Fortress Investment Group LLC
Form S-3
September 26, 2008

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**As filed with the Securities and Exchange Commission on September 26, 2008**

**Registration No. 333-**

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

**FORM S-3**
**REGISTRATION STATEMENT UNDER**
**THE SECURITIES ACT OF 1933**

**FORTRESS INVESTMENT GROUP LLC**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **20-5837959** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1345 Avenue of the Americas**
**46th Floor**
**New York, New York 10105**
**(212) 798-6100**
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

**David Brooks, Esq.**
**Vice President, General Counsel and Secretary**
**Fortress Investment Group LLC**
**1345 Avenue of the Americas**
**46th Floor**
**New York, New York 10105**
**(212) 798-6100**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copy to:*

**Joseph A. Coco, Esq.**

**Skadden, Arps, Slate, Meagher & Flom LLP**
**Four Times Square**
**New York, New York 10036-6522**
**(212) 735-3000**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement as determined by the registrant.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

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

| | | |
|---|---|---|
| Large accelerated filer o | | Accelerated filer o |
| Non-accelerated filer x | (Do not check if a smaller reporting company) | Smaller reporting company o |

**CALCULATION OF REGISTRATION FEE**

| **Each Class of to be Registered** | **Amount to be Registered (1)(2)(3)** | **Proposed Maximum Offering Price per Unit(1)** | **Proposed Maximum Aggregate Offering Price(1)(2)(3)** | **Amo Registrat** |
|---|---|---|---|---|
| res | | | | |

| | | | | |
|---|---|---|---|---|
| hares<br>Shares<br><br>n Rights<br>ontracts<br>nits | $1,000,000,000 | 100% | $1,000,000,000 | $39 |

(1) Not specified as to each class of securities to be registered pursuant to General Instruction II.D of Form S-3 under the Securities Act of 1933, as amended (the Securities Act ).

(2) The registrant is hereby registering an indeterminate amount and number of each identified class of the identified securities up to a proposed maximum aggregate offering price of $1,000,000,000, which may be offered from time to time at indeterminate prices, including securities that may be purchased by underwriters. The registrant has estimated the proposed maximum aggregate offering price solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act. Securities registered hereunder may be sold separately, together or as units with other securities registered hereunder.

(3) The registrant is hereby registering an indeterminate amount and number of each identified class of the identified securities as may be issued upon conversion, exchange, exercise or settlement of any other securities that provide for such conversion, exchange, exercise or settlement.

(4) Calculated pursuant to Rule 457(o) under the Securities Act.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state or other jurisdiction where the offer or sale is not permitted.**

**Subject to completion, dated September 26, 2008**

**PROSPECTUS**

Fortress Investment Group LLC

Class A Shares, Representing Class A Limited Liability Company Interests
Preferred Shares, Representing Limited Liability Company Interests
Depositary Shares
Warrants
Subscription Rights
Purchase Contracts
Purchase Units

We may offer and sell from time to time, in one or more offering, in amounts, at prices and on terms determined at the time of any such offering, (i) Class A shares representing Class A limited liability company interests, (ii) preferred shares representing limited liability company interests, (iii) depositary shares representing preferred shares, (iv) warrants, (v) subscription rights, (vi) purchase contracts, or (vii) purchase units.

We will provide the specific terms of the offered securities in supplements to this prospectus. You should read this prospectus and the accompanying prospectus supplement carefully before you make your investment decision.

**THIS PROSPECTUS MAY NOT BE USED TO SELL SECURITIES UNLESS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.**

**The securities may be offered and sold to or through underwriting syndicates managed or co-managed by one or more underwriters, dealers and agents, or directly to purchasers. The prospectus supplement for each offering of securities will describe in detail the plan of distribution for that offering. For general information about the distribution of securities offered, please see Plan of Distribution on page 52 in this prospectus.**

Our Class A shares are listed on the New York Stock Exchange under the trading symbol FIG.

**Investing in our securities involves a high degree of risk. You should carefully read and consider the risk factors described in this prospectus, any accompanying prospectus supplement and in the documents incorporated by reference into this prospectus. See Risk Factors beginning on page 5.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or any prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is , 2008

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## WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings can be read and copied at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available over the Internet at the SEC s website at http://www.sec.gov. Our Class A shares are listed and traded on the New York Stock Exchange, or NYSE, under the trading symbol FIG. Our reports, proxy statements and other information can also be read at the offices of the NYSE, 20 Broad Street, New York, New York 10005. General information about us, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website at www.fortress.com as soon as reasonably practicable after we file them with, or furnish them to, the SEC. Information on our website is not incorporated into this prospectus or our other filings and is not a part of these filings.

We have filed a registration statement on Form S-3 under the Securities Act with the SEC to register the securities offered by this prospectus. This prospectus does not contain all the information contained in the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and the documents filed as exhibits to the registration statement are available for inspection and copying as described above.

The SEC allows us to incorporate information from documents that we have filed or will file with the SEC into this prospectus by making reference to those documents in this prospectus. This incorporation by reference permits us to disclose important information to you by referencing these filed documents. Any information referenced this way is considered to be a part of this prospectus and any information filed by us with the SEC subsequent to the date of this prospectus will automatically be deemed to update and supersede this information.

We incorporate by reference the following documents which we have already filed with the SEC (other than any portion of such filings that are furnished under applicable SEC rules rather than filed):

- our Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC on March 28, 2008;
- our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2008 and June 30, 2008, filed with the SEC on May 15, 2008 and August 12, 2008;
- our Definitive Proxy Statement on Schedule 14-A, filed on April 21, 2008;
- our Current Reports on Form 8-K, filed on April 23, 2008 and May 30, 2008; and
- the description of our shares contained in our registration statement on Form 8-A, filed with the SEC on February 2, 2007, and any amendment or report filed thereafter for the purpose of updating such information.

All documents and reports that we file with the SEC (other than any portion of such filings that are furnished under applicable SEC rules rather than filed) pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, from the date of this prospectus until the termination of the offering of all securities under this prospectus, shall be deemed to be incorporated in this prospectus by reference.

We will provide to each person, including any beneficial owner to whom a prospectus is delivered, a copy of these filings, other than an exhibit to these filings unless we have specifically incorporated that exhibit by reference into the filing, upon written or oral request and at no cost. Requests should be made by writing or telephoning us at the following address:

Fortress Investment Group LLC
1345 Avenue of the Americas, 46th Floor
New York, New York 10105
Attention: Secretary
(212) 798-6100

You should rely only on the information contained in, or incorporated by reference into, this prospectus. We have not authorized anyone to provide you with different or additional information. We are not offering to sell or soliciting any offer to buy any securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus or in any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document.

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, among other things, the operating performance of our funds investments, our distributable earnings, our ability to pay dividends to our Class A shareholders and our financing needs. Forward-looking statements are generally identifiable by use of forward-looking terminology such as may, will, should, potential, intend, expect, endeavor, seek, anticipate, estimate, overestimate, could, project, predict, continue or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual outcome of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results. Factors that could affect our operations and future prospects include, but are not limited to:

- the loss of services of any of the principals or our investment professionals;
- adverse performance of our funds;
- adverse changes in the global investment markets;
- the termination or liquidation of any of our funds;
- litigation against us or our funds;
- legislative and regulatory changes, particularly related to taxation;
- our ability to deal appropriately with conflicts of interest;
- our ability to comply with the laws and regulations;
- adverse changes in the financing markets we access affecting our ability to finance investments;

our ability and cost of capital for future investments;

completion of pending investments;

our ability to monetize our investments on attractive terms;

our ability to raise funds;

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- counterparty defaults;
- trading or risk management errors, employee misconduct and other operational risks;
- competition within the alternative asset management industry; and
- other risks detailed in this prospectus or any prospectus supplement, and from time to time in our SEC reports, particularly under the heading Risk Factors.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance or achievements. The factors noted above could cause our actual results to differ significantly from those contained in any forward-looking statement.

Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management s views only as of the date of this registration statement. We are under no duty to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results.

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## FORTRESS INVESTMENT GROUP LLC

Fortress Investment Group LLC is a leading global alternative asset manager with approximately $35.1 billion in fee paying assets under management as of June 30, 2008. We raise, invest and manage private equity funds and hedge funds. We earn management fees based on the size of our funds, incentive income based on the performance of our funds, and investment income from our principal investments in those funds. We invest capital in each of our businesses.

As of June 30, 2008, we had more than 800 employees, including more than 300 investment professionals, at our headquarters in New York and our affiliate offices in Atlanta, Chicago, Dallas, Frankfurt, Geneva, Hong Kong, London, Los Angeles, Munich, New Canaan, Rome, San Diego, San Francisco, Shanghai, Sydney, Tokyo and Toronto.

