund Performance

For the 12-month period ended December 31, 2016, Eaton Vance Tax-Managed Buy-Write Income Fund (the Fund) had a total return of 8.68% at net asset value (NAV), underperforming the 11.96% return of the Fund s equity benchmark, the S&P 500 Index (the Index) but outperforming the 7.07% return of the Fund s options

benchmark, the CBOE S&P 500 BuyWrite Index.

The Fund s underlying common stock portfolio outperformed the Index during the period and thus helped relative Fund performance, while the Fund s options overlay strategy was the largest detractor from Fund performance versus the Index.

The Fund employs an options strategy of writing (selling) stock index call options on a portion of its underlying common stock portfolio. The options strategy, which is designed to help limit the Fund s exposure to market volatility and to provide current income, proved disadvantageous during a 12-month period marked by generally low volatility in the equity markets and a strong market upturn in late June 2016, when equity markets rallied back sharply after initially declining post-Brexit (Great Britain s June 23 vote to leave the European Union). When the market turned upward, some of the Fund s writing of call options ended in losses and detracted from performance versus the Index.

Within the Fund s common stock portfolio, stock selection in the health care, consumer discretionary, information technology and utilities sectors contributed to performance relative to the Index. The Fund s underweight in drug maker Allergan PLC, relative to the Index, aided performance versus the Index in the health care sector. The stock was hurt by headline news about high drug prices, which raised concerns during an election year that a new administration might press for increased scrutiny of drug prices. Allergan was sold during the period. In consumer discretionary, the Fund s overweight position in Kohl s Corp. rose in price as the discount retailer maintained strong profit margins, in part because of good inventory management. The Fund s overweighting in NVIDIA Corp., a producer of 3-D graphics computer processors, aided results versus the Index in information technology, as the market reacted favorably to the firm s introduction of new chip designs for personal computers and automotive applications.

In contrast, stock selection in the consumer staples and industrials sectors detracted from performance relative to the Index. In the consumer staples sector, the Fund s overweight position in CVS Health Corp. detracted from relative performance. Like Allergan PLC mentioned earlier, CVS was hurt by election-year concerns that a new administration might put downward pressure on drug prices. Elsewhere in the sector, the Fund s overweight position in Kimberly-Clark Corp., a maker of paper-based consumer products, declined on lower volumes and weakening profit margins. In industrials, avoiding Union Pacific Corp. detracted from performance versus the Index as the railroad s stock rose on the perception that improving commodity prices could increase oil and coal traffic.

See Endnotes and Additional Disclosures in this report.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) with all distributions reinvested and include management fees and other expenses. Fund performance at market price will differ from its results at NAV due to factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for Fund shares, or changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance less than or equal to one year is cumulative. Performance is for the stated time period only; due to market volatility, current Fund performance may be lower or higher than the quoted return. For performance as of the most recent month-end, please refer to eatonvance.com.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Performance[2]

Portfolio Managers Michael A. Allison, CFA and Thomas C. Seto

% Average Annual Total Returns	Inception Date	One Year	Five Years	Ten Years
Fund at NAV	04/29/2005	8.68%	10.10%	7.43%
Fund at Market Price		7.63	14.55	7.71
S&P 500 Index		11.96%	14.64%	6.94%
CBOE S&P 500 BuyWrite Index		7.07	7.23	4.27

% Premium/Discount to NAV[3]	
	+6.58%

Distributions[4]	
Total Distributions per share for the period	$ 1.296
Distribution Rate at NAV	8.36%
Distribution Rate at Market Price	7.85%

Fund Profile

Sector Allocation (% of total investments)[5]

Top 10 Holdings (% of total investments)[5]

Apple, Inc.	3.9%
Microsoft Corp.	3.1
JPMorgan Chase & Co.	1.9
Chevron Corp.	1.9
Alphabet, Inc., Class A	1.6
Home Depot, Inc. (The)	1.6

Johnson & Johnson	1.5
UnitedHealth Group, Inc.	1.5
Walt Disney Co. (The)	1.5
Wells Fargo & Co.	1.5
Total	20.0%

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Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Fund Snapshot

Objective	The primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation.
Strategy	The Fund invests in a diversified portfolio of common stocks and writes call options on one or more U.S. indices on a substantial portion of the value of its common stock portfolio to generate current earnings from the option premium. The Fund evaluates returns on an after tax basis and seeks to minimize and defer federal income taxes incurred by shareholders in connection with their investment in the Fund.

Options Strategy	Write Index Covered Calls
Equity Benchmark[2]	S&P 500 Index
Morningstar Category	Large Blend
Distribution Frequency	Monthly
Common Stock Portfolio	
Positions Held	184
% US / Non-US	99.4/0.6
Average Market Cap	$160.3 Billion
Call Options Written	
% of Stock Portfolio	96%
Average Days to Expiration	16 days
% Out of the Money	1.1%

The following terms as used in the Fund snapshot:

Average Market Cap: An indicator of the size of the companies in which the Fund invests and is the sum of each security s weight in the portfolio multiplied by its market cap. Market Cap is determined by multiplying the price of a share of a company s common stock by the number of shares outstanding.

Call Option: For an index call option, the buyer has the right to receive from the seller (or writer) a cash payment at the option expiration date equal to any positive difference between the value of the index at contract expiration and the exercise price. The buyer of a call option makes a cash payment (premium) to the seller (writer) of the option upon entering into the option contract.

Covered Call Strategy: A strategy of owning a portfolio of common stocks and writing call options on all or a portion of such stocks to generate current earnings from option premium.

Out of the Money: For a call option on an index, the extent to which the exercise price of the option exceeds the current price of the value of the index.

See Endnotes and Additional Disclosures in this report.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Endnotes and Additional Disclosures

[1] The views expressed in this report are those of the portfolio manager(s) and are current only through the date stated at the top of this page. These views are subject to change at any time based upon market or other conditions, and Eaton Vance and the Fund(s) disclaim any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. This commentary may contain statements that are not historical facts, referred to as forward looking statements . The Fund s actual future results may differ significantly from those stated in any forward looking statement, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and purchases of Fund shares, the continuation of investment advisory, administrative and service contracts, and other risks discussed from time to time in the Fund s filings with the Securities and Exchange Commission.

[2] Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. S&P 500 Index is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance. NASDAQ Composite Index is a market capitalization-weighted index of all domestic and international securities listed on NASDAQ. Russell 2000® Index is an unmanaged index of 2,000 U.S. small-cap stocks. CBOE S&P 500 BuyWrite Index measures the performance of a hypothetical buy-write strategy on the S&P 500 Index. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Performance since inception for an index, if presented, is the performance since the Fund s or oldest share class inception, as applicable.

[3] The shares of the Fund often trade at a discount or premium from their net asset value. The discount or premium of the Fund may vary over time and may be higher or lower than what is quoted in this report. For up-to-date premium/discount information, please refer to http://eatonvance.com/closedend.

[4] The Distribution Rate is based on the Fund s last regular distribution per share in the period (annualized) divided by the Fund s NAV or market price at the end of the period. The Fund s distributions may be comprised of amounts characterized for federal income tax purposes as qualified and non-qualified ordinary dividends, capital gains and nondividend distributions, also known as return of capital. For additional information about nondividend distributions, please refer to Eaton Vance Closed-End Fund Distribution Notices (19a) posted on our website, eatonvance.com. The Fund will determine the federal income tax character of distributions paid to a shareholder after the end of the calendar year. This is reported on the IRS form 1099-DIV and provided to the shareholder shortly after each year-end. For information about the tax character of distributions made in prior calendar years, please refer to Performance-Tax Character of Distributions on the Fund s webpage available at eatonvance.com. In recent years, a significant portion of the Fund s distributions has been characterized as a return of capital. The Fund s distributions are determined by the investment adviser based on its current assessment of the Fund s long-term return potential. Fund distributions may be affected by numerous factors including changes in Fund performance, the cost of financing for leverage, portfolio holdings, realized and projected returns, and other factors. As portfolio and market conditions change, the rate of distributions paid by the Fund could change.

[5] Depictions do not reflect the Fund s option positions. Excludes cash and cash equivalents.

Fund snapshot and profile subject to change due to active management.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Portfolio of Investments

Common Stocks 100.2%

Security	Shares	Value
Aerospace & Defense 2.7%		
Boeing Co. (The)	17,785	$ 2,768,769
Northrop Grumman Corp.	15,146	3,522,656
Textron, Inc.	11,648	565,627
United Technologies Corp.	33,319	3,652,429
		$ 10,509,481
Air Freight & Logistics 0.2%		
C.H. Robinson Worldwide, Inc.	5,324	$ 390,036
United Parcel Service, Inc., Class B	2,864	328,329
		$ 718,365
Airlines 0.6%		
American Airlines Group, Inc.	11,354	$ 530,118
Southwest Airlines Co.	36,616	1,824,942
		$ 2,355,060
Auto Components 0.4%		
Dana, Inc.	27,328	$ 518,685
Goodyear Tire & Rubber Co. (The)	3,713	114,620
Lear Corp.	7,250	959,683
		$ 1,592,988
Banks 7.1%		
Bank of America Corp.	96,896	$ 2,141,402
Citigroup, Inc.	95,907	5,699,753
Fifth Third Bancorp	57,446	1,549,319
JPMorgan Chase & Co.	85,013	7,335,772
KeyCorp	85,122	1,555,179
M&T Bank Corp.	5,096	797,167
PNC Financial Services Group, Inc. (The)	16,898	1,976,390
SunTrust Banks, Inc.	5,538	303,759
Wells Fargo & Co.	105,554	5,817,081

Security	Shares	Value
		$ 27,175,822
Beverages 2.6%		
Coca-Cola Co. (The)	136,579	$ 5,662,565
PepsiCo, Inc.	40,547	4,242,433
		$ 9,904,998
Biotechnology 3.2%		
AbbVie, Inc.	21,079	$ 1,319,967
Alexion Pharmaceuticals, Inc.(1)	4,998	611,505
Security	**Shares**	**Value**
Biotechnology (continued)		
Amgen, Inc.	18,988	$ 2,776,235
Celgene Corp.(1)	38,661	4,475,011
Gilead Sciences, Inc.	38,604	2,764,432
Vertex Pharmaceuticals, Inc.(1)	1,850	136,290
		$ 12,083,440
Capital Markets 1.8%		
Invesco, Ltd.	38,480	$ 1,167,483
Lazard, Ltd., Class A	9,511	390,807
Legg Mason, Inc.	3,441	102,920
S&P Global, Inc.	29,066	3,125,758
State Street Corp.	27,413	2,130,538
		$ 6,917,506
Chemicals 2.3%		
AdvanSix, Inc.(1)	1,530	$ 33,874
Dow Chemical Co. (The)	45,132	2,582,453
E.I. du Pont de Nemours & Co.	43,409	3,186,221
Eastman Chemical Co.	3,608	271,358
Ingevity Corp.(1)	2,787	152,895
Sherwin-Williams Co. (The)	9,183	2,467,839
		$ 8,694,640
Commercial Services & Supplies 0.1%		
Waste Management, Inc.	4,649	$ 329,661
		$ 329,661
Communications Equipment 0.9%		
Brocade Communications Systems, Inc.	42,403	$ 529,613
Cisco Systems, Inc.	101,490	3,067,028
		$ 3,596,641
Consumer Finance 1.2%		
American Express Co.	23,394	$ 1,733,027
Discover Financial Services	40,754	2,937,956
		$ 4,670,983

Containers & Packaging 0.5%		
Avery Dennison Corp.	15,307	$ 1,074,857
WestRock Co.	16,727	849,230
		$ 1,924,087

See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Portfolio of Investments continued

Security	Shares	Value
Distributors 0.7%		
Genuine Parts Co.	27,494	$ 2,626,777
		$ 2,626,777
Diversified Financial Services 1.2%		
Berkshire Hathaway, Inc., Class B[1]	28,638	$ 4,667,421
		$ 4,667,421
Diversified Telecommunication Services 2.3%		
AT&T, Inc.	132,177	$ 5,621,488
Frontier Communications Corp.	73,290	247,720
Level 3 Communications, Inc.[1]	6,823	384,544
Verizon Communications, Inc.	48,262	2,576,226
		$ 8,829,978
Electric Utilities 1.3%		
Duke Energy Corp.	23,843	$ 1,850,694
Edison International	20,090	1,446,279
Exelon Corp.	5,174	183,625
Pinnacle West Capital Corp.	7,168	559,319
Southern Co. (The)	9,121	448,662
Xcel Energy, Inc.	12,009	488,766
		$ 4,977,345
Electrical Equipment 0.5%		
Emerson Electric Co.	34,517	$ 1,924,323
		$ 1,924,323
Energy Equipment & Services 1.3%		
Halliburton Co.	30,502	$ 1,649,853
Schlumberger, Ltd.	39,317	3,300,662
		$ 4,950,515

Security	Shares	Value
Equity Real Estate Investment Trusts (REITs) 2.1%		
Apartment Investment & Management Co., Class A	12,428	$ 564,853
AvalonBay Communities, Inc.	11,002	1,949,004
Equity Residential	14,774	950,855
Host Hotels & Resorts, Inc.	58,590	1,103,835
Kimco Realty Corp.	78,276	1,969,424
ProLogis, Inc.	22,296	1,177,006
Realty Income Corp.	4,920	282,802
		$ 7,997,779
Food & Staples Retailing 1.3%		
Costco Wholesale Corp.	802	$ 128,408
Security	**Shares**	**Value**
Food & Staples Retailing (continued)		
CVS Health Corp.	47,515	$ 3,749,409
Wal-Mart Stores, Inc.	14,108	975,145
		$ 4,852,962
Food Products 1.8%		
Kellogg Co.	14,423	$ 1,063,120
Kraft Heinz Co. (The)	20,976	1,831,624
Mondelez International, Inc., Class A	46,954	2,081,471
Tyson Foods, Inc., Class A	28,696	1,769,969
		$ 6,746,184
Health Care Equipment & Supplies 2.4%		
Abbott Laboratories	73,588	$ 2,826,515
Baxter International, Inc.	37,878	1,679,510
St. Jude Medical, Inc.	11,404	914,487
Stryker Corp.	26,801	3,211,028
Zimmer Biomet Holdings, Inc.	3,848	397,114
		$ 9,028,654
Health Care Providers & Services 1.9%		
AmerisourceBergen Corp.	2,394	$ 187,187
Centene Corp.(1)	7,212	407,550
UnitedHealth Group, Inc.	36,686	5,871,227
VCA, Inc.(1)	11,050	758,583
		$ 7,224,547
Hotels, Restaurants & Leisure 1.4%		
Marriott International, Inc., Class A	12,488	$ 1,032,508
Marriott Vacations Worldwide Corp.	2,064	175,130
McDonald s Corp.	26,987	3,284,858
Wyndham Worldwide Corp.	11,235	858,017
		$ 5,350,513
Household Durables 1.1%		
Leggett & Platt, Inc.	11,383	$ 556,401

Lennar Corp., Class A	18,642	800,301
Newell Brands, Inc.	61,788	2,758,834
		$ 4,115,536

Household Products 1.5%		
Clorox Co. (The)	6,843	$ 821,297
Kimberly-Clark Corp.	19,850	2,265,282
Procter & Gamble Co. (The)	31,643	2,660,543
		$ 5,747,122

 See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Portfolio of Investments continued

Security	Shares	Value
Industrial Conglomerates 3.2%		
3M Co.	21,663	$ 3,868,362
General Electric Co.	130,427	4,121,493
Honeywell International, Inc.	38,263	4,432,769
		$ 12,422,624
Insurance 4.7%		
Allstate Corp. (The)	43,174	$ 3,200,057
AmTrust Financial Services, Inc.	6,090	166,744
Chubb, Ltd.	12,199	1,611,732
Cincinnati Financial Corp.	18,908	1,432,281
Lincoln National Corp.	47,210	3,128,607
Marsh & McLennan Cos., Inc.	50,188	3,392,207
MetLife, Inc.	6,849	369,093
Principal Financial Group, Inc.	29,001	1,677,998
Prudential Financial, Inc.	15,842	1,648,518
Travelers Cos., Inc. (The)	12,691	1,553,632
		$ 18,180,869
Internet & Direct Marketing Retail 2.1%		
Amazon.com, Inc.[1]	5,154	$ 3,864,830
Netflix, Inc.[1]	4,333	536,425
Priceline Group, Inc. (The)[1]	1,797	2,634,510
Shutterfly, Inc.[1]	19,125	959,693
		$ 7,995,458
Internet Software & Services 4.8%		
Alphabet, Inc., Class A[1]	7,805	$ 6,185,072
Alphabet, Inc., Class C[1]	7,534	5,814,892
Facebook, Inc., Class A[1]	36,074	4,150,314
VeriSign, Inc.[1]	27,256	2,073,364
		$ 18,223,642
IT Services 3.2%		
Fidelity National Information Services, Inc.	26,132	$ 1,976,624
International Business Machines Corp.	26,401	4,382,302

Security	Shares	Value
MasterCard, Inc., Class A	46,675	4,819,194
Visa, Inc., Class A	13,909	1,085,180
		$ 12,263,300
Leisure Products 0.0%(2)		
Mattel, Inc.	5,179	$ 142,681
		$ 142,681

Security	Shares	Value
Life Sciences Tools & Services 1.0%		
Thermo Fisher Scientific, Inc.	25,979	$ 3,665,637
		$ 3,665,637
Machinery 0.7%		
Caterpillar, Inc.	2,706	$ 250,954
Pentair PLC	5,479	307,208
Snap-on, Inc.	6,380	1,092,703
Stanley Black & Decker, Inc.	8,690	996,656
		$ 2,647,521
Media 3.8%		
CBS Corp., Class B	2,448	$ 155,742
Comcast Corp., Class A	78,857	5,445,076
Omnicom Group, Inc.	10,616	903,528
Time Warner, Inc.	22,212	2,144,124
Walt Disney Co. (The)	55,841	5,819,749
		$ 14,468,219
Metals & Mining 0.5%		
Newmont Mining Corp.	11,042	$ 376,201
Nucor Corp.	25,287	1,505,082
		$ 1,881,283
Multi-Utilities 1.8%		
Centerpoint Energy, Inc.	14,223	$ 350,455
CMS Energy Corp.	65,445	2,723,821
Dominion Resources, Inc.	1,997	152,950
DTE Energy Co.	10,342	1,018,791
NiSource, Inc.	49,999	1,106,978
Public Service Enterprise Group, Inc.	36,355	1,595,257
		$ 6,948,252
Multiline Retail 0.9%		
Kohl s Corp.	31,000	$ 1,530,780
Macy s, Inc.	48,228	1,727,045
Nordstrom, Inc.	8,194	392,738
		$ 3,650,563

Oil, Gas & Consumable Fuels 6.5%		
Chevron Corp.	61,930	$ 7,289,161
EOG Resources, Inc.	25,247	2,552,472
Exxon Mobil Corp.	64,412	5,813,827
Kinder Morgan, Inc.	8,047	166,653
Newfield Exploration Co.(1)	74,168	3,003,804

See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Portfolio of Investments continued

Security	Shares	Value
Oil, Gas & Consumable Fuels (continued)		
Phillips 66	24,334	$ 2,102,701
Tesoro Corp.	19,643	1,717,780
Williams Cos., Inc. (The)	68,677	2,138,602
		$ 24,785,000
Personal Products 0.1%		
Estee Lauder Cos., Inc. (The), Class A	3,326	$ 254,406
		$ 254,406
Pharmaceuticals 5.0%		
Bristol-Myers Squibb Co.	70,886	$ 4,142,578
Johnson & Johnson	51,433	5,925,596
Merck & Co., Inc.	86,490	5,091,666
Pfizer, Inc.	119,192	3,871,356
		$ 19,031,196
Professional Services 0.2%		
ManpowerGroup, Inc.	1,193	$ 106,022
Robert Half International, Inc.	13,943	680,139
		$ 786,161
Real Estate Management & Development 0.1%		
CBRE Group, Inc., Class A(1)	8,158	$ 256,895
		$ 256,895
Road & Rail 1.1%		
J.B. Hunt Transport Services, Inc.	3,521	$ 341,784
Kansas City Southern	11,539	979,084
Norfolk Southern Corp.	27,357	2,956,471
		$ 4,277,339

Security	Shares	Value
Semiconductors & Semiconductor Equipment 3.7%		
Analog Devices, Inc.	16,160	$ 1,173,539
Applied Materials, Inc.	15,313	494,151
Broadcom, Ltd.	10,319	1,824,090
Intel Corp.	49,395	1,791,557
KLA-Tencor Corp.	1,708	134,385
Linear Technology Corp.	14,970	933,379
NVIDIA Corp.	24,772	2,644,163
QUALCOMM, Inc.	64,980	4,236,696
Teradyne, Inc.	32,470	824,738
		$ 14,056,698

Security	**Shares**	**Value**
Software 4.3%		
Electronic Arts, Inc.[1]	5,791	$ 456,099
Microsoft Corp.	193,041	11,995,568
Oracle Corp.	103,117	3,964,849
salesforce.com, inc.[1]	1,398	95,707
		$ 16,512,223
Specialty Retail 2.0%		
Advance Auto Parts, Inc.	3,365	$ 569,089
Home Depot, Inc. (The)	45,616	6,116,193
Tiffany & Co.	14,641	1,133,653
		$ 7,818,935
Technology Hardware, Storage & Peripherals 3.9%		
Apple, Inc.	130,258	$ 15,086,482
		$ 15,086,482
Textiles, Apparel & Luxury Goods 0.6%		
Coach, Inc.	18,707	$ 655,119
Michael Kors Holdings, Ltd.[1]	4,705	202,221
NIKE, Inc., Class B	30,243	1,537,252
		$ 2,394,592
Tobacco 1.5%		
Altria Group, Inc.	10,537	$ 712,512
Philip Morris International, Inc.	55,470	5,074,950
Reynolds American, Inc.	1,374	76,999
		$ 5,864,461
Trading Companies & Distributors 0.1%		
Fastenal Co.	10,080	$ 473,558
		$ 473,558
Total Common Stocks 100.2% (identified cost $152,692,559)		**$ 383,601,323**

See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Portfolio of Investments continued

Call Options Written (0.4)%

Exchange-Traded Options (0.4)%

Description	Number of Contracts	Strike Price	Expiration Date	Value
S&P 500 Index	135	$ 2,215	1/3/17	$ (365,850)
S&P 500 Index	140	2,220	1/4/17	(332,500)
S&P 500 Index	135	2,260	1/6/17	(53,325)
S&P 500 Index	135	2,270	1/9/17	(39,825)
S&P 500 Index	135	2,280	1/11/17	(35,437)
S&P 500 Index	135	2,280	1/13/17	(51,975)
S&P 500 Index	135	2,275	1/17/17	(84,375)
S&P 500 Index	135	2,280	1/18/17	(76,950)
S&P 500 Index	135	2,270	1/20/17	(134,325)
S&P 500 Index	135	2,275	1/23/17	(125,550)
S&P 500 Index	135	2,280	1/25/17	(121,500)
S&P 500 Index	140	2,265	1/27/17	(248,541)
Total Call Options Written (premiums received $3,229,547)				**$ (1,670,153)**
Other Assets, Less Liabilities 0.2%				**$ 989,501**
Net Assets 100.0%				**$ 382,920,671**

The percentage shown for each investment category in the Portfolio of Investments is based on net assets.

(1) Non-income producing security.

(2) Amount is less than 0.05%.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Statement of Assets and Liabilities

Assets	December 31, 2016
Investments, at value (identified cost, $152,692,559)	$ 383,601,323
Cash	541,467
Dividends receivable	564,778
Receivable for investments sold	584,958
Receivable for premiums on written options	248,541
Receivable from the transfer agent	43,237
Total assets	**$ 385,584,304**
Liabilities	
Written options outstanding, at value (premiums received, $3,229,547)	$ 1,670,153
Payable for closed written options	510,723
Payable to affiliates:	
Investment adviser fee	326,071
Trustees fees	5,028
Accrued expenses	151,658
Total liabilities	**$ 2,663,633**
Net Assets	**$ 382,920,671**
Sources of Net Assets	
Common shares, $0.01 par value, unlimited number of shares authorized, 24,710,692 shares issued and outstanding	$ 247,107
Additional paid-in capital	154,901,105
Accumulated net realized loss	(4,817,860)
Accumulated undistributed net investment income	122,161
Net unrealized appreciation	232,468,158
Net Assets	**$ 382,920,671**
Net Asset Value	
($382,920,671 ÷ 24,710,692 common shares issued and outstanding)	**$ 15.50**

See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Statement of Operations

Investment Income	Year Ended December 31, 2016
Dividends	$ 8,863,390
Total investment income	**$ 8,863,390**
Expenses	
Investment adviser fee	$ 3,749,750
Trustees fees and expenses	19,989
Custodian fee	143,789
Transfer and dividend disbursing agent fees	18,307
Legal and accounting services	65,498
Printing and postage	157,429
Miscellaneous	38,734
Total expenses	**$ 4,193,496**
Net investment income	**$ 4,669,894**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss)	
Investment transactions	$ 20,206,320
Written options	(12,783,145)
Net realized gain	**$ 7,423,175**
Change in unrealized appreciation (depreciation)	
Investments	$ 18,528,752
Written options	860,056
Net change in unrealized appreciation (depreciation)	**$ 19,388,808**
Net realized and unrealized gain	**$ 26,811,983**
Net increase in net assets from operations	**$ 31,481,877**

See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Year Ended December 31, 2016	2015
From operations		
Net investment income	$ 4,669,894	$ 4,876,779
Net realized gain from investment transactions and written options	7,423,175	24,892,096
Net change in unrealized appreciation (depreciation) from investments and written options	19,388,808	(17,348,858)
Net increase in net assets from operations	**$ 31,481,877**	**$ 12,420,017**
Distributions to shareholders		
From net investment income	$ (4,387,385)	$ (4,672,903)
From net realized gain	(11,889,352)	(9,069,482)
Tax return of capital	(15,725,014)	(18,217,634)
Total distributions	**$ (32,001,751)**	**$ (31,960,019)**
Capital share transactions		
Reinvestment of distributions	$ 543,765	$ 291,380
Net increase in net assets from capital share transactions	**$ 543,765**	**$ 291,380**
Net increase (decrease) in net assets	**$ 23,891**	**$ (19,248,622)**
Net Assets		
At beginning of year	$ 382,896,780	$ 402,145,402
At end of year	**$ 382,920,671**	**$ 382,896,780**
Accumulated undistributed net investment income included in net assets		
At end of year	**$ 122,161**	**$ 186,620**

See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Financial Highlights

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Net asset value Beginning of year	$ 15.520	$ 16.310	$ 16.250	$ 14.900	$ 14.690
Income (Loss) From Operations					
Net investment income[1]	$ 0.189	$ 0.198	$ 0.170	$ 0.184	$ 0.207
Net realized and unrealized gain	1.087	0.308	1.186	2.462	1.299
Total income from operations	**$ 1.276**	**$ 0.506**	**$ 1.356**	**$ 2.646**	**$ 1.506**
Less Distributions					
From net investment income	$ (0.177)	$ (0.189)	$ (0.165)	$ (0.181)	$ (0.202)
From net realized gain	(0.482)	(0.368)			
Tax return of capital	(0.637)	(0.739)	(1.131)	(1.115)	(1.094)
Total distributions	**$ (1.296)**	**$ (1.296)**	**$ (1.296)**	**$ (1.296)**	**$ (1.296)**
Net asset value End of year	**$ 15.500**	**$ 15.520**	**$ 16.310**	**$ 16.250**	**$ 14.900**
Market value End of year	**$ 16.520**	**$ 16.690**	**$ 15.900**	**$ 14.890**	**$ 14.030**
Total Investment Return on Net Asset Value[2]	**8.68%**	**3.21%**	**8.94%**	**19.05%**	**11.25%**
Total Investment Return on Market Value[2]	**7.63%**	**13.92%**	**15.90%**	**15.85%**	**19.85%**
Ratios/Supplemental Data					
Net assets, end of year (000 s omitted)	$ 382,921	$ 382,897	$ 402,145	$ 400,633	$ 367,284
Ratios (as a percentage of average daily net assets):					
Expenses[3]	1.12%	1.11%	1.13%	1.14%	1.14%
Net investment income	1.25%	1.23%	1.04%	1.17%	1.38%
Portfolio Turnover	6%	7%	2%	2%	6%

(1) Computed using average shares outstanding.

(2) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Distributions are assumed to be reinvested at prices obtained under the Fund s dividend reinvestment plan.

(3) Excludes the effect of custody fee credits, if any, of less than 0.005%. Effective September 1, 2015, custody fee credits, which were earned on cash deposit balances, were discontinued by the custodian.

See Notes to Financial Statements.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Notes to Financial Statements

1 Significant Accounting Policies

Eaton Vance Tax-Managed Buy-Write Income Fund (the Fund) is a Massachusetts business trust registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company. The Fund s primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation.

The following is a summary of significant accounting policies of the Fund. The policies are in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946.

A Investment Valuation The following methodologies are used to determine the market value or fair value of investments.

Equity Securities. Equity securities listed on a U.S. securities exchange generally are valued at the last sale or closing price on the day of valuation or, if no sales took place on such date, at the mean between the closing bid and asked prices therefore on the exchange where such securities are principally traded. Equity securities listed on the NASDAQ Global or Global Select Market generally are valued at the NASDAQ official closing price. Unlisted or listed securities for which closing sales prices or closing quotations are not available are valued at the mean between the latest available bid and asked prices.

Derivatives. Exchange-traded options are valued at the mean between the bid and asked prices at valuation time as reported by the Options Price Reporting Authority for U.S. listed options or by the relevant exchange or board of trade for non-U.S. listed options. Over-the-counter options are valued by a third party pricing service using techniques that consider factors including the value of the underlying instrument, the volatility of the underlying instrument and the period of time until option expiration.

Fair Valuation. Investments for which valuations or market quotations are not readily available or are deemed unreliable are valued at fair value using methods determined in good faith by or at the direction of the Trustees of the Fund in a manner that fairly reflects the security s value, or the amount that the Fund might reasonably expect to receive for the security upon its current sale in the ordinary course. Each such determination is based on a consideration of relevant factors, which are likely to vary from one pricing context to another. These factors may include, but are not limited to, the type of security, the existence of any contractual restrictions on the security s disposition, the price and extent of public trading in similar securities of the issuer or of comparable companies or entities, quotations or relevant information obtained from broker/dealers or other market participants, information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities), an analysis of the company s or entity s financial condition, and an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold.

B Investment Transactions Investment transactions for financial statement purposes are accounted for on a trade date basis. Realized gains and losses on investments sold are determined on the basis of identified cost.

C Income Dividend income is recorded on the ex-dividend date for dividends received in cash and/or securities.