All of our business activities are conducted by, and all of our principal assets are held by, the Fortress Operating Group. Fortress Investment Group LLC and the principals share in the profits (and losses) of the Operating Entities and Principal Holdings in proportion to their ownership interests. Fortress Operating Group units held by Fortress Investment Group LLC and the principals are economically identical in all respects. The principals receive distributions on their Fortress Operating Group units and do not receive any management fees or incentive fees from our funds.

Our principal executive offices are located at 1345 Avenue of the Americas, New York, New York 10105. Our telephone number is (212) 798-6100. Our website address is www.fortress.com. Information on our website does not constitute part of this prospectus.

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## RISK FACTORS

Before you invest in our securities, in addition to the other information, documents or reports incorporated by reference in this prospectus and any prospectus supplement or other offering materials, you should carefully consider the risk factors in the section entitled Risk Factors in any prospectus supplement as well as our most recent Annual Report on Form 10-K, and in our Quarterly Reports on Form 10-Q filed subsequent to the Annual Report on Form 10-K, which are incorporated by reference into this prospectus and any prospectus supplement in their entirety, as the same may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future. Each of the risks described in these sections and documents could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a partial or complete loss of your investment.

## RATIO OF COMBINED FIXED CHARGES AND PREFERENCE DIVIDEND TO EARNINGS

We have no preferred shares outstanding.

## USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, we intend to use the net proceeds of any offering of our securities for working capital and other general corporate purposes, which may include the possible repayment or refinancing of outstanding indebtedness. We will have significant discretion in the use of any net proceeds. The net proceeds may be invested temporarily in interest-bearing accounts and short-term interest-bearing securities until they are used for their stated purpose. We may provide additional information on the use of the net proceeds from the sale of our securities in an applicable prospectus supplement or other offering materials relating to the offered securities.

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## DESCRIPTION OF SHARES

The following description discusses the general terms of the Class A shares and preferred shares that we may issue. The prospectus supplement relating to a particular series of preferred shares will describe certain other terms of such series of preferred shares. If so indicated in the prospectus supplement relating to a particular series of preferred shares, the terms of any such series of preferred shares may differ from the terms set forth below. The following description of certain terms of our shares does not purport to be complete and is qualified in its entirety by reference to our operating agreement and the applicable provisions of the Delaware Limited Liability Company Act, or the Delaware LLC Act. For more information on how you can obtain our operating agreement, see Where You Can Find More Information and Incorporation By Reference on page 1 of this prospectus. We urge you to read our operating agreement in its entirety.

The authorized capital stock of Fortress Investment Group LLC consists of one billion Class A shares, 750 million Class B shares and 250 million preferred shares. As of September 24, 2008 there were no preferred shares outstanding. Of the one billion Class A shares authorized, 94,609,525 shares were outstanding as of September 24, 2008, and 115,000,000 Class A shares were reserved for issuance pursuant to the Fortress Investment Group LLC 2007 Omnibus Equity Compensation Plan. Of the 750 million Class B shares authorized, 312,071,550 were outstanding as of September 24, 2008.

### Shares

#### *Class A shares*

Our Class A shares represent limited liability company interests in Fortress Investment Group LLC and entitle the holder thereof to such rights, powers and duties with respect to Fortress Investment Group LLC as are provided for under our operating agreement and the Delaware LLC Act, certain provisions of which are summarized in this prospectus. Upon payment in full of the consideration payable with respect to the Class A shares, as determined by our board of directors, the holders of such shares shall not be liable to us to make any additional capital contributions with respect to such shares (except as otherwise required by Sections 18-607 and 18-804 of the Delaware LLC Act). No holder of Class A shares will be entitled to preemptive, redemption or conversion rights.

*Voting Rights*

The holders of Class A shares are entitled to one vote per share held of record on all matters submitted to a vote of our shareholders. Generally, all matters to be voted on by our shareholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all Class A shares and Class B shares present in person or represented by proxy, voting together as a single class.

*Dividend Rights*

Holders of Class A shares share ratably (based on the number of Class A shares held) in any dividend declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred shares. Dividends consisting of Class A shares may be paid only as follows: (i) Class A shares may be paid only to holders of Class A shares; and (ii) shares shall be paid proportionally with respect to each outstanding Class A share.

*Liquidation Rights*

Upon our dissolution, liquidation or winding up, after payment in full of all amounts required to be paid to creditors and to the holders of preferred shares having liquidation preferences, if any, the holders of our Class A shares will be entitled to receive our remaining assets available for distribution

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in accordance with and to the extent of positive balances in the respective capital accounts after taking into account certain adjustments.

*Other Matters*

In the event of our merger or consolidation with or into another entity in connection with which our Class A shares are converted into or exchangeable for shares, other securities or property (including cash), all holders of Class A shares will thereafter be entitled to receive the same kind and amount of shares and other securities and property (including cash). Under our operating agreement, in the event of an inadvertent partnership termination in which the IRS has granted us limited relief each holder of our Class A shares also is obligated to make such adjustments as are required by the IRS to maintain our status as a partnership.

***Class B shares***

Our Class B shares represent limited liability company interests in Fortress Investment Group LLC and entitle the holder thereof to such rights, powers and duties with respect to Fortress Investment Group LLC as are provided for under our operating agreement and the Delaware LLC Act, certain provisions of which are summarized in this prospectus. All of the Class B shares have been duly issued and are held by our principals. No holder of Class B shares is entitled to preemptive, redemption or conversion rights.

*Voting Rights*

The holders of our Class B shares are entitled to one vote per share held of record on all matters submitted to a vote of our shareholders. Generally, all matters to be voted on by our shareholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all Class A shares and Class B shares present in person or represented by proxy, voting together as a single class.

*Dividend Rights*

Holders of our Class B shares do not have any right to receive dividends other than dividends consisting of Class B shares paid proportionally with respect to each outstanding Class B share.

*Liquidation Rights*

Upon our liquidation, dissolution or winding up, no holder of Class B shares will have any right to receive distributions.

***Preferred shares***

Our operating agreement authorizes our board of directors to establish one or more series of preferred shares representing limited liability company interests in Fortress Investment Group LLC. Unless required by law or by any stock exchange, the authorized preferred shares will be available for issuance without further action by Class A shareholders. Our board of directors is able to determine, with respect to any series of preferred shares, the holders of terms and rights of that series, including:

- the designation of any series of preferred shares;
- the amount of preferred shares of any series, which our board may, except where otherwise provided in the preferred shares designation, increase or decrease, but not below the number of preferred shares of the series

then outstanding;

whether distributions, if any, will be cumulative or non-cumulative and the dividend rate of the series;

the dates at which distributions, if any, will be payable;

the redemption rights and price or prices, if any, for preferred shares of the series;

the terms and amounts of any sinking fund provided for the purchase or redemption of the preferred shares of the series;

the amounts payable on preferred shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;

whether the preferred shares of the series will be convertible into or exchangeable for interests of any other class (other than Class B shares) or series, or any other security, of our company or any other entity, and, if so, the specification of the other class or series or other security, the conversion or exchange price or prices or rate or rates, any rate adjustments, the date or dates on which, the period or periods during which, the shares will be convertible or exchangeable and all other terms and conditions upon which the conversion or exchange may be made;

restrictions on the issuance of preferred shares of the series or of any shares of any other class or series; and

the voting rights, if any, of the holders of the preferred shares of the series.

*Miscellaneous*

We could issue a series of preferred shares that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of holders of Class A shares might believe to be in their best interests or in which holders of Class A shares might receive a premium for their Class A shares over the market price of the Class A shares.

A series of preferred shares may be issued in whole or in part in the form of one or more global securities that will be deposited with a depositary or its nominee identified in the related prospectus supplement. For most series of preferred shares, the depositary will be The Depository Trust Company. A global security may not be transferred except as a whole to the depositary, a nominee of the depositary or their successors unless it is exchanged in whole or in part for preferred shares in individually certificated form. Any additional terms of the depositary arrangement with respect to any series of preferred shares and the rights of and limitations on owners of beneficial interests in a global security representing a series of preferred shares may be described in the related prospectus supplement.

## Listing

Our Class A shares are listed on the New York Stock Exchange under the symbol FIG.

## Transfer Agent and Registrar

The transfer agent and registrar for our Class A shares and our Class B shares is American Stock Transfer & Trust Company.

## Operating Agreement

### *Organization and Duration*

Our limited liability company was formed on November 6, 2006 as Fortress Investment Group Holdings LLC, and was subsequently renamed Fortress Investment Group LLC on February 1, 2007, and will remain in existence until dissolved in accordance with our operating agreement.