D Federal Taxes The Fund s policy is to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute to shareholders each year substantially all of its net investment income, and all or substantially all of its net realized capital gains. Accordingly, no provision for federal income or excise tax is necessary.

As of December 31, 2016, the Fund had no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. The Fund files a U.S. federal income tax return annually after its fiscal year-end, which is subject to examination by the Internal Revenue Service for a period of three years from the date of filing.

E Use of Estimates The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

F Indemnifications Under the Fund s organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the Fund. Under Massachusetts law, if certain conditions prevail, shareholders of a Massachusetts business trust (such as the Fund) could be deemed to have personal liability for the obligations of the Fund. However, the Fund s Declaration of Trust contains an express disclaimer of liability on the part of Fund shareholders and the By-laws provide that the Fund shall assume the defense on behalf of any Fund shareholders. Moreover, the By-laws also provide for indemnification out of Fund property of any shareholder held personally liable solely by reason of being or having been a shareholder for all loss or expense arising from such liability. Additionally, in the normal course of business, the Fund enters into agreements with service providers that may contain indemnification clauses. The Fund s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

G Written Options Upon the writing of a call or a put option, the premium received by the Fund is included in the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written, in accordance with the Fund s policies on investment valuations discussed above. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or are closed are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. When an index option is exercised, the Fund is required to deliver an amount of cash determined by the excess of the strike price of the option over the value of the index (in the case of a put) or the excess of the value of the index over the strike price of the option (in the case of a call)

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Notes to Financial Statements continued

at contract termination. If a put option on a security is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as a writer of an option, may have no control over whether the underlying securities or other assets may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the securities or other assets underlying the written option. The Fund may also bear the risk of not being able to enter into a closing transaction if a liquid secondary market does not exist.

2 Distributions to Shareholders and Income Tax Information

Subject to its Managed Distribution Plan, the Fund makes monthly distributions from its cash available for distribution, which consists of the Fund s dividends and interest income after payment of Fund expenses, net option premiums and net realized and unrealized gains on stock investments. The Fund intends to distribute all or substantially all of its net realized capital gains. Distributions are recorded on the ex-dividend date. Distributions to shareholders are determined in accordance with income tax regulations, which may differ from U.S. GAAP. As required by U.S. GAAP, only distributions in excess of tax basis earnings and profits are reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid-in capital. For tax purposes, distributions from short-term capital gains are considered to be from ordinary income. Distributions in any year may include a substantial return of capital component.

The tax character of distributions declared for the years ended December 31, 2016 and December 31, 2015 was as follows:

	Year Ended December 31,	
	2016	**2015**
Distributions declared from:		
Ordinary income	$ 4,387,385	$ 4,672,903
Long-term capital gains	$ 11,889,352	$ 9,069,482
Tax return of capital	$ 15,725,014	$ 18,217,634

During the year ended December 31, 2016, accumulated net realized loss was decreased by $347,165, accumulated undistributed net investment income was decreased by $346,968 and paid-in capital was decreased by $197 due to differences between book and tax accounting, primarily for distributions from real estate investment trusts (REITs), return of capital distributions from securities and investments in partnerships. These reclassifications had no effect on the net assets or net asset value per share of the Fund.

As of December 31, 2016, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Post October capital losses	$ (3,259,154)
Net unrealized appreciation	$ 231,031,613

The differences between components of distributable earnings (accumulated losses) on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to option contracts, investments in partnerships, distributions from REITs and return of capital distributions from securities.

At December 31, 2016, the Fund had a net capital loss of $3,259,154 attributable to security transactions incurred after October 31, 2016 that it has elected to defer. This net capital loss is treated as arising on the first day of the Fund s taxable year ending December 31, 2017.

The cost and unrealized appreciation (depreciation) of investments of the Fund at December 31, 2016, as determined on a federal income tax basis, were as follows:

Aggregate cost	**$ 152,569,710**
Gross unrealized appreciation	$ 231,042,015
Gross unrealized depreciation	(10,402)
Net unrealized appreciation	**$ 231,031,613**

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Notes to Financial Statements continued

3 Investment Adviser Fee and Other Transactions with Affiliates

The investment adviser fee is earned by Eaton Vance Management (EVM) as compensation for management and investment advisory services rendered to the Fund. The fee is computed at an annual rate of 1.00% of the Fund s average daily gross assets and is payable monthly. Gross assets as referred to herein represent net assets plus obligations attributable to investment leverage, if any. For the year ended December 31, 2016, the Fund s investment adviser fee amounted to $3,749,750. Pursuant to a sub-advisory agreement, EVM has delegated a portion of the investment management to Parametric Portfolio Associates LLC (Parametric), a majority-owned subsidiary of Eaton Vance Corp. EVM pays Parametric a portion of its investment adviser fee for sub-advisory services provided to the Fund. EVM also serves as administrator of the Fund, but receives no compensation.

Trustees and officers of the Fund who are members of EVM s organization receive remuneration for their services to the Fund out of the investment adviser fee. Trustees of the Fund who are not affiliated with EVM may elect to defer receipt of all or a percentage of their annual fees in accordance with the terms of the Trustees Deferred Compensation Plan. For the year ended December 31, 2016, no significant amounts have been deferred. Certain officers and Trustees of the Fund are officers of EVM.

4 Purchases and Sales of Investments

Purchases and sales of investments, other than short-term obligations, aggregated $22,750,405 and $62,336,795, respectively, for the year ended December 31, 2016.

5 Common Shares of Beneficial Interest

Common shares issued by the Fund pursuant to its dividend reinvestment plan for the years ended December 31, 2016 and December 31, 2015 were 35,380 and 18,553, respectively.

The Board of Trustees of the Fund approved the continuation of the Fund s share repurchase program that has been in effect since August 6, 2012. Pursuant to the terms of the reauthorization of the program, the Fund may repurchase up to 10% of its common shares outstanding as of September 30, 2013 in open market transactions at a discount to net asset value (NAV). The terms of the reauthorization increased the number of shares available for repurchase. The repurchase program does not obligate the Fund to purchase a specific amount of shares. There were no repurchases of common shares by the Fund for the years ended December 31, 2016 and December 31, 2015.

6 Financial Instruments

The Fund may trade in financial instruments with off-balance sheet risk in the normal course of its investing activities. These financial instruments may include written options and may involve, to a varying degree, elements of risk in excess of the amounts recognized for financial statement purposes. The notional or contractual amounts of these instruments represent the investment the Fund has in particular classes of financial instruments and do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. A summary of obligations under these financial instruments at December 31, 2016 is included in the Portfolio of Investments. All of the assets of the Fund are subject to segregation to satisfy the requirements of the escrow agent. At December 31, 2016, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

Written options activity for the year ended December 31, 2016 was as follows:

	Number of Contracts	Premiums Received
Outstanding, beginning of year	1,780	$ 3,500,938
Options written	21,975	43,947,932
Options terminated in closing purchase transactions	(10,815)	(23,673,351)
Options exercised	(1,890)	(3,184,806)
Options expired	(9,420)	(17,361,166)
Outstanding, end of year	**1,630**	**$ 3,229,547**

The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. The Fund writes index call options above the current value of the index to generate premium income. In writing index call options, the Fund in effect, sells potential appreciation in the value of the applicable index above the exercise price in exchange for the option premium received. The Fund retains the risk of loss, minus the premium received, should the price of the underlying index decline.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Notes to Financial Statements continued

The fair value of open derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) and whose primary underlying risk exposure is equity price risk at December 31, 2016 was as follows:

	Fair Value	
Derivative	**Asset Derivative**	**Liability Derivative**[1]
Written options	$	$ (1,670,153)

[1] Statement of Assets and Liabilities location: Written options outstanding, at value.

The effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) on the Statement of Operations and whose primary underlying risk exposure is equity price risk for the year ended December 31, 2016 was as follows:

Derivative	**Realized Gain (Loss) on Derivatives Recognized in Income**[1]	**Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized in Income**[2]
Written options	$ (12,783,145)	$ 860,056

[1] Statement of Operations location: Net realized gain (loss) Written options.

[2] Statement of Operations location: Change in unrealized appreciation (depreciation) Written options.

7 Fair Value Measurements

Under generally accepted accounting principles for fair value measurements, a three-tier hierarchy to prioritize the assumptions, referred to as inputs, is used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

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

In cases where the inputs used to measure fair value fall in different levels of the fair value hierarchy, the level disclosed is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At December 31, 2016, the hierarchy of inputs used in valuing the Fund s investments and open derivative instruments, which are carried at value, were as follows:

Asset Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks	$ 383,601,323*	$	$	$ 383,601,323
Total Investments	**$ 383,601,323**	**$**	**$**	**$ 383,601,323**
Liability Description				
Call Options Written	$ (1,670,153)	$	$	$ (1,670,153)
Total	**$ (1,670,153)**	**$**	**$**	**$ (1,670,153)**

* The level classification by major category of investments is the same as the category presentation in the Portfolio of Investments.

The Fund held no investments or other financial instruments as of December 31, 2015 whose fair value was determined using Level 3 inputs. At December 31, 2016, there were no investments transferred between Level 1 and Level 2 during the year then ended.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders of Eaton Vance Tax-Managed Buy-Write Income Fund:

We have audited the accompanying statement of assets and liabilities of Eaton Vance Tax-Managed Buy-Write Income Fund (the Fund), including the portfolio of investments, as of December 31, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Eaton Vance Tax-Managed Buy-Write Income Fund as of December 31, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Boston, Massachusetts

February 17, 2017

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Federal Tax Information (Unaudited)

The Form 1099-DIV you received in February 2017 showed the tax status of all distributions paid to your account in calendar year 2016. Shareholders are advised to consult their own tax adviser with respect to the tax consequences of their investment in the Fund. As required by the Internal Revenue Code and/or regulations, shareholders must be notified regarding the status of qualified dividend income for individuals, the dividends received deduction for corporations and capital gains dividends.

Qualified Dividend Income. For the fiscal year ended December 31, 2016, the Fund designates approximately $8,710,122, or up to the maximum amount of such dividends allowable pursuant to the Internal Revenue Code, as qualified dividend income eligible for the reduced tax rate of 15%.

Dividends Received Deduction. Corporate shareholders are generally entitled to take the dividends received deduction on the portion of the Fund s dividend distribution that qualifies under tax law. For the Fund s fiscal 2016 ordinary income dividends, 100% qualifies for the corporate dividends received deduction.

Capital Gains Dividends. The Fund hereby designates as a capital gain dividend with respect to the taxable year ended December 31, 2016, $11,889,352 or, if subsequently determined to be different, the net capital gain of such year.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Dividend Reinvestment Plan

The Fund offers a dividend reinvestment plan (Plan) pursuant to which shareholders may elect to have distributions automatically reinvested in common shares (Shares) of the Fund. You may elect to participate in the Plan by completing the Dividend Reinvestment Plan Application Form. If you do not participate, you will receive all distributions in cash paid by check mailed directly to you by American Stock Transfer & Trust Company, LLC (AST) as dividend paying agent. On the distribution payment date, if the NAV per Share is equal to or less than the market price per Share plus estimated brokerage commissions, then new Shares will be issued. The number of Shares shall be determined by the greater of the NAV per Share or 95% of the market price. Otherwise, Shares generally will be purchased on the open market by AST, the Plan agent (Agent). Distributions subject to income tax (if any) are taxable whether or not Shares are reinvested.

If your Shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you will need to request that the Fund s transfer agent re-register your Shares in your name or you will not be able to participate.

The Agent s service fee for handling distributions will be paid by the Fund. Plan participants will be charged their pro rata share of brokerage commissions on all open-market purchases.

Plan participants may withdraw from the Plan at any time by writing to the Agent at the address noted on the following page. If you withdraw, you will receive Shares in your name for all Shares credited to your account under the Plan. If a participant elects by written notice to the Agent to sell part or all of his or her Shares and remit the proceeds, the Agent is authorized to deduct a $5.00 fee plus brokerage commissions from the proceeds.

If you wish to participate in the Plan and your Shares are held in your own name, you may complete the form on the following page and deliver it to the Agent. Any inquiries regarding the Plan can be directed to the Agent at 1-866-439-6787.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Application for Participation in Dividend Reinvestment Plan

This form is for shareholders who hold their common shares in their own names. If your common shares are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to see if it will participate in the Plan on your behalf. If you wish to participate in the Plan, but your brokerage firm, bank, or nominee is unable to participate on your behalf, you should request that your common shares be re-registered in your own name which will enable your participation in the Plan.

The following authorization and appointment is given with the understanding that I may terminate it at any time by terminating my participation in the Plan as provided in the terms and conditions of the Plan.

Please print exact name on account

Shareholder signature Date

Shareholder signature Date

Please sign exactly as your common shares are registered. All persons whose names appear on the share certificate must sign.

YOU SHOULD NOT RETURN THIS FORM IF YOU WISH TO RECEIVE YOUR DISTRIBUTIONS IN CASH. THIS IS NOT A PROXY.

This authorization form, when signed, should be mailed to the following address:

Eaton Vance Tax-Managed Buy-Write Income Fund

c/o American Stock Transfer & Trust Company, LLC

P.O. Box 922

Wall Street Station

New York, NY 10269-0560

Number of Employees

The Fund is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company and has no employees.

Number of Shareholders

As of December 31, 2016, Fund records indicate that there are 6 registered shareholders and approximately 19,170 shareholders owning the Fund shares in street name, such as through brokers, banks, and financial intermediaries.

If you are a street name shareholder and wish to receive Fund reports directly, which contain important information about the Fund, please write or call:

Eaton Vance Distributors, Inc.

Two International Place

Boston, MA 02110

1-800-262-1122

New York Stock Exchange symbol

The New York Stock Exchange symbol is ETB.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Management and Organization

Fund Management. The Trustees of Eaton Vance Tax-Managed Buy-Write Income Fund (the Fund) are responsible for the overall management and supervision of the Fund s affairs. The Trustees and officers of the Fund are listed below. Except as indicated, each individual has held the office shown or other offices in the same company for the last five years. The Noninterested Trustees consist of those Trustees who are not interested persons of the Fund, as that term is defined under the 1940 Act. The business address of each Trustee and officer is Two International Place, Boston, Massachusetts 02110. As used below, EVC refers to Eaton Vance Corp., EV refers to Eaton Vance, Inc., EVM refers to Eaton Vance Management, BMR refers to Boston Management and Research, EVMI refers to Eaton Vance Management (International) Limited and EVD refers to Eaton Vance Distributors, Inc. EVC and EV are the corporate parent and trustee, respectively, of EVM and BMR. EVMI is an indirect, wholly-owned subsidiary of EVC. EVD is a wholly-owned subsidiary of EVC. Each officer affiliated with Eaton Vance may hold a position with other Eaton Vance affiliates that is comparable to his or her position with EVM listed below. Each Trustee oversees 177 portfolios in the Eaton Vance Complex (including all master and feeder funds in a master feeder structure). Each officer serves as an officer of certain other Eaton Vance funds. Each Trustee serves for a three year term. Each officer serves until his or her successor is elected.