***Purpose***

Under our operating agreement, we are permitted to engage in any business activity that lawfully may be conducted by a limited liability company organized under Delaware law and, in connection therewith, to exercise all of the rights and powers conferred upon us pursuant to the agreements relating to such business activity; *provided*, *however*, that, except if our board of directors determines that it is no longer in our best interests, our management shall not cause us to engage, directly or indirectly, in any business activity that our board of directors determines would cause us to be treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes.

***Relationship with Fortress Operating Group Entities***

Under our operating agreement, we must receive the consent of the principals (who own a majority of our Class B shares) before engaging in the following actions:

(i) directly or indirectly entering into or conducting any business or holding any assets other than (a) business conducted and assets held by the Fortress Operating Group and its subsidiaries, (b) ownership, acquisition and disposition of equity interests in our subsidiaries, (c) the management of the business of the Fortress Operating Group, (d) making loans and incurring indebtedness that is otherwise not prohibited under our operating agreement, (e) the offering, sale, syndication, private placement or public offering of securities or other interests in compliance with our operating agreement, (f) any financing or refinancing related to the Fortress Operating Group and its subsidiaries, (g) any activity or transaction contemplated by the Investor Shareholder Agreement, the Shareholders Agreement or the Exchange Agreement, and (h) any activities incidental to the foregoing;

(ii) incurring or guaranteeing any indebtedness other than that incurred in connection with an exchange under the Exchange Agreement and indebtedness to the company or any of its subsidiaries;

(iii) owning any assets other than permitted equity interests, permitted indebtedness, and such cash and cash equivalents as the board of directors deems reasonably necessary for us and our subsidiaries to carry out our respective responsibilities contemplated under our operating agreement;

(iv) disposing of any interest in FIG Corp., FIG Asset Co. LLC or the Fortress Operating Group, or owning any interest in any person other than the Fortress Operating Group entities or a wholly owned subsidiary that directly or indirectly owns an interest in the Fortress Operating Group entities;

(v) issuing equity securities unless the proceeds of the issuance are contributed to the Fortress Operating Group entities in exchange for equity securities of the Fortress Operating Group entities with preferences, rights, terms and provisions that are substantially the same as those of such company equity securities and equal in number to the number of company equity securities issued;

(vi) contributing cash or other assets to the Fortress Operating Group entities other than proceeds from the issuance of equity securities;

(vii) effecting any share split, subdivision, reverse share split, combination, pro rata distribution or any other recapitalization or reclassification of the Class A or Class B shares or units of the company or any Fortress Operating Group entity, unless similar transactions are effected concurrently such that (a) the ratio of outstanding Class A shares or units to outstanding Class B shares or units is maintained and (b) the company and all Fortress Operating Group entities have the same number of Class A and Class B shares or units outstanding;

(viii) making any capital contribution to any Fortress Operating Group entity unless a capital contribution is concurrently made to all of the Fortress Operating Group entities and the values of the capital contributions to all Fortress Operating Group entities are proportional to their relative equity values at the time;

(ix) permitting any Fortress Operating Group entity to issue any equity securities to the company or any of its subsidiaries unless each other Fortress Operating Group entity concurrently issues equity securities that are equal in number to and have substantially the same provisions as the equity securities issued by such Fortress Operating Group entity;

(x) causing the Fortress Operating Group entity to establish record dates for distribution payments unless they coincide with the record dates for distribution payments paid by the company;

(xi) preventing any Class B units from being converted into an equal number of Class A units by the Fortress Operating Group entities if, as a result of an exchange pursuant to the Exchange Agreement, we or our subsidiaries acquire any Class B units issued by the Fortress Operating Group; and

(xii) repurchasing or redeeming any equity securities from us or any of our subsidiaries (excluding the Fortress Operating Group and their subsidiaries) except pursuant to our operating agreement.

***Agreement to be Bound by our Operating Agreement; Power of Attorney***

By purchasing our Class A shares, you will be admitted as a member of our limited liability company and will be deemed to have agreed to be bound by the terms of our operating agreement. Pursuant to this agreement, each shareholder and each person who acquires a Class A share or a Class B share from a shareholder grants to certain of our officers (and, if appointed, a liquidator) a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants certain of our officers the authority to make certain amendments to, and to make consents and waivers under and in accordance with, our operating agreement.

***Duties of Officers and Directors***

Our operating agreement provides that our business and affairs shall be managed under the direction of our board of directors, which shall have the power to appoint our officers. Our operating agreement further provides that the authority and function of our board of directors and officers shall be identical to the authority and functions of a board of directors and officers of a corporation organized under the Delaware General Corporation Law, or DGCL, except as expressly modified by the terms of the operating agreement. Finally, our operating agreement provides that except as specifically provided therein, the fiduciary duties and obligations owed to our limited liability company and to our members shall be the same as the respective duties and obligations owed by officers and directors of a corporation organized under the DGCL to their corporation and stockholders, respectively.

Our operating agreement does not expressly modify the duties and obligations owed by officers and directors under the DGCL. However, there are certain provisions in our operating agreement regarding exculpation and indemnification of our officers and directors that differ from the DGCL. First, our operating agreement provides that to the fullest extent permitted by applicable law our directors or officers will not be liable to us. Under the DGCL, a director or officer would be liable to us for (i) breach of duty of loyalty to us or our shareholders; (ii) intentional misconduct or knowing violations of the law that are not done in good faith; (iii) improper redemption of stock or declaration of a dividend, or (iv) a transaction from which the director derived an improper personal benefit.

Second, our operating agreement provides that we indemnify our directors and officers for acts or omissions to the fullest extent permitted by law. Under the DGCL, a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation, and, in a criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful.

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Third, our operating agreement provides that in the event a potential conflict of interest exists or arises between any of our principals, our directors or their respective affiliates, on the one hand, and us, any of our subsidiaries or any of our shareholders, on the other hand, a resolution or course of action by our board of directors shall be deemed approved by all of our shareholders, and shall not constitute a breach of the fiduciary duties of members of the board to us or our shareholders, if such resolution or course of action is (i) approved by our nominating, corporate governance and conflicts committee, which is composed of independent directors, (ii) approved by shareholders holding a majority of our shares that are disinterested parties, (iii) on terms no less favorable than those generally provided to or available from unrelated third parties, or (iv) fair and reasonable to us. Under the DGCL, a corporation is not permitted to automatically exempt board members from claims of breach of fiduciary duty under such circumstances.

In addition, our operating agreement provides that all conflicts of interest described in this prospectus are deemed to have been specifically approved by all of our shareholders.

***Election of Members of Our Board of Directors***

Certain members of our board of directors are elected by our shareholders on a staggered basis. Our board of directors consists of eleven directors. Our board is divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, but the terms are staggered so that the term of only one class of directors expires at each annual general meeting. The current terms of the Class I, Class II, and Class III directors will expire in 2011, 2009 and 2010, respectively. Any vacancy on the board of directors may be filled by a vote of the majority of the directors then in office.

***Removal of Members of Our Board of Directors***

Any director or the entire board of directors may be removed, with or without cause, at any time, by holders of a majority of the total combined voting power of all of our outstanding Class A and Class B shares then entitled to vote at an election of directors. The vacancy in the board of directors caused by any such removal will be filled by a vote of the majority of directors then in office.

***Expansion of Board of Directors***

Our operating agreement provides that we may not expand the size of our board of directors without the approval of holders representing a majority of the outstanding Class B shares held by our principals.

***Investing in FIG Asset Co. LLC***

Our operating agreement provides that we may not allow FIG Asset Co. LLC to make any investment, directly or indirectly, without the unanimous approval of all holders of Class B shares when such Class B shareholders would be required to contribute funds in order for such shareholders to maintain their respective ownership percentages in such entity.

***Limited Liability***

The Delaware LLC Act provides that a member who receives a distribution from a Delaware limited liability company and knew at the time of the distribution that the distribution was in violation of the Delaware LLC Act shall be liable to the company for the amount of the distribution for three years. Under the Delaware LLC Act, a limited liability company may not make a distribution to a member if, after the distribution, all liabilities of the company, other than liabilities to members on account of their shares and liabilities for which the recourse of creditors is limited to specific property of the company, would exceed the fair value of the assets of the company. For the purpose of determining the fair value of the assets of a company, the Delaware LLC Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the company only to the extent that the fair value of that property exceeds the nonrecourse liability. Under the Delaware LLC Act, an assignee who becomes a substituted member of a company is liable for the obligations of his assignor to make contributions to the company, except the assignee is not obligated for liabilities unknown to him at the time the assignee became a member and that could not be ascertained from the operating agreement.