Name and Year of Birth	Position(s) with the Fund	Term Expiring; Trustee Since[1]	Principal Occupation(s) and Directorships During Past Five Years and Other Relevant Experience
Interested Trustee			
Thomas E. Faust Jr. 1958	Class I Trustee	Until 2018. Trustee since 2007.	Chairman, Chief Executive Officer and President of EVC, Director and President of EV, Chief Executive Officer and President of EVM and BMR, and Director of EVD and EVMI. Trustee and/or officer of 177 registered investment companies. Mr. Faust is an interested person because of his positions with EVM, BMR, EVD, EVMI, EVC and EV, which are affiliates of the Fund. **Directorships in the Last Five Years.[2]** Director of EVC and Hexavest Inc. (investment management firm).
Noninterested Trustees			
Scott E. Eston 1956	Class I Trustee	Until 2018. Trustee since 2011.	Private investor. Formerly held various positions at Grantham, Mayo, Van Otterloo and Co., LLC (investment management firm) (1997-2009), including Chief Operating Officer (2002-2009), Chief Financial Officer (1997-2009) and Chairman of the Executive Committee (2002-2008); President and Principal Executive Officer, GMO Trust (open-end registered investment company) (2006-2009). Former Partner, Coopers and Lybrand LLP (now PricewaterhouseCoopers) (a registered public accounting firm) (1987-1997). Mr. Eston has apprised the Board of Trustees that he intends to retire as a Trustee of all Eaton Vance funds effective September 30, 2017. **Directorships in the Last Five Years.[2]** None.
Mark R. Fetting[3] 1954	Class III Trustee	Until 2017. Trustee since 2016.	Private investor. Formerly held various positions at Legg Mason, Inc. (investment management firm) (2000-2012), including President, Chief Executive Officer, Director and Chairman (2008-2012), Senior Executive Vice President (2004-2008) and Executive Vice President (2001-2004). Formerly, President of Legg Mason

			family of funds (2001-2008). Formerly, Division President and Senior Officer of Prudential Financial Group, Inc. and related companies (investment management firm) (1991-2000). **Directorships in the Last Five Years.** Formerly, Director and Chairman of Legg Mason, Inc. (2008-2012); Director/Trustee and Chairman of Legg Mason family of funds (14 funds) (2008-2012); and Director/Trustee of the Royce family of funds (35 funds) (2001-2012).
Cynthia E. Frost 1961	Class I Trustee	Until 2018. Trustee since 2014.	Private investor. Formerly, Chief Investment Officer of Brown University (university endowment) (2000-2012); Portfolio Strategist for Duke Management Company (university endowment manager) (1995-2000); Managing Director, Cambridge Associates (investment consulting company) (1989-1995); Consultant, Bain and Company (management consulting firm) (1987-1989); Senior Equity Analyst, BA Investment Management Company (1983-1985). **Directorships in the Last Five Years.** None.
George J. Gorman 1952	Class II Trustee	Until 2019. Trustee since 2014.	Principal at George J. Gorman LLC (consulting firm). Formerly, Senior Partner at Ernst & Young LLP (a registered public accounting firm) (1974-2009). **Directorships in the Last Five Years.** Formerly, Trustee of the BofA Funds Series Trust (11 funds) (2011-2014) and of the Ashmore Funds (9 funds) (2010-2014).

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Management and Organization continued

Name and Year of Birth	Position(s) with the Fund	Term Expiring; Trustee Since(1)	Principal Occupation(s) and Directorships During Past Five Years and Other Relevant Experience
Noninterested Trustees (continued)			
Valerie A. Mosley 1960	Class III Trustee	Until 2017. Trustee since 2014.	Chairwoman and Chief Executive Officer of Valmo Ventures (a consulting and investment firm). Former Partner and Senior Vice President, Portfolio Manager and Investment Strategist at Wellington Management Company, LLP (investment management firm) (1992-2012). Former Chief Investment Officer, PG Corbin Asset Management (1990-1992). Formerly worked in institutional corporate bond sales at Kidder Peabody (1986-1990). **Directorships in the Last Five Years.**(2) Director of Dynex Capital, Inc. (mortgage REIT) (since 2013).
William H. Park 1947	Chairperson of the Board and Class II Trustee	Until 2019. Chairperson of the Board since 2016 and Trustee since 2003.	Private investor. Formerly, Consultant (management and transactional) (2012-2014). Formerly, Chief Financial Officer, Aveon Group L.P. (investment management firm) (2010-2011). Formerly, Vice Chairman, Commercial Industrial Finance Corp. (specialty finance company) (2006-2010). Formerly, President and Chief Executive Officer, Prizm Capital Management, LLC (investment management firm) (2002-2005). Formerly, Executive Vice President and Chief Financial Officer, United Asset Management Corporation (investment management firm) (1982-2001). Formerly, Senior Manager, Price Waterhouse (now PricewaterhouseCoopers) (a registered public accounting firm) (1972-1981). **Directorships in the Last Five Years.**(2) None.
Helen Frame Peters 1948	Class III Trustee	Until 2017. Trustee since 2008.	Professor of Finance, Carroll School of Management, Boston College. Formerly, Dean, Carroll School of Management, Boston College (2000-2002). Formerly, Chief Investment Officer, Fixed Income, Scudder Kemper Investments (investment management firm) (1998-1999). Formerly, Chief Investment Officer, Equity and Fixed Income, Colonial Management Associates (investment management firm) (1991-1998). **Directorships in the Last Five Years.**(2) Formerly, Director of BJ s Wholesale Club, Inc. (wholesale club retailer) (2004-2011). Formerly, Trustee of SPDR Index Shares Funds and SPDR Series Trust (exchange traded funds) (2000-2009). Formerly, Director of Federal Home Loan Bank of Boston (a bank for banks) (2007-2009).
Susan J. Sutherland 1957	Class II Trustee	Until 2019. Trustee since 2015.	Private investor. Formerly, Associate, Counsel and Partner at Skadden, Arps, Slate, Meagher & Flom LLP (law firm) (1982-2013). **Directorships in the Last Five Years.** Formerly, Director of Montpelier Re Holdings Ltd. (global provider of customized insurance and reinsurance products) (2013-2015).

Harriett Tee Taggart 1948	Class II Trustee	Until 2019. Trustee since 2011.	Managing Director, Taggart Associates (a professional practice firm). Formerly, Partner and Senior Vice President, Wellington Management Company, LLP (investment management firm) (1983-2006). **Directorships in the Last Five Years.**(2) Director of Albemarle Corporation (chemicals manufacturer) (since 2007) and The Hanover Group (specialty property and casualty insurance company) (since 2009). Formerly, Director of Lubrizol Corporation (specialty chemicals) (2007-2011).
Ralph F. Verni 1943	Class III Trustee	Until 2017. Trustee since 2005.	Consultant and private investor. Formerly, Chief Investment Officer (1982-1992), Chief Financial Officer (1988-1990) and Director (1982-1992), New England Life. Formerly, Chairperson, New England Mutual Funds (1982-1992). Formerly, President and Chief Executive Officer, State Street Management & Research (1992-2000). Formerly, Chairperson, State Street Research Mutual Funds (1992-2000). Formerly, Director, W.P. Carey, LLC (1998-2004) and First Pioneer Farm Credit Corp. (financial services cooperative) (2002-2006). Consistent with the Trustee retirement policy, Mr. Verni is currently expected to retire as a Trustee of all Eaton Vance funds effective July 1, 2017. **Directorships in the Last Five Years.**(2) None.

Eaton Vance

Tax-Managed Buy-Write Income Fund

December 31, 2016

Management and Organization continued

Name and Year of Birth	Position(s) with the Fund	Term Expiring; Trustee Since[1]	Principal Occupation(s) and Directorships During Past Five Years and Other Relevant Experience
Noninterested Trustees (continued)			
Scott E. Wennerholm[3] 1959	Class I Trustee	Until 2018. Trustee since 2016.	Consultant at GF Parish Group (executive recruiting firm). Trustee at Wheelock College (postsecondary institution) (since 2012). Formerly, Chief Operating Officer and Executive Vice President at BNY Mellon Asset Management (investment management firm) (2005-2011). Formerly, Chief Operating Officer and Chief Financial Officer at Natixis Global Asset Management (investment management firm) (1997-2004). Formerly, Vice President at Fidelity Investments Institutional Services (investment management firm) (1994-1997). **Directorships in the Last Five Years.** None.

Principal Officers who are not Trustees

Name and Year of Birth	Position(s) with the Fund	Officer Since[4]	Principal Occupation(s) During Past Five Years
Edward J. Perkin 1972	President	2014	Vice President and Chief Equity Investment Officer of EVM and BMR. Prior to joining EVM in 2014, Mr. Perkin was Chief Investment Officer, International and Emerging Markets Equity, and Managing Director, Portfolio Manager, Europe, EAFE and Global, at Goldman Sachs Asset Management.
Maureen A. Gemma 1960	Vice President, Secretary and Chief Legal Officer	2005	Vice President of EVM and BMR. Also Vice President of Calvert Research and Management (CRM).
James F. Kirchner 1967	Treasurer	2007	Vice President of EVM and BMR. Also Vice President of CRM.
Paul M. O Neil 1953	Chief Compliance Officer	2004	Vice President of EVM and BMR.

(1) Year first appointed to serve as Trustee for a fund in the Eaton Vance family of funds. Each Trustee has served continuously since appointment unless indicated otherwise. Each Trustee holds office until the annual meeting for the year in which his or her term expires and until his or her successor is elected and qualified, subject to a prior death, resignation, retirement, disqualification or removal.

(2) During their respective tenures, the Trustees (except for Mmes. Frost and Sutherland and Messrs. Fetting, Gorman and Wennerholm) also served as Board members of one or more of the following funds (which operated in the years noted): eUnits™ 2 Year U.S. Market Participation Trust: Upside to Cap /

Buffered Downside (launched in 2012 and terminated in 2014); eUnits™ 2 Year U.S. Market Participation Trust II: Upside to Cap / Buffered Downside (launched in 2012 and terminated in 2014); and Eaton Vance National Municipal Income Trust (launched in 1998 and terminated in 2009). However, Ms. Mosley did not serve as a Board member of eUnits™ 2 Year U.S. Market Participation Trust: Upside to Cap / Buffered Downside (launched in 2012 and terminated in 2014).

(3) Messrs. Fetting and Wennerholm began serving as Trustees effective September 1, 2016.

(4) Year first elected to serve as officer of a fund in the Eaton Vance family of funds when the officer has served continuously. Otherwise, year of most recent election as an officer of a fund in the Eaton Vance family of funds. Titles may have changed since initial election.

Eaton Vance Funds

IMPORTANT NOTICES

Privacy. The Eaton Vance organization is committed to ensuring your financial privacy. Each of the financial institutions identified below has in effect the following policy (Privacy Policy) with respect to nonpublic personal information about its customers:

Only such information received from you, through application forms or otherwise, and information about your Eaton Vance fund transactions will be collected. This may include information such as name, address, social security number, tax status, account balances and transactions.

None of such information about you (or former customers) will be disclosed to anyone, except as permitted by law (which includes disclosure to employees necessary to service your account). In the normal course of servicing a customer s account, Eaton Vance may share information with unaffiliated third parties that perform various required services such as transfer agents, custodians and broker-dealers.

Policies and procedures (including physical, electronic and procedural safeguards) are in place that are designed to protect the confidentiality of such information.

We reserve the right to change our Privacy Policy at any time upon proper notification to you. Customers may want to review our Privacy Policy periodically for changes by accessing the link on our homepage: www.eatonvance.com.

Our pledge of privacy applies to the following entities within the Eaton Vance organization: the Eaton Vance Family of Funds, Eaton Vance Management, Eaton Vance Investment Counsel, Eaton Vance Distributors, Inc., Eaton Vance Trust Company, Eaton Vance Management (International) Limited, Eaton Vance Management s Real Estate Investment Group and Boston Management and Research. In addition, our Privacy Policy applies only to those Eaton Vance customers who are individuals and who have a direct relationship with us. If a customer s account (i.e., fund shares) is held in the name of a third-party financial advisor/broker-dealer, it is likely that only such advisor s privacy policies apply to the customer. This notice supersedes all previously issued privacy disclosures. For more information about Eaton Vance s Privacy Policy, please call 1-800-262-1122.

Delivery of Shareholder Documents. The Securities and Exchange Commission (SEC) permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. This practice is often called householding and it helps eliminate duplicate mailings to shareholders. *American Stock Transfer and Trust Company, LLC (AST), the closed-end funds transfer agent, or your financial advisor, may household the mailing of your documents indefinitely unless you instruct AST, or your financial advisor, otherwise.* If you would prefer that your Eaton Vance documents not be householded, please contact AST or your financial advisor. Your instructions that householding not apply to delivery of your Eaton Vance documents will typically be effective within 30 days of receipt by AST or your financial advisor.

Portfolio Holdings. Each Eaton Vance Fund and its underlying Portfolio(s) (if applicable) will file a schedule of portfolio holdings on Form N-Q with the SEC for the first and third quarters of each fiscal year. The Form N-Q will be available on the Eaton Vance website at www.eatonvance.com, by calling Eaton Vance at 1-800-262-1122 or in the EDGAR database on the SEC s website at www.sec.gov. Form N-Q may also be reviewed and copied at the SEC s public reference room in Washington, D.C. (call 1-800-732-0330 for information on the operation of the public reference room).

Proxy Voting. From time to time, funds are required to vote proxies related to the securities held by the funds. The Eaton Vance Funds or their underlying Portfolios (if applicable) vote proxies according to a set of policies and procedures approved by the Funds and Portfolios Boards. You may obtain a description of these policies and procedures and information on how the Funds or Portfolios voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge, upon request, by calling 1-800-262-1122 and by accessing the SEC s website at www.sec.gov.

Share Repurchase Program. The Fund s Board of Trustees has approved a share repurchase program authorizing the Fund to repurchase up to 10% of its outstanding common shares as of the approved date in open-market transactions at a discount to net asset value. The repurchase program does not obligate the Fund to purchase a specific amount of shares. The Fund s repurchase activity, including the number of shares purchased, average price and average discount to net asset value, is disclosed in the Fund s annual and semi-annual reports to shareholders.

Additional Notice to Shareholders. If applicable, a Fund may also redeem or purchase its outstanding preferred shares in order to maintain compliance with regulatory requirements, borrowing or rating agency requirements or for other purposes as it deems appropriate or necessary.

Closed-End Fund Information. Eaton Vance closed-end funds make fund performance data and certain information about portfolio characteristics available on the Eaton Vance website shortly after the end of each month. Other information about the funds is available on the website. The funds net asset value per share is readily accessible on the Eaton Vance website. Portfolio holdings for the most recent month-end are also posted to the website approximately 30 days following the end of the month. This information is available at www.eatonvance.com on the fund information pages under Individual Investors Closed-End Funds .

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Investment Adviser and Administrator

Eaton Vance Management

Two International Place

Boston, MA 02110

Sub-Adviser

Parametric Portfolio Associates LLC

1918 Eighth Avenue, Suite 3100

Seattle, WA 98101

Custodian

State Street Bank and Trust Company

State Street Financial Center, One Lincoln Street

Boston, MA 02111

Transfer Agent

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

200 Berkeley Street

Boston, MA 02116-5022

Fund Offices

Two International Place

Boston, MA 02110

2427 12.31.16

Item 2. Code of Ethics

The registrant has adopted a code of ethics applicable to its Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-262-1122. The registrant has amended the code of ethics as described in Form N-CSR during the period covered by this report to make clarifying changes consistent with Rule 21F-17 of the Securities Exchange Act of 1934, as amended. The registrant has not granted any waiver, including an implicit waiver, from a provision of the code of ethics as described in Form N-CSR during the period covered by this report.

Item 3. Audit Committee Financial Expert

The registrant s Board has designated William H. Park, an independent trustee, as its audit committee financial expert. Mr. Park is a certified public accountant who is a private investor. Previously, he served as a consultant, as the Chief Financial Officer of Aveon Group, L.P. (an investment management firm), as the Vice Chairman of Commercial Industrial Finance Corp. (specialty finance company), as President and Chief

Executive Officer of Prizm Capital Management, LLC (investment management firm), as Executive Vice President and Chief Financial Officer of United Asset Management Corporation (an institutional investment management firm) and as a Senior Manager at Price Waterhouse (now PricewaterhouseCoopers) (an independent registered public accounting firm).

Item 4. Principal Accountant Fees and Services

Rule 2-01(c)(1)(ii)(A) of Regulation S-X (the Loan Rule) prohibits an accounting firm, such as the Fund s principal accountant, Deloitte & Touche LLP (D&T), from having certain financial relationships with their audit clients and affiliated entities. Specifically, the Loan Rule provides, in relevant part, that an accounting firm generally would not be independent if it receives a loan from a lender that is a record or beneficial owner of more than ten percent of the audit client s equity securities. Based on information provided to the Audit Committee of the Board of Trustees (the Audit Committee) of the Eaton Vance family of funds by D&T, certain relationships between D&T and its affiliates (Deloitte Entities) and its lenders who are record owners of shares of one or more funds within the Eaton Vance family of funds (the Funds) implicate the Loan Rule, calling into question D&T s independence with respect to the Funds. The Funds are providing this disclosure to explain the facts and circumstances as well as D&T s conclusions concerning D&T s objectivity and impartiality with respect to the audits of the Funds.

D&T advised the Audit Committee of its conclusion that, in light of the facts surrounding its lending relationships, D&T s objectivity and impartiality in the planning and conduct of the audits of the Funds financial statements will not be compromised, D&T is in a position to continue as the auditor for the Funds and no actions need to be taken with respect to previously issued reports by D&T. D&T has advised the Audit Committee that these conclusions were based in part on the following considerations: (1) Deloitte Entity personnel responsible for managing the lending relationships have had no interactions with the audit engagement team; (2) the lending relationships are in good standing and the principal and interest payments are up-to-date; (3) the lending relationships are not significant to the Deloitte Entities or to D&T.

On June 20, 2016, the U.S. Securities and Exchange Commission (the SEC) issued no-action relief to another mutual fund complex (see Fidelity Management & Research Company et al., No-Action Letter (June 20, 2016) (the No-Action Letter)) related to the auditor independence issue described above. In the No-Action Letter, the SEC indicated that it would not recommend enforcement action against the fund group if the auditor is not in compliance with the Loan Rule provided that: (1) the auditor has complied with PCAOB Rule 3526(b)(1) and 3526(b)(2); (2) the auditor s non-compliance under the Loan Rule is with respect to certain lending relationships; and (3) notwithstanding such non-compliance, the auditor has concluded that it is objective and impartial with respect to the issues encompassed within its engagement as auditor of the funds. Based on information provided by D&T, the requirements of the No-Action Letter appear to be met with respect to D&T s lending relationships described above. After giving consideration to the guidance provided in the No-Action Letter, D&T affirmed to the Audit Committee that D&T is an independent accountant with respect to the Funds within the meaning of the rules and standards of the PCAOB and the securities laws and regulations administered by the SEC. The SEC has indicated that the no-action relief will expire 18 months from its issuance.

(a) (d)

The following table presents the aggregate fees billed to the registrant for the registrant s fiscal years ended December 31, 2015 and December 31, 2016 by D&T for professional services rendered for the audit of the registrant s annual financial statements and fees billed for other services rendered by D&T during such periods.

Fiscal Years Ended	**12/31/15**	**12/31/16**
Audit Fees	$ 40,470	$ 47,920
Audit-Related Fees[1]	$ 0	$ 0
Tax Fees[2]	$ 8,920	$ 9,009
All Other Fees[3]	$ 0	$ 0
Total	$ 49,390	$ 56,929

(1) Audit-related fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit of financial statements and are not reported under the category of audit fees.

(2) Tax fees consist of the aggregate fees billed for professional services rendered by the principal accountant relating to tax compliance, tax advice, and tax planning and specifically include fees for tax return preparation and other related tax compliance/planning matters.

(3) All other fees consist of the aggregate fees billed for products and services provided by the principal accountant other than audit, audit-related, and tax services.

(e)(1) The registrant s audit committee has adopted policies and procedures relating to the pre-approval of services provided by the registrant s principal accountant (the Pre-Approval Policies). The Pre-Approval Policies establish a framework intended to assist the audit committee in the proper discharge of its pre-approval responsibilities. As a general matter, the Pre-Approval Policies (i) specify certain types of audit, audit-related, tax, and other services determined to be pre-approved by the audit committee; and (ii) delineate specific procedures governing the mechanics of the pre-approval process, including the approval and monitoring of audit and non-audit service fees. Unless a service is specifically pre-approved under the Pre-Approval Policies, it must be separately pre-approved by the audit committee.

The Pre-Approval Policies and the types of audit and non-audit services pre-approved therein must be reviewed and ratified by the registrant s audit committee at least annually. The registrant s audit committee maintains full responsibility for the appointment, compensation, and oversight of the work of the registrant s principal accountant.

(e)(2) No services described in paragraphs (b)-(d) above were approved by the registrant s audit committee pursuant to the de minimis exception set forth in Rule 2-01(c)(7)(i)(C) of Regulation S-X.

(f) Not applicable.

(g) The following table presents (i) the aggregate non-audit fees (i.e., fees for audit-related, tax, and other services) billed to the registrant by D&T for the registrant s fiscal years ended December 31, 2015 and December 31, 2016; and (ii) the aggregate non-audit fees (i.e., fees for audit-related, tax, and other services) billed to the Eaton Vance organization by D&T for the same time periods.

Fiscal Years Ended	**12/31/15**	**12/31/16**
Registrant	$ 8,920	$ 9,009
Eaton Vance[1]	$ 56,434	$ 46,000

(1) The investment adviser to the registrant, as well as any of its affiliates that provide ongoing services to the registrant, are subsidiaries of Eaton Vance Corp.

(h) The registrant s audit committee has considered whether the provision by the registrant s principal accountant of non-audit services to the registrant s investment adviser and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant that were not pre-approved pursuant to Rule 2-01(c)(7)(ii) of Regulation S-X is compatible with maintaining the principal accountant s independence.

Item 5. Audit Committee of Listed Registrants

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities and Exchange Act of 1934, as amended. Ralph F. Verni (Chair), Scott E. Eston, George J. Gorman, William H. Park and Scott E. Wennerholm are the members of the registrant s audit committee.

Item 6. Schedule of Investments

Please see schedule of investments contained in the Report to Stockholders included under Item 1 of this Form N-CSR.

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

The Board of Trustees of the Trust has adopted a proxy voting policy and procedure (the Fund Policy), pursuant to which the Trustees have delegated proxy voting responsibility to the Fund s investment adviser and adopted the investment adviser s proxy voting policies and procedures (the Policies) which are described below. The Trustees will review the Fund s proxy voting records from time to time and will annually consider approving the Policies for the upcoming year. In the event that a conflict of interest arises between the Fund s shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund, the investment adviser will generally refrain from voting the proxies related to the companies giving rise to such conflict until it consults with the Board s Special Committee except as contemplated under the Fund Policy. The Board s Special Committee will instruct the investment adviser on the appropriate course of action.

The Policies are designed to promote accountability of a company s management to its shareholders and to align the interests of management with those shareholders. An independent proxy voting service (Agent), currently Institutional Shareholder Services, Inc., has been retained to assist in the voting of proxies through the provision of vote analysis, implementation and recordkeeping and disclosure services. The investment adviser will generally vote proxies through the Agent. The Agent is required to vote all proxies and/or refer them back to the investment adviser pursuant to the Policies. It is generally the policy of the investment adviser to vote in accordance with the recommendation of the Agent. The Agent shall refer to the investment adviser proxies relating to mergers and restructurings, and the disposition of assets, termination, liquidation and mergers contained in mutual fund proxies. The investment adviser will normally vote against anti-takeover measures and other proposals designed to limit the ability of shareholders to act on possible transactions, except in the case of closed-end management investment companies. The investment adviser generally supports management on social and environmental proposals. The investment adviser may abstain from voting from time to time where it determines that the costs associated with voting a proxy outweighs the benefits derived from exercising the right to vote or the economic effect on shareholders interests or the value of the portfolio holding is indeterminable or insignificant.

In addition, the investment adviser will monitor situations that may result in a conflict of interest between the Fund s shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund by maintaining a list of significant existing and prospective corporate clients. The investment adviser s personnel responsible for reviewing and voting proxies on behalf of the Fund will report any proxy received or expected to be received from a company included on that list to the personnel of the investment adviser identified in the Policies. If such personnel expects to instruct the Agent to vote such proxies in a manner inconsistent with the guidelines of the Policies or the recommendation of the Agent, the personnel will consult with members of senior management of the investment adviser to determine if a material conflict of interests exists. If it is determined that a material conflict does exist, the investment adviser will seek instruction on how to vote from the Special Committee.

Information on how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30 is available (1) without charge, upon request, by calling 1-800-262-1122, and (2) on the Securities and Exchange Commission s website at http://www.sec.gov.

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

Eaton Vance Management (EVM or Eaton Vance) is the investment adviser of the Fund. EVM has engaged its affiliate, Parametric Portfolio Associates LLC (Parametric), as the sub-adviser of the Fund. Michael A. Allison and Thomas C. Seto comprise the investment team responsible for the overall and day-to-day management of the Fund s investments.

Mr. Allison is a Vice President of EVM, is a member of EVM s Equity Strategy Committee and has been a portfolio manager of the Fund since June 2015. Mr. Seto is Head of Investment Management at Parametric s Seattle Investment Center and has been a portfolio manager of the Fund since April 2005. Messrs. Allison and Seto have managed other Eaton Vance portfolios for more than five years. This information is provided as of the date of filing this report.

The following table shows, as of the Fund s most recent fiscal year end, the number of accounts each portfolio manager managed in each of the listed categories and the total assets (in millions of dollars) in the accounts managed within each category. The table also shows the number of accounts with respect to which the advisory fee is based on the performance of the account, if any, and the total assets (in millions of dollars) in those accounts.

	Number of All Accounts	Total Assets of All Accounts	Number of Accounts Paying a Performance Fee	Total Assets of Accounts Paying a Performance Fee
Michael A. Allison				
Registered Investment Companies	15	$ 25,774.5	0	$ 0
Other Pooled Investment Vehicles	14	$ 12,705.4[1]	0	$ 0
Other Accounts	17	$ 42.0	0	$ 0
Thomas C. Seto				
Registered Investment Companies	37	$ 23,044.2[2]	0	$ 0
Other Pooled Investment Vehicles	12	$ 3,579.0	0	$ 0
Other Accounts	11,766	$ 67,418.2[3]	2	$ 974.5

(1) Certain of these Other Pooled Investment Vehicles invest a substantial portion of their assets either in a registered investment company or in a separate pooled investment vehicle managed by this portfolio manager or another Eaton Vance portfolio manager.

(2) This portfolio manager provides investment advice with respect to only a portion of the total assets of certain of these accounts. Only the assets allocated to this portfolio manager as of the Fund s most recent fiscal year end are reflected in the table.

(3) For Other Accounts that are part of a wrap account program, the number of accounts is the number of sponsors for which the portfolio manager provides advisory services rather than the number of individual customer accounts within each wrap account program.

The following table shows the dollar range of Fund shares beneficially owned by each portfolio manager as of the Fund s most recent fiscal year end.

Portfolio Manager	Dollar Range of Equity Securities Beneficially Owned in the Fund
Michael A. Allison	None
Thomas C. Seto	None

Potential for Conflicts of Interest. It is possible that conflicts of interest may arise in connection with a portfolio manager s management of a Fund s investments on the one hand and the investments of other accounts for which a portfolio manager is responsible on the other. For example, a portfolio manager may have conflicts of interest in allocating management time, resources and investment opportunities among the Fund and other accounts he advises. In addition, due to differences in the investment strategies or restrictions between the Fund and the other accounts, the portfolio manager may take action with respect to another account that differs from the action taken with respect to the Fund. In some cases, another account managed by the portfolio manager may compensate investment adviser or the sub-adviser based on the performance of the securities held by that account. The existence of such a performance based fee may create additional conflicts of interest for the portfolio manager in the allocation of management time, resources and investment opportunities. Whenever conflicts of interest arise, the portfolio manager will endeavor to exercise his discretion in a manner that he believes is equitable to all interested persons. EVM and Parametric have adopted several policies and procedures designed to address these potential conflicts including a code of ethics and policies that govern the investment adviser s and sub-adviser s trading practices, including among other things the aggregation and allocation of trades among clients, brokerage allocations, cross trades and best execution.

Compensation Structure for EVM

Compensation of EVM s portfolio managers and other investment professionals has three primary components: (1) a base salary, (2) an annual cash bonus, and (3) annual stock-based compensation consisting of options to purchase shares of Eaton Vance Corp. s (EVC s) nonvoting common stock and restricted shares of EVC s nonvoting common stock. EVM s investment professionals also receive certain retirement, insurance and other benefits that are broadly available to EVM s employees. Compensation of EVM s investment professionals is reviewed primarily on an annual basis. Cash bonuses, stock-based compensation awards, and adjustments in base salary are typically paid or put into effect at or shortly after the October 31st fiscal year end of EVC.

Method to Determine Compensation. EVM compensates its portfolio managers based primarily on the scale and complexity of their portfolio responsibilities and the total return performance of managed funds and accounts versus the benchmark(s) stated in the prospectus, as well as an appropriate peer group (as described below). In addition to rankings within peer groups of funds on the basis of absolute performance, consideration may also be given to relative risk-adjusted performance. Risk-adjusted performance measures include, but are not limited to, the Sharpe ratio (Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk). Performance is normally based on periods ending on the September 30th preceding fiscal year end. Fund performance is normally evaluated primarily versus peer groups of funds as determined by Lipper Inc. and/or Morningstar, Inc. When a fund s peer group as determined by Lipper or Morningstar is deemed by EVM s management not to provide a fair comparison, performance may instead be evaluated primarily against a custom peer group or market index. In evaluating the performance of a fund and its manager, primary emphasis is normally placed on three-year performance, with secondary consideration of performance over longer and shorter periods. A portion of the compensation payable to equity portfolio managers and investment professionals will be determined based on the ability of one or more accounts managed by such manager to achieve a specified target average annual gross return over a three year period in excess of the account benchmark. The cash bonus to be payable at the end of the three year term will be established at the inception of the term and will be adjusted positively or negatively to the extent that the average annual gross return varies from the specified target return. For funds that are tax-managed or otherwise have an objective of after-tax returns, performance is measured net of taxes. For other funds, performance is evaluated on a pre-tax basis. For funds with an investment objective other than total return (such as current income), consideration will also be given to the fund s success in achieving its objective. For managers responsible for multiple funds and accounts, investment performance is evaluated on an aggregate basis, based on averages or weighted averages among managed funds and accounts. Funds and accounts that have performance-based advisory fees are not accorded disproportionate weightings in measuring aggregate portfolio manager performance.

The compensation of portfolio managers with other job responsibilities (such as heading an investment group or providing analytical support to other portfolios) will include consideration of the scope of such responsibilities and the managers performance in meeting them.