***Limitations on Liability and Indemnification of Our Directors and Officers***

Pursuant to our operating agreement, we have agreed to indemnify each of our directors and officers, to the fullest extent permitted by law, against all expenses and liabilities (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the company and counsel fees and disbursements on a solicitor and client basis) arising from the performance of any of their obligations or duties in connection with their service to us or the operating agreement, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made party by reason of being or having been one of our directors or officers.

***Amendment of Our Operating Agreement***

Amendments to our operating agreement may be proposed only by or with the consent of our board of directors. To adopt a proposed amendment, our board of directors is required to seek written approval of the holders of the number of shares required to approve the amendment or call a meeting of our shareholders to consider and vote upon the proposed amendment. Except as set forth below, an amendment must be approved by holders of a majority of the total combined voting power of our outstanding Class A and Class B shares and, to the extent that such amendment would have a material adverse effect on the holders of any class or series of shares, by the holders of a majority of the holders of such class or series.

*Prohibited Amendments.* No amendment may be made that would:

- enlarge the obligations of any shareholder without such shareholder s consent, unless approved by at least a majority of the type or class of shares so affected;
- provide that we are not dissolved upon an election to dissolve our limited liability company by our board of directors that is approved by holders of a majority of the total combined voting power of our outstanding Class A and Class B shares;
- change the term of existence of our company; or
- give any person the right to dissolve our limited liability company other than our board of directors right to dissolve our limited liability company with the approval of holders of a majority of the total combined voting power of our outstanding Class A and Class B shares.

The provision of our operating agreement preventing the amendments having the effects described in any of the clauses above can be amended upon the approval of holders of at least two-thirds of the total combined voting power of our outstanding Class A and Class B shares, voting together as a single class.

*No Shareholder Approval.* Our board of directors may generally make amendments to our operating agreement without the approval of any shareholder or assignee to reflect:

- a change in our name, the location of our principal place of our business, our registered agent or our registered office;

the admission, substitution, withdrawal or removal of shareholders in accordance with our operating agreement;

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the merger of our company or any of its subsidiaries into, or the conveyance of all of our assets to, a newly-formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity;

a change that our board of directors determines to be necessary or appropriate for us to qualify or continue our qualification as a company in which our members have limited liability under the laws of any state or to ensure that we will not be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes other than as we specifically so designate;

an amendment that our board of directors determines, based upon the advice of counsel, to be necessary or appropriate to prevent us, members of our board, or our officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;

an amendment or issuance that our board of directors determines to be necessary or appropriate for the authorization of additional securities;

any amendment expressly permitted in our operating agreement to be made by our board of directors acting alone;

an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our operating agreement;

any amendment that our board of directors determines to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our operating agreement;

a change in our fiscal year or taxable year and related changes; and

any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our board of directors may make amendments to our operating agreement without the approval of any shareholder or assignee if our board of directors determines that those amendments:

do not adversely affect the shareholders (including any particular class or series of shares as compared to other classes or series of shares) in any material respect;

are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

are necessary or appropriate to facilitate the trading of shares or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the shares are or will be listed for trading, compliance with any of which our board of directors deems to be in the best interests of us and our shareholders;

are necessary or appropriate for any action taken by our board of directors relating to splits or combinations of shares under the provisions of our operating agreement; or are required to effect the intent expressed in this prospectus or the intent of the provisions of our operating agreement or are otherwise contemplated by our operating agreement.

***Merger, Sale or Other Disposition of Assets***

Our board of directors is generally prohibited, without the prior approval of holders of a majority of the total combined voting power of all of our outstanding Class A and Class B shares, from causing

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us to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, or approving on our behalf the sale, exchange or other disposition of all or substantially all of our assets, provided that our board of directors may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without the approval of any shareholder. Our board of directors may also sell all or substantially all of our assets under a foreclosure or other realization upon the encumbrances above without that approval.

If the conditions specified in our operating agreement are satisfied, our board of directors may merge our company or any of its subsidiaries into, or convey all of our assets to, a newly-formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity, in each case without any approval of our shareholders. The shareholders are not entitled to dissenters rights of appraisal under the operating agreement or applicable Delaware law in the event of a merger or consolidation, a sale of all or substantially all of our assets or any other similar transaction or event.

***Grantor Trust***

In the future, our board of directors may consider implementing a reorganization without the consent of shareholders whereby a Delaware statutory trust (the Trust ) would hold all of our outstanding Class A shares and each holder of Class A shares would receive common shares of the Trust in exchange for its shares. The board will have the power to decide in its sole discretion to implement such a trust structure. Our Trust would be treated as a grantor trust for U.S. federal income tax purposes. As such, for U.S. federal income tax purposes, each investor would be treated as the beneficial owner of a pro rata portion of the shares held by the Trust and shareholders would receive annual tax information relating to their investment on IRS Forms 1099 (or substantially similar forms as required by law), rather than on IRS Schedules K-1. Our board will not implement such a trust structure if, in its sole discretion, the reorganization would be taxable or otherwise alter the benefits or burdens of ownership of the Class A shares, including, without limitation, a shareholder s allocation of items of income, gain, loss, deduction or credit or the treatment of such items for U.S. federal income tax purposes. Our board of directors will also be required to implement the reorganization in such a manner that does not have a material effect on the voting and economic rights of Class A shares and Class B shares.

The IRS could challenge the Trust s manner of reporting to investors (e.g., if the IRS asserts that the Trust constitutes a partnership or is ignored for U.S. federal income tax purposes). In addition, the Trust could be subject to penalties if it were determined that the Trust did not satisfy applicable reporting requirements.

***Termination and Dissolution***

We will continue as a limited liability company until terminated under our operating agreement. We will dissolve upon: (1) the election of our board of directors to dissolve us, if approved by holders of a majority of the total combined voting power of all of our outstanding Class A and Class B shares; (2) the sale, exchange or other disposition of all or substantially all of our assets and those of our subsidiaries; (3) the entry of a decree of judicial dissolution of our limited liability company; or (4) at any time that we no longer have any shareholders, unless our business is continued in accordance with the Delaware LLC Act.

***Election to be Treated as a Corporation***

If our board of directors determines that it is no longer in our best interests to continue as a partnership for U.S. federal income tax purposes, the board of directors may elect to treat us as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

In the event that the board of directors determines the company should seek relief pursuant to Section 7704(e) of the Code to preserve the status of the company as a partnership for federal (and applicable state) income tax purposes, the company and each shareholder shall agree to adjustments required by the tax authorities, and the company shall pay such amounts as required by the tax authorities, to preserve the status of the company as a partnership.

***Books and Reports***

We are required to keep appropriate books of our business at our principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For financial reporting purposes, our fiscal year is the calendar year. For tax purposes, our fiscal year end is the same as the tax year end of Nomura Investment Managers U.S.A., Inc., or Nomura, although we may request permission from the IRS to adopt a tax year end of December 31. We have agreed to use reasonable efforts to furnish to you tax information (including Schedule K-1) as promptly as possible, which describes your allocable share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, we will use various accounting and reporting conventions to determine your allocable share of income, gain, loss and deduction. Delivery of this information by us may be subject to delay as a result of the late receipt of any necessary tax information from an investment in which we hold an interest. It is therefore possible that, in any taxable year, our shareholders will need to apply for extensions of time to file their tax returns.

***Anti-Takeover Effects, Our Operating Agreement***

The following is a summary of certain provisions of our operating agreement that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a shareholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the interests held by shareholders.

***Authorized but Unissued Shares***

Our operating agreement authorizes us to issue one billion Class A shares, 750 million Class B shares and 250 million preferred shares for the consideration and on the terms and conditions established by our board of directors without the approval of any holders of our shares. However, the listing requirements of the NYSE, which apply so long as the Class A shares remain listed on the NYSE, require approval by shareholders of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of Class A shares. These additional Class A shares or equity securities may be utilized for a variety of purposes, including future public offerings to raise additional capital, acquisitions and employee benefit plans. Our ability to issue additional Class A shares and other equity securities could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

***Delaware Business Combination Statute    Section 203***

We are a limited liability company organized under Delaware law. Some provisions of Delaware law may delay or prevent a transaction that would cause a change in our control.

Section 203 of the DGCL, which restricts certain business combinations with interested stockholders in certain situations, does not apply to limited liability companies unless they elect to utilize it. Our operating agreement does not currently elect to have Section 203 of the DGCL apply to us. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction by which that person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested

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stockholder is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of voting stock.