EVM seeks to compensate portfolio managers commensurate with their responsibilities and performance, and competitive with other firms within the investment management industry. EVM participates in investment-industry compensation surveys and utilizes survey data as a factor in determining salary, bonus and stock-based compensation levels for portfolio managers and other investment professionals. Salaries, bonuses and stock-based compensation are also influenced by the operating performance of EVM and its parent company. The overall annual cash bonus pool is generally based on a substantially fixed percentage of pre-bonus adjusted operating income. While the salaries of EVM s portfolio managers are comparatively fixed, cash bonuses and stock-based compensation may fluctuate significantly from year to year, based on changes in manager performance and other factors as described herein. For a high performing portfolio manager, cash bonuses and stock-based compensation may represent a substantial portion of total compensation.

Compensation Structure for Parametric

Compensation of Parametric portfolio managers and other investment professionals has three primary components: (1) a base salary, (2) a cash bonus, and (3) annual stock-based compensation consisting of options to purchase shares of EVC nonvoting common stock, restricted shares of EVC nonvoting common stock and, for certain individuals, grants of profit participation interests in Parametric. Parametric investment professionals also receive certain retirement, insurance and other benefits that are broadly available to Parametric employees. Compensation of Parametric investment professionals is reviewed primarily on an annual basis. Stock-based compensation awards and adjustments in base salary and bonus are typically paid and/or put into effect at or shortly after fiscal year-end.

Method to Determine Compensation. Parametric seeks to compensate portfolio managers commensurate with their responsibilities and performance, and competitive with other firms within the investment management industry. The performance of portfolio managers is evaluated primarily based on success in achieving portfolio objectives for managed funds and accounts. The compensation of portfolio managers with other job responsibilities (such as product development) will include consideration of the scope of such responsibilities and the managers performance in meeting them.

Salaries, bonuses and stock-based compensation are also influenced by the operating performance of Parametric and EVC, its parent company. Cash bonuses available overall are determined based on a target percentage of Parametric profits. While the salaries of Parametric portfolio managers are comparatively fixed, cash bonuses and stock-based compensation may fluctuate substantially from year to year, based on changes in financial performance and other factors.

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

No such purchases this period.

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

No material changes.

Item 11. Controls and Procedures

(a) It is the conclusion of the registrant s principal executive officer and principal financial officer that the effectiveness of the registrant s current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission s rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant s principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant s internal controls over financial reporting during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12. Exhibits

(a)(1)	Registrant s Code of Ethics Not applicable (please see Item 2).
(a)(2)(i)	Treasurer s Section 302 certification.
(a)(2)(ii)	President s Section 302 certification.
(b)	Combined Section 906 certification.
(c)	Registrant s notices to shareholders pursuant to Registrant s exemptive order granting an exemption from Section 19(b) of the 1940 Act and Rule 19b-1 thereunder regarding distributions paid pursuant to the Registrant s Managed Distribution Plan.

Signatures

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

Eaton Vance Tax-Managed Buy-Write Income Fund

By: /s/ Edward J. Perkin
Edward J. Perkin
President

Date: February 27, 2017

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

By: /s/ James F. Kirchner
James F. Kirchner
Treasurer

Date: February 27, 2017

By: /s/ Edward J. Perkin
Edward J. Perkin
President

Date: February 27, 2017

"1%">

Gross Write-Downs During Year	$(4,211,323)	$(7,810,794)	$(39,671,588)	$(12,845,574)	$(7,588,332)
Gross Write-Ups During Year	$279,363	$11,694,618	$820,559	$21,631,864	$15,837,471
Gross Write-Downs as a Percentage of Net Asset Value, BOY	-3.57%	-6.86%	-28.67%	-11.7%	-5.7%
Gross Write-Ups as a Percentage of Net Asset Value, BOY	0.24%	10.26%	0.59%	19.7%	11.8%
Net Change as a Percentage of Net Asset Value, BOY	-3.33%	3.40%	-28.08%	8.0%	6.1%

1

From December 31, 2009, to June 30, 2010, the value of our privately held venture capital portfolio increased by $14,242,911 from $77,797,086 to $92,039,997. The table below indicates some of the inputs used to determine value of our privately held portfolio companies and the portion of the change in value, on a quarter over quarter basis, relevant to those inputs. We note that our Valuation Committee takes into account multiple sources of quantitative and qualitative inputs to ultimately determine the value of our privately held portfolio companies.

	Q1 2010 to Q2 2010	Q4 2009 to Q1 2010	Q3 2009 to Q4 2009	Q2 2009 to Q3 2009
Value of Privately Held Portfolio as of Previous Quarter	$ 83,014,946	$ 77,797,086	$ 69,876,210	$ 63,959,811
Value of Privately Held Portfolio as of Current Quarter	$ 92,039,997	$ 83,014,946	$ 77,797,086	$ 69,876,210

Examples of Inputs that Contribute to Changes in Value

Total New and Follow-On Investments	$ 4,652,106	$ 1,426,580	$ 4,698,782	$ 3,884,893
(+) Due to Terms of New Equity Rounds of Financing	$ 11,564,433	$ 1,436,628	$ 5,229,990	$ 4,725,316
(-) Due to Terms of New Equity Rounds of Financing	$ (280,649)	$ 0	$ 0	$ (1,967,156)
(+) Due to (+) in Values of Comparables	$ 730,026	$ 2,151,404	$ 1,938,047	$ 2,823,833
(-) Due to (-) in Values of Comparables	$ (1,618,341)	$ 0	$ (6,313)	$ 0
(+) Due to (-) in Non-Performance Risk	$ 1,355,025	$ 2,511,106	$ 500,000	$ 0
(-) Due to (+) in Non-Performance Risk	$ (7,172,178)	$ (2,307,768)	$ (4,795,765)	$ (3,794,138)
Other Factors1	$ (205,371)	$ (90)	$ 356,135	$ 243,6512
Total Change in Value of Privately Held Portfolio from Quarter to Quarter	$ 9,025,051	$ 5,217,860	$ 7,920,876	$ 5,916,399

1 Other factors include changes in accrued bridge note interest, currency fluctuations and the value of warrants.
2 Includes changes in the capital account of Exponential Business Development Company.

The values of publicly traded comparables on June 30, 2010, were significant factors in determining the values of three of our 31 privately held portfolio companies. Two of these companies decreased in value and the other one increased in value for the three months ended June 30, 2010. These three companies accounted for approximately $13.2 million of the total value of our venture capital portfolio as of June 30, 2010. These values could differ materially if calculated on a different date due to changes in values and/or operating performance of the publicly traded comparables.

The values set by private equity financings that occurred during the second quarter of 2010 or that occurred during the third quarter of 2010, but reflect on value as of June 30, 2010, were significant inputs in determining the values of five of our 31 privately held portfolio companies. These five companies accounted for approximately $33.1 million of the total value of our venture capital portfolio as of June 30, 2010. The financings of three of these five portfolio companies included third-party independent investors and accounted for $29.3 million of the $33.1 million. The financings of two of these five portfolio companies included only current investors and accounted for $3.8 million of the $33.1 million. These values could differ materially in future quarters, particularly should these companies not execute on their business plans and become subject to discounts for non-performance risk or require additional capital that is available only at lower valuations than those of the most recent round of financing.

As part of the valuation process, we consider non-performance risk. Non-performance risk is the risk that a portfolio company will be: (a) unable to raise capital, will need to be shut down and will not return our invested capital; or (b) able to raise capital, but at a valuation significantly lower than the implied post-money valuation. Our best estimate of the non-performance risk of our portfolio companies has been quantified and included in the valuation of the companies as of June 30, 2010. In the future, as these companies receive terms for additional financings or are unable to receive additional financing and, therefore, proceed with sales or shutdowns of the business, we expect the contribution of the discount for non-performance risk to vary in importance in determining the values of our securities of these companies. As of June 30, 2010, non-performance risk was a significant factor in determining the values of 11 of our 31 privately held portfolio companies. These 11 companies accounted for approximately $22.9 million of the total value of our privately held venture capital portfolio. We increased the non-performance risk, thereby decreasing the value, of five companies. We decreased the non-performance risk, thereby increasing the value, of two companies, in part due to term sheets for pending financing events. We maintained the same level of non-performance risk in four companies.

As of June 30, 2010, our top ten investments by value accounted for approximately 71 percent of the value of our venture capital portfolio. As of that date, we believe at least two of these ten companies will require capital by the end of 2010, and at least two of the remaining eight companies will require additional capital in the first half of 2011.

The increase or decrease in the value of our venture capital investments does not affect the day-to-day operations of the Company, as we have no debt and fund our venture capital investments and daily operating expenses from interest earned and proceeds from the sales of our investments in U.S. government and agency obligations. As of June 30, 2010, we held $45,930,735 in U.S. government obligations, and we had an additional $2,553,490 in cash.

Investment Objective

Our principal objective is to achieve long-term capital appreciation by making venture capital investments. Therefore, a significant portion of our current venture capital investment portfolio provides little or no income in the form of dividends or interest. Current income is a secondary objective. We are implementing a strategy that we believe will provide greater regularity and shorter time periods between realizations of capital gains on investments. As part of this strategy, we may seek to increase our current income by providing debt financing to privately held and publicly traded small companies. We seek to reach the point where future growth is financed through reinvestment of our capital gains from our venture capital investments and where current income offsets our annual expenses during periods of time between realizations of capital gains on our investments.

We currently earn interest income from fixed-income securities, including U.S. government and agency securities. The amount of interest income we earn varies with the average balance of our fixed-income portfolio and the average yield on this portfolio. In previous years, we have been able to generate substantial amounts of interest income from our holdings of U.S. treasury securities. As of June 30, 2010, we held two short-duration U.S. treasury securities, yielding approximately 0.09 percent. As of June 30, 2010, yields for 3-month, 6-month, and 12-month U.S. treasury securities were 0.18 percent, 0.22 percent and 0.32 percent, respectively. With yields at this level, we expect to generate less interest income than in fiscal quarters and years prior to 2009.

Results of Operations

We present the financial results of our operations utilizing GAAP for investment companies. On this basis, the principal measure of our financial performance during any period is the net increase (decrease) in our net assets resulting from our operating activities, which is the sum of the following three elements:

Net Operating Income (Loss) - the difference between our income from interest, dividends, and fees and our operating expenses.

Net Realized Gain (Loss) on Investments - the difference between the net proceeds of sales of portfolio securities and their stated cost, plus income from interests in limited liability companies.

Net Increase (Decrease) in Unrealized Appreciation or Depreciation on Investments - the net unrealized change in the value of our investment portfolio.

Owing to the structure and objectives of our business, we generally expect to experience net operating losses and seek to generate increases in our net assets from operations through the long term appreciation of our venture capital investments. Historically, we have relied on proceeds from sales of investments, rather than on investment income, to defray a significant portion of our operating expenses. Because such sales are unpredictable, we attempt to maintain adequate working capital to provide for fiscal periods when there are no such sales.

Three months ended June 30, 2010, as compared with the three months ended June 30, 2009

In the three months ended June 30, 2010, and June 30, 2009, we had a net increase in net assets resulting from operations of $2,150,952 and $421,367, respectively.

Investment Income and Expenses:

We had net operating losses of $1,953,949 and $1,998,271 for the three months ended June 30, 2010, and June 30, 2009, respectively. The variation in these results is primarily owing to the changes in investment income and operating expenses, including non-cash expense of $661,666 in 2010 and $776,279 in 2009 associated with the granting of stock options. During the three months ended June 30, 2010, and 2009, total investment income was $129,208 and $83,834, respectively. During the three months ended June 30, 2010, and 2009, total operating expenses were $2,083,157 and $2,082,105, respectively.

During the three months ended June 30, 2010, as compared with the same period in 2009, investment income increased, reflecting an increase in interest income from bridge notes, as well as an increase in our average holdings of U.S. government securities, offset by a substantial decrease in interest rates. During the three months ended June 30, 2010, our average holdings of such securities were $49,244,819, as compared with $48,961,646 during the three months ended June 30, 2009. The average yield on our U.S. government securities decreased from 0.29 percent for the three months ended June 30, 2009, to 0.11 percent for the three months ended June 30, 2010.

Operating expenses, including non-cash, stock-based compensation expense, were $2,083,157 and $2,082,105 for the three months ended June 30, 2010, and June 30, 2009, respectively. The increase in operating expenses for the three months ended June 30, 2010, as compared with the three months ended June 30, 2009, was primarily owing to increases in professional fees, rent expense and custody fees, offset by a decrease in salaries, benefits and stock-based compensation expense, administration and operations expense and directors' fees and expenses. Professional fees increased by $24,575, or 16.1 percent, for the three months ended June 30, 2010, as compared with the same period in 2009, primarily as a result of an increase in certain legal and consulting fees. Rent expense increased by $10,147, or 12.8 percent, for the three months ended June 30, 2010, as compared with the same period in 2009. Our rent expense of $89,145 for the three months ended June 30, 2010, includes $39,188 of rent paid in cash and $49,957 of non-cash rent expense, credits and abatements that we recognize on a straight-line basis over the lease term. Custody fees increased by $12,920, or 116.6 percent, for the three months ended June 30, 2010, as compared with the same period in 2009, owing to the higher fees charged by our new custodian, the Bank of New York Mellon, who has more expertise in working with investment companies. Salaries, benefits and stock-based compensation expense decreased by $41,077, or 2.7 percent, through June 30, 2010, as compared with June 30, 2009, primarily as a result of a decrease in non-cash expense of $114,613 associated with the Harris & Harris Group, Inc. 2006 Equity Incentive Plan (the "Stock Plan"), offset by an increase in salaries and benefits owing primarily to an accrual for year-end employee bonuses of $46,000 and to an increase in salary of two of our employees. While the non-cash, stock-based compensation expense for the Stock Plan increased our operating expenses by $661,666, this increase was offset by a corresponding increase to our additional paid-in capital, resulting in no net impact to our NAV. Administration and operations expense decreased by $2,915, or 1.3 percent, through June 30, 2010, as compared with June 30, 2009, primarily as a result of a decrease in our directors' and officers' liability insurance expense and decreases in the expenses related to the annual report and proxy, offset by increases in managing directors' travel-related expenses and expenses associated with hosting "Meet the Portfolio" day on May 7, 2010. Directors' fees and expenses decreased by $3,540, or 3.9 percent, through June 30, 2010, as compared with June 30, 2009, primarily as a result of one less meeting held during the quarter.

Realized Income and Losses from Investments:

During the three months ended June 30, 2010, and June 30, 2009, we realized net losses on investments of $396,769 and $1,511,042, respectively.

During the three months ended June 30, 2010, we realized net losses of $396,769, consisting primarily of realized losses on a portion of our investment in Kovio, Inc., of $257,007 and in Orthovita, Inc., of $167,300, offset by realized gains on our investment in Satcon Technology Corporation of $14,320.

The realized loss on our investment in Kovio, Inc., was owing to the termination of a warrant. The warrant was terminated pursuant to the terms of the Series A' financing which closed during the second quarter of 2010.

During the three months ended June 30, 2010, we received a dividend payment of $13,218 representing our pro rata portion of the residual net proceeds from the liquidation of Optiva, Inc. We had invested in Optiva during 2002, and in 2005, it began liquidation under an assignment for the benefit of creditors. This amount represents the final payment from the liquidation.

During the three months ended June 30, 2009, we realized net losses of $1,511,042, consisting of a realized loss of $11,042 on our investment in Exponential Business Development Company and a realized loss of $1,500,000 on our investment in Kereos, Inc. Since the date of our investment of $25,000 in Exponential Business Development Company in 1995, we periodically received cash distributions totaling $31,208 through the date of the sale.