***Other Provisions of Our Operating Agreement***

Certain provisions of our operating agreement may make a change in control of our company more difficult to effect. Our operating agreement provides for a staggered board of directors consisting of three classes of directors. Directors of each class are chosen for three-year terms upon the expiration of their current terms and each year one class of our directors will be elected by our shareholders. The terms of the first, second and third classes will expire in 2011, 2009 and 2010, respectively. We believe that classification of our board of directors will help to assure the continuity and stability of our business strategies and policies as determined by our board of directors. Additionally, there is no cumulative voting in the election of directors, which means that the holders of a majority of our outstanding Class A and Class B shares can elect all of the directors then standing for election currently, and the holders of the Class A shares will not be able to elect any directors. The classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult. At least two annual meetings of shareholders, instead of one, generally will be required to effect a change in a majority of our board of directors. Thus, the classified board provision could increase the likelihood that incumbent directors will retain their positions. The staggered terms of directors may delay, defer or prevent a tender offer or an attempt to change control of us, even though a tender offer or change in control might be in the best interest of our shareholders. In addition, our operating agreement provides that directors may be removed with or without cause by holders of a majority of the total voting power of our outstanding Class A and Class B shares then entitled to vote at an election of directors.

Our operating agreement also provides that our shareholders (with the exception of our principals if they collectively own shares representing at least 50% of the total combined voting power of all of our Class A and Class B shares) are specifically denied the ability to call a special meeting of the shareholders. Advance notice must be provided by our shareholders to nominate persons for election to our board of directors as well as to propose actions to be taken at an annual meeting.

**Partner Units**

As of September 24, 2008 , there are 406,681,075 Fortress Operating Group units issued and outstanding, 94,609,525 of which are voting limited partner units beneficially owned by our intermediate holding companies and 312,071,550 of which are non-voting limited partner interests beneficially owned by our principals in the aggregate. The voting limited partnership units owned by our intermediate holding companies represent 100% of the voting interests in the Fortress Operating Group. One Fortress Operating Group Unit represents one limited partnership interest in each entity comprising the Fortress Operating Group. The net cash proceeds received by us from any issuance of Class A shares will be concurrently transferred to our intermediate holding companies which will, in turn, then contribute the cash proceeds to the Fortress Operating Group entities in exchange for voting limited partnership interests which collectively equal a number of units equal to such number of Class A shares issued by us.

The voting limited partner units, held by the intermediate holding companies, have certain voting rights associated with them, including the exclusive right to (1) elect, remove and replace the general partner of each of the Fortress Operating Group entities, (2) dissolve any of the Fortress Operating Group entities, and (3) other traditional voting rights. The non-voting limited partnership interests, held by the principals, only have certain negative rights enumerated in the amended and restated partnership agreements of the Fortress Operating Group entities, such as protection against passage of amendments to such limited partnership agreements that would adversely affect the holders of non-voting limited partner interests without their consent.

Pursuant to the terms of our Exchange Agreement, each limited partnership unit not owned by us is effectively exchangeable on a one-for-one basis for Class A shares.

**Amended and Restated Agreement of Limited Partnership of the Fortress Operating Group Entities**

Each of the amended and restated partnership agreements for the Operating Entities was entered into by FIG Corp. as the general partner and the principals as limited partners, and the amended and restated partnership agreement for Principal Holdings was entered into by FIG Asset Co. LLC as the general partner and the principals as limited partners. The amended and restated partnership agreements are substantially similar in form and the following is a summary of certain of the material provisions of each of the amended and restated partnership agreements.

*Management*

The business and affairs of the limited partnership is managed exclusively by the general partner. The limited partners, in their capacity as limited partners, have no part in the management of the limited partnership and have no authority or right to act on behalf of or bind the limited partnership in connection with any matter. All determinations, decisions and actions made or taken by the general partner in accordance with the amended and restated partnership agreement are conclusive and absolutely binding upon the limited partnership and its partners.

*Partnership Interests*

All limited partner interests in the partnership are designated as either Class A common units or Class B common units , and, except as expressly provided in the partnership agreement, a Class A common unit and a Class B common unit entitles the holder thereof to equal rights, other than voting rights, under the amended and restated partnership agreement, including with respect to distributions. The general partner holds all of the Class A common units of the limited partnership and our principals and an affiliate of Peter Briger holds all of the Class B common units of the limited partnership.

From time to time, the general partner may establish other classes or series of units, each having such relative rights, powers and duties and interests in profits, losses, allocations and distributions of the limited partnership as may be determined by the general partner. Among other things, the general partner has authority to specify (a) the allocations of items of partnership income, gain, loss, deduction and credit to holders of each such class or series of units; (b) the right of holders of each such class or series of units to share (on a pari passu, junior or preferred basis) in partnership distributions; (c) the rights of holders of each such class or series of units upon dissolution and liquidation of the limited partnership; (d) the voting rights, if any, of holders of each such class or series of units; and (e) the conversion, redemption or exchange rights applicable to each such class or series of units. The total number of units that may be created pursuant to the foregoing and the issuance thereof that may be authorized by the general partner is not limited.

*Distributions*

Subject to the terms of any additional classes or series of units established by the general partner, distributions will be made, after distributions for taxes, as and when determined by the general partner, to the partners in accordance with their respective Class A common units and Class B common units. The general partnership interest in the limited partnership held by the general partner will not entitle the general partner to receive any distributions. The general partner may cause the limited partnership to make distributions of cash, units or other assets or property of the limited partnership. No partner has the right to demand that the partnership distribute any assets in kind to such partner.

*Issuance of Equity Securities by Fortress*

If Fortress issues any equity securities, it is expected that: (i) Fortress will immediately contribute the cash proceeds or other consideration received from such issuance, and from the exercise of any rights contained in any such securities, to FIG Corp. and FIG Asset Co. LLC (allocated between them in accordance with their relative values at the time such equity securities are issued); (ii) FIG Corp. will immediately contribute its portion of such cash proceeds or other consideration to the Operating Entities and any other entities that FIG Corp. directly acquires an interest in, to the extent that as of the date of such acquisition FIG Corp. and the principals and their respective permitted transferees own interests in such entity that are in proportion to their respective ownership interests in the other Operating Entities on such date (allocated among them in accordance with their relative values at the time such equity securities are issued); (iii) FIG Asset Co. LLC will immediately contribute its portion of such cash proceeds or other consideration to Principal Holdings and any other entities that FIG Asset Co. LLC directly acquires an interest in, to the extent that as of the date of such acquisition FIG Asset Co. LLC and the principals and their respective permitted transferees own interests in such entity that are in proportion to their respective ownership interests in Principal Holdings on such date (allocated among them in accordance with their relative value at the time such equity securities are issued); (iv) in exchange for the portion of such cash proceeds or other consideration contributed to the limited partnership, the general partner will receive (x) in the case of an issuance of Class A shares, Class A common units, and (y) in the case of an issuance of any other equity securities by Fortress, except for Class B shares, a new class or series of units or other equity securities of the limited partnership with designations, preferences and other rights, terms and provisions that are substantially the same as those of such Fortress equity securities (with any dollar amounts adjusted to reflect the portion of the total amount of cash proceeds or other consideration received by Fortress that is contributed to the limited partnership); and (v) in the event of any subsequent transaction involving such Fortress equity securities (including a share split or combination, a distribution of additional Fortress equity securities, a conversion, redemption or exchange of such Fortress equity securities), the general partner will concurrently effect a similar transaction with respect to the units or other equity securities issued by the limited partnership in connection with the issuance of such Fortress equity securities.

In the event of any issuance of equity securities by Fortress, and the contribution of the cash proceeds or other consideration received from such issuance as described above, the limited partnership shall pay or reimburse Fortress (directly or indirectly by paying and reimbursing the general partner) for its pro rata portion (based on the portion of the total cash proceeds or other consideration contributed to the limited partnership) of the expenses incurred by Fortress in connection with such issuance, including any underwriting discounts or commissions.

If Fortress issues any equity securities and any of the transactions described above are not effected, then the general partner shall make such modifications to the amended and restated partnership agreement as the general partner reasonably determines to be necessary so that, to the greatest extent possible, subsequent distributions to the holders of Class B common units (including distributions upon liquidation) will be the same as would be the case if such transactions had been effected. Such modifications to the amended and restated partnership agreement may include changes in the rates of distributions or allocations of profit and loss among partners or a requirement that the general partner make future contributions to the limited partnership. The general partner may effect any such modifications without the consent or approval of any limited partner.

*Transfer*

A limited partner may not transfer all or any of such partner s units without approval of the general partner, which approval may be granted or withheld in the general partner s sole and complete discretion; provided, however, that without the general partner s approval, a limited partner may (i) transfer units pursuant to the Exchange Agreement or exchange letter agreement among FIG Corp. and the principals, (ii) transfer units to a permitted transferee of such partner, or (iii) pledge or assign

units to a non-affiliated lending institution. A limited partner may not, without the consent of the general partner, withdraw from the partnership prior to the partnership s termination.