Net Unrealized Appreciation and Depreciation of Portfolio Securities:

During the three months ended June 30, 2010, net unrealized depreciation on total investments decreased by $4,501,670, or 42.6 percent, from net unrealized depreciation of $10,564,305 at March 31, 2010, to net unrealized depreciation of $6,062,635 at June 30, 2010. During the three months ended June 30, 2009, net unrealized depreciation on total investments decreased by $3,932,409, or 11.9 percent, from net unrealized depreciation of $32,945,748 at March 31, 2009, to net unrealized depreciation of $29,013,339 at June 30, 2009.

During the three months ended June 30, 2010, net unrealized depreciation on our venture capital investments decreased by $4,516,186, from net unrealized depreciation of $10,561,039 at March 31, 2010, to net unrealized depreciation of $6,044,853 at June 30, 2010, owing primarily to increases in the valuations of the following investments held:

Investment	Amount of Write-Up
BioVex Group, Inc.	$ 423,421
D-Wave Systems, Inc.	855,025
Laser Light Engines, Inc.	500,000
SiOnyx, Inc.	2,002,611
Solazyme, Inc.	8,149,698
Xradia, Inc.	730,022

The write-ups for the three months ended June 30, 2010, were partially offset by decreases in the valuations of the following investments held:

Investment	Amount of Write-Down
Bridgelux, Inc.	$ 1,663,728
Kovio, Inc.	335,675
Mersana Therapeutics, Inc.	14,109
Metabolon, Inc.	6,527
Molecular Imprints, Inc.	2,014,874
Nanosys, Inc.	280,649
NeoPhotonics Corporation	1,548,863
Nextreme Thermal Solutions, Inc.	2,202,629
PolyRemedy, Inc.	53,893
Questech Corporation	69,479
TetraVitae Bioscience, Inc.	62,500

We had an increase in unrealized depreciation for Satcon Technology Corporation of $5,797 owing to the sale of its securities.

We had a decrease in unrealized depreciation for Kovio, Inc., of $227,469 owing to the termination of a warrant. The warrant was terminated pursuant to the terms of the Series A' financing which closed during the second quarter of 2010.

We had a decrease in unrealized depreciation for Orthovita, Inc., of $648 owing to the sale of its securities.

We had an increase in unrealized depreciation owing to foreign currency translation of $113,985 on our investment in D-Wave Systems, Inc.

Unrealized depreciation on our U.S. government securities portfolio increased from $3,266 at March 31, 2010, to $17,782 at June 30, 2010.

During the three months ended June 30, 2009, net unrealized depreciation on our venture capital investments decreased by $3,913,035, from net unrealized depreciation of $32,942,791 at March 31, 2009, to net unrealized depreciation of $29,029,756 at June 30, 2009, owing primarily to increases in the valuations of the following investments held:

Investment	Amount of Write-Up
Metabolon, Inc.	$ 568,029
Molecular Imprints, Inc.	1,073,605
NeoPhotonics Corporation	630,977
Nextreme Thermal Solutions, Inc.	2,202,628
Questech Corporation	51,879
Siluria Technologies, Inc.	160,723

The write-ups for the three months ended June 30, 2009, were partially offset by decreases in the valuations of the following investments held:

Investment	Amount of Write-Down
Ancora Pharmaceuticals Inc.	$ 359,091
BioVex Group, Inc.	25,462
Bridgelux, Inc.	984
Kovio, Inc.	6,762
Mersana Therapeutics, Inc.	4,123
NanoGram Corporation	735,903
Nanomix, Inc.	30,050
Nanosys, Inc.	1,342,529
PolyRemedy, Inc.	28,384

We also had decreases in the unrealized depreciation of Exponential Business Development Company and Kereos, Inc., of $12,439 and $1,500,000, respectively. These decreases were owing to unrealized appreciation as a result of our disposal of these assets. We had an increase owing to foreign currency translation of $246,043 on our investment in D-Wave Systems, Inc. Unrealized depreciation on our U.S. government securities portfolio decreased from $2,957 at March 31, 2009, to an unrealized appreciation of $16,417 at June 30, 2009.

Six months ended June 30, 2010, as compared with the six months ended June 30, 2009

In the six months ended June 30, 2010, we had a net increase in net assets resulting from operations of $3,838,683. In the six months ended June 30, 2009, we had a net decrease in net assets resulting from operations of $530,057.

Investment Income and Expenses:

We had net operating losses of $4,066,627 and $4,097,150 for the six months ended June 30, 2010, and June 30, 2009, respectively. The variation in these results is primarily owing to the changes in investment income and operating expenses, including non-cash expense of $1,214,938 in 2010 and $1,411,917 in 2009 associated with the granting of stock options. During the six months ended June 30, 2010, and 2009, total investment income was $208,281 and $60,273, respectively. During the six months ended June 30, 2010, and 2009, total operating expenses were $4,274,908 and $4,157,423, respectively.

During the six months ended June 30, 2010, as compared with the same period in 2009, investment income increased, reflecting an increase in interest income from bridge notes, as well as an increase in our average holdings of U.S. government securities, offset by a substantial decrease in interest rates. The average yield on our U.S. government securities decreased from 0.30 percent for the six months ended June 30, 2009, to 0.09 percent for the six months ended June 30, 2010. During the six months ended June 30, 2010, our average holdings of such securities were $51,492,274, as compared with $50,358,585 at June 30, 2009.

Operating expenses, including non-cash, stock-based compensation expense, were $4,274,908 and $4,157,423 for the six months ended June 30, 2010, and June 30, 2009, respectively. The increase in operating expenses for the six months ended June 30, 2010, as compared with the six months ended June 30, 2009, was primarily owing to increases in professional fees, rent expense, directors' fees and expenses and custody fees, offset by a decrease in salaries, benefits and stock-based compensation expense and administration and operations expense. Professional fees increased by $52,694, or 14.3 percent, for the six months ended June 30, 2010, as compared with the same period in 2009, primarily as a result of an increase in certain legal and consulting fees, offset by a reduction in certain accounting fees. Rent expense increased $9,299, or 5.9 percent, for the six months ended June 30, 2010, as compared with the same period in 2009. Our rent expense of $166,360 for the six months ended June 30, 2010, includes $71,030 of rent paid in cash and $95,330 of non-cash rent expense, credits and abatements that we recognize on a straight-line basis over the lease term. For the six months ended June 30, 2010, we had a loss of $68,038 as a result of abandoning our lease at our former office prior to the end of the lease term, which expired in April 2010. Directors' fees and expenses increased by $7,312, or 4.2 percent, through June 30, 2010, as compared with June 30, 2009, primarily as a result of one additional meeting held during the first quarter of 2010. Custody fees increased by $30,058, or 167.5 percent for the six months ended June 30, 2010, as compared with the same period in 2009, owing to the higher fees charged by our new custodian, the Bank of New York Mellon, who has more expertise in working with investment companies. Salaries, benefits and stock-based compensation expense decreased by $39,140, or 1.4 percent, through June 30, 2010, as compared with June 30, 2009, primarily as a result of a decrease in non-cash expense of $196,979 associated with the Stock Plan, offset by an increase in salaries and benefits owing primarily to an accrual for year-end employee bonuses of $119,500 and to an increase in salary of two of our employees. While the non-cash, stock-based compensation expense for the Stock Plan increased our operating expenses by $1,214,938, this increase was offset by a corresponding increase to our additional paid-in capital, resulting in no net impact to our NAV. Administration and operations expense decreased by $10,828, or 2.1 percent, through June 30, 2010, as compared with June 30, 2009, primarily as a result of a decrease in our directors' and officers' liability insurance expense and decreases in the expenses related to the annual report and proxy, offset by increases in the cost of non-employee-related insurance, expenses associated with the relocation of our corporate headquarters in New York City and expenses associated with hosting "Meet the Portfolio" day on May 7, 2010.

Realized Income and Losses from Investments:

During the six months ended June 30, 2010, we realized net losses on investments of $408,292, as compared with realized net losses on investments of $1,514,655 during the six months ended June 30, 2009.

During the six months ended June 30, 2010, we realized net losses of $408,292, consisting primarily of realized losses on a portion of our investment in Kovio, Inc., of $257,007, in Orthovita, Inc., of $167,300, and realized losses on the disposal of fixed assets, offset by realized gains on our investment in Satcon Technology Corporation of $14,320 and realized gains on the sale of U.S. government securities.

The realized loss on our investment in Kovio, Inc., was owing to the termination of a warrant. The warrant was terminated pursuant to the terms of the Series A' financing which closed during the second quarter of 2010.

During the six months ended June 30, 2010, we received a dividend payment of $13,218 representing our pro rata portion of the residual net proceeds from the liquidation of Optiva, Inc. We had invested in Optiva during 2002, and in 2005, it began liquidation under an assignment for the benefit of creditors. This sum represents the final payment from the liquidation.

During the six months ended June 30, 2009, we realized net losses of $1,514,655, consisting primarily of a realized loss of $14,330 on our investment in Exponential Business Development Company and a realized loss of $1,500,000 on our investment in Kereos, Inc. Since the date of our investment of $25,000 in Exponential Business Development Company in 1995, we periodically received cash distributions totaling $31,208 through the date of the sale.

Net Unrealized Appreciation and Depreciation of Portfolio Securities:

During the six months ended June 30, 2010, net unrealized depreciation on total investments decreased by $8,316,234, or 57.8 percent, from net unrealized depreciation of $14,378,869 at December 31, 2009, to net unrealized depreciation of $6,062,635 at June 30, 2010. During the six months ended June 30, 2009, net unrealized depreciation on total investments decreased by $5,083,857, or 14.9 percent, from net unrealized depreciation of $34,097,196 at December 31, 2008, to net unrealized depreciation of $29,013,339 at June 30, 2009.

During the six months ended June 30, 2010, net unrealized depreciation on our venture capital investments decreased by $8,321,573, from net unrealized depreciation of $14,366,426 at December 31, 2009, to net unrealized depreciation of $6,044,853 at June 30, 2010, owing primarily to increases in the valuations of the following investments held:

Investment	Amount of Write-Up	
BioVex Group, Inc.	$	421,422
D-Wave Systems, Inc.		855,025
Ensemble Therapeutics Corporation		500,000
Laser Light Engines, Inc.		500,000
Mersana Therapeutics, Inc.		961,704
Metabolon, Inc.		69,635
Solazyme, Inc.		8,149,698
SiOnyx, Inc.		3,078,765
Xradia, Inc.		1,330,469

The write-ups for the six months ended June 30, 2010, were partially offset by decreases in the valuations of the following investments held:

Investment	Amount of Write-Down
Bridgelux, Inc.	$ 220,253
Kovio, Inc.	1,750,165
Molecular Imprints, Inc.	2,023,124
Nanosys, Inc.	280,649
NeoPhotonics Corporation	5,111
Nextreme Thermal Solutions, Inc.	3,303,943
PolyRemedy, Inc.	107,786
TetraVitae Bioscience, Inc.	62,500
Questech Corporation	62,269

We had a decrease in unrealized depreciation for Kovio, Inc., of $227,469 owing to the termination of a warrant. The warrant was terminated pursuant to the terms of the Series A' financing which closed during the second quarter of 2010.

We had a decrease in unrealized depreciation for Orthovita, Inc., of $72,432 owing to the sale of its securities.

We had an increase in unrealized depreciation owing to foreign currency translation of $29,246 on our investment in D-Wave Systems, Inc.

Unrealized depreciation on our U.S. government securities portfolio decreased from $12,443 at December 31, 2009, to $17,782 at June 30, 2010.

During the six months ended June 30, 2009, net unrealized depreciation on our venture capital investments decreased by $5,095,092, from net unrealized depreciation of $34,124,848 at December 31, 2008, to net unrealized depreciation of $29,029,756 at June 30, 2009, owing primarily to increases in the valuations of the following investments held:

Investment	Amount of Write-Up
Metabolon, Inc.	$ 205,198
Molecular Imprints, Inc.	1,069,605
NeoPhotonics Corporation	572,326
Nextreme Thermal Solutions, Inc.	2,202,628
Questech Corporation	22,690
Siluria Technologies, Inc.	160,723
Solazyme, Inc.	5,376,988

These write-ups for the six months ended June 30, 2009, were partially offset by the following write-downs:

Investment	Amount of Write-Down
Ancora Pharmaceuticals Inc.	$ 759,091
BioVex Group, Inc.	19,621
Bridgelux, Inc.	1,967
Crystal IS, Inc.	332,238
CSwitch, Inc.	20,286
Kovio, Inc.	12,491
Laser Light Engines, Inc.	500,000
Mersana Therapeutics, Inc.	7,880
NanoGram Corporation	735,903
Nanomix, Inc.	30,050
Nanosys, Inc.	2,685,059
PolyRemedy, Inc.	28,384
SiOnyx, Inc.	1,076,155

We also had decreases to unrealized depreciation for Exponential Business Development Company and Kereos, Inc., of $15,361 and $1,500,000, respectively, owing to the disposal of their securities and changes in the capital account balance of Exponential Business Development Company prior to its sale.

We had an increase owing to foreign currency translation of $178,698 on our investment in D-Wave Systems, Inc. Unrealized appreciation on our U.S. government securities portfolio decreased from $27,652 at December 31, 2008, to $16,417 at June 30, 2009.

Financial Condition

June 30, 2010

At June 30, 2010, our total assets and net assets were $141,459,436 and $139,182,848, respectively. At December 31, 2009, they were $136,109,101 and $134,158,258, respectively.

At June 30, 2010, NAV per share was $4.51, as compared with $4.35 at December 31, 2009. At June 30, 2010, our shares outstanding increased to 30,864,899 from 30,859,593 at December 31, 2009.

Significant developments in the six months ended June 30, 2010, included an increase in the holdings of our venture capital investments of $14,016,516 and a decrease in our holdings of U.S. government obligations and cash of $9,074,821. The increase in the value of our venture capital investments from $78,023,481 at December 31, 2009, to $92,039,997 at June 30, 2010, resulted primarily from an increase in the net value of our venture capital investments of $7,911,585 and by two new and 18 follow-on investments of $6,327,164. The decrease in the value of our U.S. government obligations and cash from $57,559,046 at December 31, 2009, to $48,484,225 at June 30, 2010, is primarily owing to the payment of cash basis operating expenses of $2,844,062 and to new and follow-on venture capital investments totaling $6,327,164.

The following table is a summary of additions to our portfolio of venture capital investments made during the six months ended June 30, 2010:

New Investments	Amount of Investment	
ABS Materials, Inc.	$	250,000
Satcon Technology Corporation		99,957

Follow-On Investments	Amount of Investment	
ABS Materials, Inc.	$	125,000
Ancora Pharmaceuticals Inc.		500,000
Ancora Pharmaceuticals Inc.		600,000
BioVex Group, Inc.		354,390
Bridgelux, Inc.		250,041
Kovio, Inc.		526,225
Laser Light Engines, Inc.		250,000
Laser Light Engines, Inc.		250,000
Mersana Therapeutics, Inc.		87,500
Mersana Therapeutics, Inc.		84,475
NeoPhotonics Corporation		2,455
NeoPhotonics Corporation		2,109
Orthovita, Inc.		98,427
Satcon Technology Corporation		22,134
Satcon Technology Corporation		27,960
SiOnyx, Inc.		339,760
SiOnyx, Inc.		956,740
Solazyme, Inc.		1,499,991
Total	$	6,327,164

The following tables summarize the values of our portfolios of venture capital investments and U.S. government obligations, as compared with their cost, at June 30, 2010, and December 31, 2009:

	June 30, 2010		December 31, 2009	
Venture capital investments, at cost	$	98,084,850	$	92,389,907
Net unrealized depreciation(1)		6,044,853		14,366,426
Venture capital investments, at value	$	92,039,997	$	78,023,481

		June 30, 2010		December 31, 2009
U.S. government obligations, at cost	$	45,948,517	$	55,960,024
Net unrealized depreciation(1)		17,782		12,443
U.S. government obligations, at value	$	45,930,735	$	55,947,581

(1)At June 30, 2010, and December 31, 2009, the net accumulated unrealized depreciation on investments was $6,062,635 and $14,378,869, respectively.