Limited partners holding a majority of the outstanding Class A common units have the right to remove the general partner at any time, with or without cause. Upon the withdrawal or removal of the general partner, limited partners holding a majority of the outstanding Class A common units shall have the right to appoint a successor general partner; provided, that any successor general partner must be a direct or indirect wholly owned subsidiary of Fortress.

*Limitation on Partner Liability*

The debts and liabilities of the limited partnership, whether arising in contract, tort or otherwise, are solely the debts and liabilities of the limited partnership, and no limited partner is obligated personally for any such debt, obligation or liability of the limited partnership solely by reason of being a limited partner. Pursuant to the Delaware Revised Uniform Limited Partnership Act, FIG Corp. or FIG Asset Co. LLC, as applicable, in its capacity as the general partner of a limited partnership, is liable for the debts and liabilities of the limited partnership to the extent that the limited partnership can not satisfy such debts and liabilities out of its assets.

*Indemnification and Exculpation*

To the fullest extent permitted by applicable law, the general partner and its officers, directors and employees are indemnified and held harmless by the limited partnership for and from any liabilities, losses, fees, penalties, damages, costs and expenses incurred by persons by reason of any act performed or omitted by such persons in connection with the affairs of the limited partnership in good faith and in a manner reasonably believed by such person to be in or not opposed to the best interests of the limited partnership. All indemnity claims will be paid out of partnership assets only and no limited partner has any personal liability for any such claims.

To the fullest extent permitted by applicable law, the general partner and its officers, directors and employees are not liable to the limited partnership or any limited partner or any affiliate of any limited partner for any damages incurred by reason of any act performed or omitted by such person in good faith on behalf of the limited partnership in a manner reasonably believed to be in or not opposed to the best interests of the limited partnership. The general partner and its officer, directors and employees are fully protected in relying in good faith upon the records of the limited partnership and upon such information, opinions, reports or statements presented to the limited partnership by any person as to matters the general partner or its officers, directors or employees reasonably believes are within such other person s professional or expert competence and who has been selected with reasonable care by or on behalf of the limited partnership.

*Dissolution*

The limited partnership will be dissolved and its affairs will be wound up upon the first to occur of (i) the entry of a decree of judicial dissolution of the limited partnership under Section 17-802 of the Delaware Uniform Limited Partnership Act; and (ii) the determination of the general partner to dissolve the limited partnership. Except as provided in the amended and restated partnership agreement, the death, disability, resignation, expulsion, bankruptcy or dissolution of any partner or the occurrence of any other event which terminates the continued partnership of any partner in the partnership shall not cause the partnership to be dissolved or its affairs wound up; provided, however, that at any time after the bankruptcy of the general partner, the holders of a majority of the Class A common units in the aggregate may replace the general partner with another person or entity, who will become a successor general partner of the limited partnership, will be vested with the powers and rights of the general partner, and will be liable for all obligations and responsible for all duties of the general partner from the date of such replacement. The holders of Class B common units will not have the right to vote their Class B common units with respect to the removal of the general partner in the

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event of the bankruptcy of the general partner. Upon the winding up of the limited partnership, after payment in full of all amounts owed to the limited partnership s creditors, and after payment in full of all amounts owed to holders of units having liquidation preferences, if any, the holders of Class A common units and Class B common units will be entitled to receive the remaining assets of the limited partnership available for distribution in accordance with and to the extent of positive balances in the respective capital accounts of such holders after taking into account certain adjustments.

*Amendments*

Except as may be otherwise required by law, the amended and restated partnership agreement may be amended by the general partner without the consent or approval of any partners, expect that (i) if an amendment adversely affects the rights of a unit holder other than on a pro rata basis with other unit holders of the same class, such unit holders must consent to the amendment, (ii) no amendment may adversely affect the rights of a class of unit holders without the consent of a majority of the holders of the outstanding units of such class, and (iii) the consent rights of the principals may not be amended without the written consent of the principals that hold a majority of the Class B common units then owned by all principals and their permitted transferees.

**Shareholders Agreement**

Prior to the consummation of our initial public offering, we entered into a Shareholders Agreement with our principals. The Shareholders Agreement provides the principals with certain rights with respect to the approval of certain matters and the designation of nominees to serve on our board of directors, as well as registration rights for our securities that they own.

*Principals Approval*

The Shareholders Agreement provides that, so long as the principals and their permitted transferees collectively own securities representing more than 40% of the total combined voting power of all of our outstanding Class A and Class B shares, our Board of directors shall not authorize, approve or ratify any action described below without the prior approval (which approval may be in the form of an action by written consent) of principals that are employed by the Fortress Operating Group holding our outstanding shares representing greater than 50% of the total combined voting power of all of our outstanding Class A and Class B shares held by such principals, collectively:

any incurrence of indebtedness, in one transaction or a series of related transactions, by us or any of our subsidiaries in an amount in excess of approximately 10% of the then existing long-term indebtedness of us and our subsidiaries;

any issuance by us, in any transaction or series of related transactions, of equity or equity-related outstanding shares which would represent, after such issuance, or upon conversion, exchange or exercise, as the case may be, at least 10% of the total combined voting power of our outstanding Class A and Class B shares other than (1) pursuant to transactions solely among us and our wholly-owned subsidiaries, or (2) upon conversion of convertible securities or upon exercise of warrants or options, which convertible securities, warrants or options are either outstanding on the date of, or issued in compliance with, the Shareholders Agreement;

any equity or debt commitment or investment or series of related equity or debt commitments or investments in an entity or related group of entities in an amount greater than $250 million;

any entry by us or any of our controlled affiliates into a new line of business that does not involve investment management and that requires a principal investment in excess of $100 million;

the adoption of a shareholder rights plan;

any appointment of a chief executive officer or co-chief executive officer; or the termination of the employment of a principal with us or any of our material subsidiaries without cause.

*Board Representation*

The Shareholders Agreement requires that we take all reasonably necessary action to effect the following:

so long as the principals and their permitted transferees beneficially own (i) shares representing more than 50% of the total combined voting power of all our outstanding Class A and Class B shares, our board of directors shall nominate individuals designated by the principals such that the principals will have six designees on the board of directors; (ii) shares representing more than 40% and less than 50% of the total combined voting power of all our outstanding Class A and Class B shares, our board of directors shall nominate individuals designated by the principals such that the principals will have five designees on the board of directors; (iii) shares representing more than 25% and less than 40% of the total combined voting power of our outstanding Class A and Class B shares, our board of directors shall nominate individuals designated by the principals such that the principals will have four designees on the board of directors; (iv) shares representing more than 10% and less than 25% of the total combined voting power of our outstanding Class A and Class B shares, our board of directors shall nominate individuals designated by the principals such that the principals will have two designees on the board of directors; and (v) shares representing less than 10% of the total combined voting power of our outstanding Class A and Class B shares, the board of directors shall have no obligation to nominate any individual that is designated by the principals.

Our operating agreement provides that we may not expand the size of our board of directors without the approval of holders of our shares representing greater than 50% of the total combined voting power of our shares.

*Transfer Restrictions*

Each principal and his permitted transferee(s) (as defined below) may not, directly or indirectly, voluntarily effect cumulative transfers of more than (i) 17.5% of their initial Fortress Operating Group units (and corresponding Class B shares), and all securities which such initial units (and corresponding Class B shares) are exchanged for (collectively, the Equity Interests ), during the first year after the completion of our initial public offering, (ii) 34% of their Equity Interests during the first two years after the completion of our initial public offering, (iii) 50.5% of their Equity Interests during the first three years after the completion of our initial public offering, (iv) 67% of their Equity Interests during the first four years after the completion of our initial public offering, and (v) 83.5% of their Equity Interests during the first five years after the completion of our initial public offering, other than, in each case, with respect to transfers from one principal to another principal or to a permitted transferee of such principal. Our initial public offering was completed on February 8, 2007. Any Equity Interests received by a principal pursuant to the forfeiture provisions of the Principals Agreement will remain subject to the foregoing restrictions in the receiving principal s hands; provided, that each principal shall be permitted to sell without regard to the foregoing restrictions such number of forfeitable interests received by him as are required to pay taxes payable as a result of the receipt of such interests, calculated based on the maximum combined U.S. federal, New York State and New York City tax rate applicable to individuals; and provided further that each principal who is not required to pay taxes in the applicable fiscal quarter in which he receives Equity Interests as a result of being in the federal income tax safe harbor will not effect any such sales prior to the six month anniversary of the applicable termination date which gave rise to the receipt of such Equity Interests. After five years, each principal and his Permitted Transferee(s) may transfer all of the Equity Interests of such principal to any person or entity in accordance with Rule 144, in a registered public offering or in a

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transaction exempt from the registration requirements of Securities Act. The above transfer restrictions shall lapse with respect to a principal if such principal dies or becomes disabled.