Liquidity

Our liquidity and capital resources are generated and generally available through our cash holdings, interest earned on our investments on U.S. government securities, cash flows from the sales of U.S. government securities, proceeds from periodic follow-on equity offerings and realized capital gains retained for reinvestment.

We fund our day-to-day operations using interest earned and proceeds from the sales of our investments in U.S. government securities. The increase or decrease in the valuations of our portfolio companies does not impact our daily liquidity. At June 30, 2010, and December 31, 2009, we had no investments in money market mutual funds. We have no debt outstanding, and, therefore, are not subject to credit agency downgrades.

As a venture capital company, it is critical that we have capital available to support our best companies until we have an opportunity for liquidity in our investments. As such, we will continue to maintain a substantial amount of liquid capital on our balance sheet and will not put the company in a position where we must raise capital through additional equity financings to continue operations. However, to complement our private portfolio investing, we seek to invest some of this capital in publicly traded companies and debt where we will have greater liquidity and more defined investment return timelines, respectively, than we currently have in our existing portfolio.

At June 30, 2010, and December 31, 2009, our total net primary liquidity was $48,506,150 and $57,642,233, respectively. Our primary liquidity is comprised of our cash, U.S. government securities, receivables from unsettled trades, receivables from portfolio companies and interest receivables. The decrease in our primary liquidity from December 31, 2009, to June 30, 2010, is primarily owing to the use of funds for investments and payment of net operating expenses.

At June 30, 2010, and December 31, 2009, our secondary liquidity was $0 and $226,395, respectively. Our secondary liquidity consists of our publicly traded securities. Although these companies are publicly traded, their stock may not trade at high volumes and prices can be volatile, which may restrict our ability to sell our positions at any given time.

Although we cannot predict future market conditions, we continue to believe that our current cash and U.S. government security holdings, our strategy to invest in more publicly traded companies and debt and our ability to adjust our investment pace will provide us with adequate liquidity to execute our current business strategy.

Except for a rights offering, we are also generally not able to issue and sell our common stock at a price below our NAV per share, exclusive of any distributing commission or discount, without shareholder approval. As of June 30, 2010, our NAV was $4.51 per share and our closing market price was $4.09 per share. We do not currently have shareholder approval to issue or sell shares below our NAV per share.

Capital Resources

On October 9, 2009, we completed the sale of 4,887,500 shares of our common stock at a price of $4.75 per share to the public for total gross proceeds of $23,215,625; net proceeds of this offering, after deducting underwriting discounts and offering costs of $2,000,413, were $21,215,212. We intend to use, and have been using, the net proceeds of this offering to make new investments in nanotechnology, as well as for follow-on investments in our existing venture capital investments and for working capital. Through June 30, 2010, we have used $14,990,227 of the net proceeds from this offering for these purposes.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 3 to the Consolidated Financial Statements and in the Footnote to the Consolidated Schedule of Investments. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and those that require management's most difficult, complex or subjective judgments. The Company considers the following accounting policies and related estimates to be critical:

Valuation of Portfolio Investments

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded. As a BDC, we invest in primarily illiquid securities that generally have no established trading market.

Investments are stated at "value" as defined in the 1940 Act and in the applicable regulations of the SEC and GAAP. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) the fair value as determined in good faith by, or under the direction of, the Board of Directors for all other assets. (See "Valuation Procedures" in the "Footnote to Consolidated Schedule of Investments.") As of June 30, 2010, our financial statements include privately held venture capital investments valued at $92,039,997, the fair values of which were determined in good faith by, or under the direction of, the Board of Directors. As of June 30, 2010, approximately 66.1 percent of our net assets represent investments in portfolio companies valued at fair value by the Board of Directors.

Determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment, although our valuation policy is intended to provide a consistent basis for determining fair value of the portfolio investments. Factors that may be considered include, but are not limited to, readily available public market quotations; the cost of the Company's investment; transactions in the portfolio company's securities or unconditional firm offers by responsible parties; the financial condition and operating results of the company; the long-term potential of the business and technology of the company; the values of similar securities issued by companies in similar businesses; multiples to revenues, net income or EBITDA that similar securities issued by companies in similar businesses receive; the proportion of the company's securities we own and the nature of any rights to require the company to register restricted securities under the applicable securities laws; the achievement of milestones; and the rights and preferences of the class of securities we own as compared with other classes of securities the portfolio has issued.

The difficult economic environment continues to make it extremely difficult for many companies to raise capital. Moreover, the cost of capital has increased substantially. Historically, difficult economic environments have resulted in weak companies not receiving financing and being subsequently closed down with a loss of investment to venture investors, and/or strong companies receiving financing but at significantly lower valuations than the preceding rounds, leading to very deep dilution for those who do not participate in the new rounds of investment. Our best estimate of this non-performance risk has been quantified and included in the valuation of our portfolio companies as of June 30, 2010.

All investments recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels related to the amount of subjectivity associated with the inputs to fair valuation of these assets, are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

As of June 30, 2010, all of our privately held portfolio investments were classified as Level 3 in the hierarchy, indicating a high level of judgment required in their valuation.

The values assigned to our assets are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot be reasonably determined until the individual investments are actually liquidated or become readily marketable. Upon sale of investments, the values that are ultimately realized may be different from what is presently estimated. This difference could be material.

Stock-Based Compensation

Determining the appropriate fair-value model and calculating the fair value of share-based awards on the date of grant requires judgment. Historically, we have used the Black-Scholes-Merton option pricing model to estimate the fair value of employee stock options. During the quarter ended June 30, 2010, we used the Black-Scholes-Merton option pricing model to estimate the fair value of the five-year NQSOs granted on May 12, 2010.

Management uses the Black-Scholes-Merton option pricing model in instances where we lack historical data necessary for more complex models and when the share award terms can be valued within the model. Other models may yield fair values that are significantly different from those calculated by the Black-Scholes-Merton option pricing model.

Management uses a binomial lattice option pricing model in instances where it is necessary to include a broader array of assumptions. We used the binomial lattice model for the 10-year NQSOs granted on March 18, 2009. These awards included accelerated vesting provisions that were based on market conditions. At the date of the grant, management's analysis concluded that triggering of the market condition acceleration clause was probable.

Option pricing models require the use of subjective input assumptions, including expected volatility, expected life, expected dividend rate, and expected risk-free rate of return. Variations in the expected volatility or expected term assumptions have a significant impact on fair value. As the volatility or expected term assumptions increase, the fair value of the stock option increases. The expected dividend rate and expected risk-free rate of return are not as significant to the calculation of fair value. A higher assumed dividend rate yields a lower fair value, whereas higher assumed interest rates yield higher fair values for stock options.

In the Black-Scholes-Merton model, we use the simplified calculation of expected term as described in the SEC's Staff Accounting Bulletin 107 because of the lack of historical information about option exercise patterns. In the binomial lattice model, we use an expected term that assumes the options will be exercised at two-times the strike price because of the lack of option exercise patterns. Future exercise behavior could be materially different than that which is assumed by the model.

Expected volatility is based on the historical fluctuations in the Company's stock. The Company's stock has historically been volatile, which increases the fair value of the underlying share-based awards.

GAAP requires us to develop an estimate of the number of share-based awards that will be forfeited owing to employee turnover. Quarterly changes in the estimated forfeiture rate can have a significant effect on reported share-based compensation, as the effect of adjusting the rate for all expense amortization after the grant date is recognized in the period the forfeiture estimate is changed. If the actual forfeiture rate proves to be higher than the estimated forfeiture rate, then an adjustment will be made to increase the estimated forfeiture rate, which would result in a decrease to the expense recognized in the financial statements. If the actual forfeiture rate proves to be lower than the estimated forfeiture rate, then an adjustment will be made to decrease the estimated forfeiture rate, which would result in an increase to the expense recognized in the financial statements. Such adjustments would affect our operating expenses and additional paid-in capital, but would have no effect on our NAV.

Pension and Post-Retirement Benefit Plan Assumptions

The Company provides a Retiree Medical Benefit Plan for employees who meet certain eligibility requirements. Several statistical and other factors that attempt to anticipate future events are used in calculating the expense and liability values related to our post-retirement benefit plans. These factors include assumptions we make about the discount rate, the rate of increase in healthcare costs, and mortality, among others.

The discount rate reflects the current rate at which the post-retirement benefit liabilities could be effectively settled considering the timing of expected payments for plan participants. In estimating this rate, we consider the Citigroup Pension Liability Index in the determination of the appropriate discount rate assumptions. The weighted average rate we utilized to measure our post retirement medical benefit obligation as of December 31, 2009, and to calculate our 2010 expense was 5.72 percent. A rate of 6.55 percent was used in determining the 2008 expense and a rate of 5.71 percent was used in calculating the 2008 benefit obligation. We used a discount rate of 5.75 percent to calculate our pension obligation.

Recent Developments - Portfolio Companies

On July 2, 2010, we made a $580,257 follow-on investment in a privately held tiny technology portfolio company.

On July 23, 2010, we made a $400,000 follow-on investment in a privately held tiny technology portfolio company.

On July 29, 2010, we made a $40,000 follow-on investment in a privately held tiny technology portfolio company.

Recent Developments - Other

On July 20, 2010, one of our Managing Directors informed the Company of his intention to resign effective December 31, 2010. At that date, we will have nine employees, down from 11 at the beginning of 2010.

Forward-Looking Statements

The information contained herein may contain "forward-looking statements" based on our current expectations, assumptions and estimates about us and our industry. These forward-looking statements involve risks and uncertainties. Words such as "believe," "anticipate," "estimate," "expect," "intend," "plan," "will," "may," "might," "could," "continue" and other similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of several factors more fully described in "Risk Factors" and elsewhere in this Form 10-Q, and in our Form 10-K for the year ended December 31, 2009. The forward-looking statements made in this Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our business activities contain elements of risk. We consider the principal types of market risk to be valuation risk, interest rate risk and foreign currency risk. Although we are risk-seeking rather than risk-averse in our investments, we consider the management of risk to be essential to our business.

Valuation Risk

Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which market quotations are readily available and (ii) fair value as determined in good faith by, or under the direction of, the Board of Directors for all other assets. (See the "Valuation Procedures" in the "Footnote to Consolidated Schedule of Investments" contained in "Item 1. Consolidated Financial Statements.")

Because there is typically no public market for our interests in the small privately held companies in which we invest, the valuation of the equity interests in that portion of our portfolio is determined in good faith by our Valuation Committee, comprised of the independent members of our Board of Directors, in accordance with our Valuation Procedures. In the absence of a readily ascertainable market value, the determined value of our portfolio of equity interests may differ significantly from the values that would be placed on the portfolio if a ready market for the equity interests existed. Any changes in valuation are recorded in our Consolidated Statements of Operations as "Net decrease in unrealized depreciation on investments." Changes in valuation of any of our investments in privately held companies from one period to another may be volatile.

Investments in privately held, immature companies are inherently more volatile than investments in more mature businesses. Such immature businesses are inherently fragile and easily affected by both internal and external forces. Our investee companies can lose much or all of their value suddenly in response to an internal or external adverse event. Conversely, these immature businesses can gain suddenly in value in response to an internal or external positive development.

Interest Rate Risk

We generally also invest in both short and long-term U.S. government and agency securities. To the extent that we invest in short and long-term U.S. government and agency securities, changes in interest rates result in changes in the value of these obligations that result in an increase or decrease of our NAV. The level of interest rate risk exposure at any given point in time depends on the market environment, the expectations of future price and market movements, and the quantity and duration of long-term U.S. government and agency securities held by the Company, and it will vary from period to period. If the average interest rate on U.S. government securities at June 30, 2010, were to increase by 25, 75 and 150 basis points, the average value of these securities held by us at June 30, 2010, would decrease by approximately $114,827, $344,481 and $688,961, respectively, and our NAV would decrease correspondingly.

In addition, in the future, we may from time to time opt to borrow money to make investments. Our net investment income will be dependent upon the difference between the rate at which we borrow funds and the rate at which we invest such funds. As a result, there can be no assurance that a significant change in market interest rates and the current credit crisis will not have a material adverse effect on our net investment income in the event we choose to borrow funds for investing purposes.

Foreign Currency Risk

Most of our investments are denominated in U.S. dollars. We currently have one investment denominated in Canadian dollars. We are exposed to foreign currency risk related to potential changes in foreign currency exchange rates. The potential loss in fair value on this investment resulting from a 10 percent adverse change in quoted foreign currency exchange rates is $309,668 at June 30, 2010.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures. As of the end of the period covered by this report, the Company’s management, under the supervision and with the participation of our chief executive officer and chief financial officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as required by Rules 13a-15 of the 1934 Act). Disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the issuer's management, as appropriate, to allow timely decisions regarding required disclosures. As of June 30, 2010, based upon this evaluation of our disclosure controls and procedures, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective.

(b) Changes in Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act) during the second quarter of 2010 to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Investing in our common stock involves significant risks relating to our business and investment objective. You should carefully consider the risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2009, before you purchase any of our common stock.

The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Unknown additional risks and uncertainties, or ones that we currently consider immaterial, may also impair our business. If any of these risks or uncertainties materialize, our business, financial condition or results of operations could be materially adversely affected. In this event, the trading price of our common stock could decline, and you could lose all or part of your investment. In addition to the risks described in our Annual Report on Form 10-K, you should also consider the following risks:

The market price of our shares of common stock may be adversely affected by the sale of shares by our management or founding stockholder.

Sales of our shares of common stock by our officers through 10b5-1 plans or by our founding stockholder could adversely and unpredictably affect the price of those securities. Additionally, the price of our shares of common stock could be affected even by the potential for sales by these persons. We cannot predict the effect that any future sales of our common stock, or the potential for those sales, will have on our share price. Furthermore, due to relatively low trading volume of our stock, should one or more large stockholders seek to sell a significant portion of its stock in a short period of time, the price of our stock may decline.

Our portfolio companies face risks associated with international sales.

We anticipate that certain of our portfolio companies could generate revenue from international sales. Risks associated with these potential future sales include:

- Political and economic instability;
- Export controls and other trade restrictions;
- Changes in legal and regulatory requirements;
- U.S. and foreign government policy changes affecting the markets for the technologies;
- Changes in tax laws and tariffs;
- Convertibility and transferability of international currencies; and
- International currency exchange rate fluctuations.

Any of these factors could have a material adverse effect on the business, results of operations and financial condition of our portfolio companies. Currency exchange rate fluctuations may negatively affect the cost of portfolio company products to international customers and, therefore, reduce their competitive position.

Item 5. Exhibits

31.01* Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.02* Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32* Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*filed herewith

SIGNATURES

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

Harris & Harris Group, Inc.

/s/	Daniel B. Wolfe
By:	Daniel B. Wolfe Chief Financial Officer
/s/	Patricia N. Egan
By:	Patricia N. Egan Chief Accounting Officer and Vice President

Date: August 6, 2010

EXHIBIT INDEX

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