The principals may exchange their Fortress Operating Group units for Class A shares at any time, which Class A shares also are subject to the foregoing transfer restrictions. When the principals exchange their Fortress Operating Group units for Class A shares, the Class B shares corresponding to the Fortress Operating Group units will be cancelled.

A permitted transferee shall mean, with respect to each principal and his permitted transferees (a) such principal s spouse, (b) a lineal descendant of such principal s maternal or paternal grandparents (or any such descendant s spouse), (c) a charitable institution, (d) a trustee of a trust (whether inter vivos or testamentary), the current beneficiaries and presumptive remaindermen of which are one or more of such principal and persons described in clauses (a) through (c) above, (e) a corporation, limited liability company or partnership, of which all of the outstanding shares of capital stock or interests therein are owned by one or more of such principal and persons described in clauses (a) through (d) above, (f) an individual mandated under a qualified domestic relations order, (g) a legal or personal representative of such principal in the event of his death or disability (h) any other principal with respect to transactions contemplated by the shareholder agreement, and (i) any other principal who is then employed by Fortress or any of its affiliates or any permitted transferee of such principal in respect of any transaction not contemplated by the agreement.

*Registration Rights*

*Demand Rights.* We have granted to the principals registration rights that allow them at any time after six months following the consummation of our initial public offering to request that we register the resale under the Securities Act of 1933, of an amount of shares representing at least 2.5% of the total combined voting power of all our outstanding Class A and Class B shares, based on the aggregate amount of shares issued and outstanding immediately after the consummation of our initial public offering, that they own, subject to the transfer restrictions discussed above. Each principal, together with his permitted transferees, shall be entitled to an aggregate of two demand registrations. We are not required to maintain the effectiveness of any resale registration statement for more than 90 days. We are also not required to effect any demand registration within six months of a firm commitment underwritten offering to which all principals which held piggyback rights (as described below) were given the opportunity to sell shares in such offering and which offering included at least 50% of the shares collectively requested by the principals with piggyback rights to be included. We are not obligated to grant a request for a demand registration within four months of any other demand registration, and may refuse a request for demand registration if, in our reasonable judgment, it is not feasible for us to proceed with the registration because of the unavailability of audited financial statements, provided that we use our reasonable best efforts to obtain such financial statements as promptly as practicable.

*Piggyback Rights.* For so long as a principal, together with his permitted transferees and their respective permitted transferees, beneficially owns an amount of shares representing at least 1% of the total combined voting power of all our outstanding Class A and Class B shares, based on the aggregate amount of shares issued and outstanding immediately after the consummation of our initial public offering (a Piggyback Registrable Amount ), the principal shall also have piggyback registration rights that allows him to include the shares that he owns in any public offering of equity securities initiated by us (other than those public offerings pursuant to registration statements on Forms S-4 or S-8 or any successor form thereto) or by any of our other holders of equity securities that have registration rights, subject to the transfer restrictions discussed above. The piggyback registration rights of these holders of equity securities are subject to proportional cutbacks based on the manner of such offering and the identity of the party initiating such offering.

*Shelf Registration.* We have granted each principal, for so long as each principal, together with his permitted transferees and their respective permitted transferees, beneficially owns an amount of shares representing at least 2.5% of the total combined voting power of all our outstanding Class A and

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Class B shares, based on the aggregate amount of shares issued and outstanding immediately after the consummation of our initial public offering, the right to request a shelf registration on Form S-3, providing for resales thereof to be made on a continuous basis, subject to a time limit on our efforts to keep the shelf registration statement continuously effective and our right to suspend the use of the shelf registration prospectus for a reasonable period of time (not exceeding 90 days in succession or 180 days in the aggregate in any 12 month period) if we determine that certain disclosures required by the shelf registration statement would be detrimental to us or our holders of equity securities, and also subject to the transfer restrictions discussed above. In addition, each principal that, together with his permitted transferees and their respective permitted transferees, beneficially owns a Piggyback Registrable Amount and which has not made a request for a shelf registration may elect to participate in such shelf registration within ten days after notice of the registration is given.

*Indemnification; Expenses.* We have agreed to indemnify each principal against any losses or damages resulting from any untrue statement or omission of material fact in any registration statement or prospectus pursuant to which they sell our shares, unless such liability arose from such principal s misstatement or omission, and each such principal has agreed to indemnify us against all losses caused by his misstatements or omissions. We will pay all expenses incident to our performance under the Shareholders Agreement, and the principals will pay their respective portions of all underwriting discounts, commissions and transfer taxes relating to the sale of their shares under the Shareholders Agreement.

*Clawback Guaranty Indemnity Agreement*

Incentive income from certain of the private equity funds may be distributed to us on a current basis generally subject to the obligation of the subsidiary of the Fortress Operating Group that acts as general partner of the fund to repay the amounts so distributed in the event certain specified return thresholds are not ultimately achieved. The principals have personally guaranteed, subject to certain limitations, the obligation of these subsidiaries in respect of this clawback obligation. The Shareholders Agreement contains our agreement to indemnify each of our principals against all amounts that the principal pays pursuant to any of these personal guaranties in favor of our private equity funds (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guaranties).

**Exchange Agreement**

In connection with the completion of the initial public offering, the principals entered into an exchange agreement (the Exchange Agreement ) with us under which, at any time and from time to time, each principal (or certain transferees thereof) will have the right to exchange one of their Fortress Operating Group units (together with the corresponding Class B shares) for one of our Class A shares. Under the Exchange Agreement, to effect an exchange, a principal must simultaneously exchange one Fortress Operating Group unit being an equal limited partner interest in each Fortress Operating Group entity. As a principal exchanges his Fortress Operating Group units, our interest in the Fortress Operating Group units will be correspondingly increased and his corresponding Class B shares will be cancelled.

**Expense Allocation Agreement**

We entered into an Expense Allocation Agreement with the Fortress Operating Group entities pursuant to which substantially all of Fortress s expenses (other than (i) income tax expenses of Fortress Investment Group LLC, FIG Corp. and FIG Asset Co. LLC, (ii) obligations incurred under the tax receivable agreement and (iii) payments on indebtedness incurred by Fortress Investment Group LLC, FIG Corp. and FIG Asset Co. LLC), including substantially all expenses incurred by or attributable solely to Fortress Investment Group LLC, such as expenses incurred in connection with the initial public offering (including expenses related to or other amounts payable in connection with any obligations to indemnify the underwriters against certain liabilities), were accounted for as expenses of the

Fortress Operating Group.

**Tax Receivable Agreement**

At any time and from time to time, each principal will have the right to exchange each of his Fortress Operating Group units for one of our Class A shares in a taxable transaction. The Fortress Operating Group entities may make an election under Section 754 of the Code, which may result in an adjustment to the tax basis of the assets owned by the Fortress Operating Group at the time of the exchange. The taxable exchanges may result in increases in the tax depreciation and amortization deductions, as well as the increase in the tax basis of other assets, of the Fortress Operating Group that otherwise would not have been available. These increases in tax depreciation and amortization deductions, as well as the increase in the tax basis of other assets, would reduce the amount of tax that FIG Corp. or FIG Asset Co. LLC (on behalf of any affiliated corporation that holds an interest in a Fortress Operating Group entity), as applicable, would otherwise be required to pay in the future. Additionally, our acquisition of Fortress Operating Group units from the principals, such as in the sale of the Class A shares to Nomura prior to our initial public offering (the Nomura transaction ), also resulted in increases in tax deductions and tax basis that reduces the amount of tax that the corporate taxpayers would otherwise be required to pay in the future.

In connection with the closing of the Nomura transaction, the corporate taxpayers entered into a tax receivable agreement with our principals that provides for the payment by the corporate taxpayers to an exchanging or selling principal of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income tax that the corporate taxpayers actually realize (or deemed to realize in the case of an early termination payment by the corporate taxpayers or a change of control, as discussed below) as a result of these increases in tax deductions and tax basis, and certain other tax benefits, including imputed interest expense, related to entering into the tax receivable agreement. The corporate taxpayers expect to benefit from the remaining 15% of cash savings, if any, in income tax savings that they realize. The tax savings that the corporate taxpayers actually realize will equal the difference between (i) the income taxes that the corporate taxpayers would pay if the tax basis of the assets was as shown on the corporate taxpayers books at the time of a taxable exchange, and (ii) the income taxes that the corporate taxpayers actually pay, taking into account payments made under the tax receivable agreement as well as depreciation and amortization deductions attributable to the fair market value basis in the assets of the Fortress Operating Group. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing our actual income tax liability to the amount of such taxes that the corporate taxpayers would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of the applicable Fortress Operating Group entity as a result of the transaction and had the corporate taxpayers not entered into the tax receivable agreement. The term of the tax receivable agreement continues until all such tax benefits have been utilized or expired, unless the corporate taxpayers exercise the right to terminate the tax receivable agreement by paying an amount based on the present value of payments remaining to be made under the agreement with respect to units which have been exchanged or sold and units which have not yet been exchanged or sold. Such present value will be determined based on certain assumptions, including that the corporate taxpayers would have sufficient taxable income to fully utilize the deductions that would have arisen from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. No payments will be made if a principal elects to exchange his Fortress Operating Group units in a tax-free transaction.

Decisions made by the principals in the course of running our business, in particular decisions made with respect to the sale or disposition of assets or change of control, may influence the timing and amount of payments that are received by an exchanging or selling principal under the tax receivable agreement. In general, earlier disposition of assets following an exchange or acquisition transaction will tend to accelerate such payments and increase the present value of the tax receivable agreement, and disposition of assets before an exchange or acquisition transaction will increase a principal s tax liability without giving rise to any rights to receive payments under the tax receivable agreement.

Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, our principals will not reimburse the corporate taxpayers for any payments made by them under the

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tax receivable agreement. As a result, in certain circumstances, payments could be made to our principals under the tax receivable agreement in excess of the corporate taxpayers cash tax savings. The payments that the corporate taxpayers may make to our principals could be material in amount. However, our principals receive 85% of our cash tax savings, leaving the corporate taxpayers with 15% of the benefits of the tax savings. In general, estimating the amount of payments that may be made to the principals under the tax receivable agreement is by its nature, imprecise, in the absence of an actual transaction, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis and the amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including:

The timing of the transactions For instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable or amortizable assets of the Fortress Operating Group entities at the time of the transaction;

The price of our Class A shares at the time of the transaction The increase in any tax deductions, as well as tax basis increase in other assets, of the Fortress Operating Group entities, is directly proportional to the price of the Class A shares at the time of the transaction;

The taxability of exchanges If an exchange is not taxable for any reason, increased deductions will not be available; and

The amount and timing of our income The corporate taxpayers will be required to pay 85% of the tax savings as and when realized, if any. If a corporate taxpayer does not have taxable income, the corporate taxpayer is not required to make payments under the tax receivable agreement for that taxable year because no tax savings were actually realized.

In addition, the tax receivable agreement provides that, upon a merger, asset sale or other form of business combination or certain other changes of control, the corporate taxpayers (or their successors ) obligations with respect to exchanged or acquired units (whether exchanged or acquired before or after such change of control) would be based on certain assumptions, including that the corporate taxpayers would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. As noted above, no payments will be made if a principal elects to exchange his Fortress Operating Group units in a tax-free transaction.

The occurrence of an actual transaction in which Fortress Operating Group units are exchanged or purchased will permit us to make a number of actual determinations. For example, our purchase, through our intermediate holding companies, of 15% of the principals Fortress Operating Group units as part of the Nomura transaction resulted in an increase in the tax basis of the assets owned by the Fortress Operating Group at the date of the purchase in an amount that, had the purchase occurred on September 30, 2006, would have been approximately $945.2 million, and likely will result in us making payments under the tax receivable agreement. Any payments under the tax receivable agreement will give rise to additional tax benefits and additional potential payments under the tax receivable agreement. Any payments under the tax receivable agreement will depend upon whether FIG Corp. has taxable income to utilize the benefit of the increase in the tax basis of the assets owned by the Fortress Operating Group.

**Investor Shareholder Agreement**

Upon consummation of the Nomura transaction, we entered into an Investor Shareholder Agreement with Nomura. The Investor Shareholder Agreement provides Nomura with certain rights with respect to the designation of a nominee to serve on our board of directors or an observer to attend meetings of our board of directors, as well as registration rights for our securities that it owns, and places certain restrictions on actions that Nomura may take with respect to us and our securities.

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*Board Representation*

The Investor Shareholder Agreement requires that, so long as Nomura and its permitted transferees beneficially own securities representing more than 10% of the total voting power of all our securities, our board of directors shall nominate an individual designated by Nomura such that the Nomura will have one designee on the board of directors. So long as Nomura has this right, it may, in its sole discretion, elect to waive this right and instead appoint a non-voting observer to attend meetings of our board of directors, but not meetings of committees of our board of directors.

For the purposes of the Investor Shareholder Agreement, a permitted transferee of Nomura means any of Nomura s subsidiaries or controlled affiliates.

*Standstill Provision*

Except as otherwise expressly provided in the Investor Shareholder Agreement, or as specifically approved by a majority of the members of our board of directors, including at least a majority of the principals who are members of our board of directors, no Investor or any of its affiliates shall, directly or indirectly, (i) by purchase or otherwise, beneficially own, acquire, agree to acquire or offer to acquire any of our voting securities or direct or indirect rights or options to acquire our voting securities other than the Class A shares acquired pursuant to the securities purchase agreement, (ii) enter, propose to enter into, solicit or support any merger or business combination or similar transaction involving us or any of our subsidiaries, or purchase, acquire, propose to purchase or acquire or solicit or support the purchase or acquisition of any portion of the business or assets of us or any of our subsidiaries (except for proposals to purchase or acquire a non-material portion of our assets or the assets of any of our subsidiaries that are not required to be publicly disclosed), (iii) initiate or propose any security holder proposal without the approval of our board of directors granted in accordance with the Investor Shareholder Agreement or make, or in any way participate in, any solicitation of proxies (as such terms are used in the proxy rules promulgated by the SEC under the Exchange Act) to vote, or seek to advise or influence any person with respect to the voting of, any of our voting securities or request or take any action to obtain any list of our security holders for such purposes with respect to any matter (or, as to such matters, solicit any person in a manner that would require the filing of a proxy statement under Regulation 14A of the Exchange Act), (iv) form, join or in any way participate in a group (other than a group consisting solely of Nomura and its respective affiliates) formed for the purpose of acquiring, holding, voting or disposing of or taking any other action with respect to our voting securities, (v) deposit any of our voting securities in a voting trust or enter into any voting agreement or arrangement with respect thereto (other than the Investor Shareholder Agreement and such voting trusts or agreements which are solely between Nomura and its affiliates or made between Nomura and its affiliates and us pursuant to the Investor Shareholder Agreement), (vi) seek representation on our board of directors, the removal of any directors from our board of directors or a change in the size or composition of our board of directors (in each case, other than as provided in the Investor Shareholder Agreement), (vii) make any request to amend or waive any of the foregoing provisions, which request would require public disclosure under applicable law, rule or regulation, (viii) disclose any intent, purpose, plan, arrangement or proposal inconsistent with the foregoing (including any such intent, purpose, plan, arrangement or proposal that is conditioned on or would require the waiver, amendment, nullification or invalidation of any of the foregoing) or take any action that would require public disclosure of any such intent, purpose, plan, arrangement or proposal, (ix) take any action challenging the validity or enforceability of the foregoing or (x) assist, advise, encourage or negotiate with any person with respect to, or seek to do, any of the foregoing; provided that (a) it shall not be a violation of clause (x) above to sell the Class A shares acquired by Nomura in connection with the Nomura transaction and (b) it shall not be a violation of any of the restrictions set forth in clauses (i)-(x) above by an Investor for purposes of the Investor Shareholder Agreement to (1) trade our securities or the securities of our subsidiaries for the accounts of its customers in the ordinary course of trading, investment management, financing and brokerage activities subject to appropriate information barriers being in place or (2) participate in any coinvestment opportunities offered to it by us or certain of our subsidiaries.

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*Registration Rights*

*Demand Rights.* We have granted to Nomura and its permitted transferees demand registration rights that allow them at any time to request that we register under the Securities Act an amount of shares representing at least 2.5% of the total voting power of all our securities, subject to the transfer restrictions discussed above. Nomura and its permitted transferees are entitled to an aggregate of two demand registrations. We are not required to maintain the effectiveness of the registration statement for more than 90 days. We are also not required to effect any demand registration within six months of a firm commitment underwritten offering in which Nomura and its permitted transferees held piggyback rights (as described below) and were given the opportunity to sell shares in the offering and which offering included at least 50% of the shares collectively requested by such persons to be included. We are not obligated to grant a request for a demand registration within four months of any other demand registration, and may refuse a request for demand registration if in our reasonable judgment, it is not feasible for us to proceed with the registration because of the unavailability of audited or other financial statements, provided that we use our reasonable best efforts to obtain such financial statements as promptly as practicable.

*Piggyback Rights.* For so long as Nomura, together with its permitted transferees and their respective permitted transferees, beneficially own an amount of shares representing at least 1% of the total voting power of all our securities, such holder of our equity securities shall also have piggyback registration rights that allow them to include the shares that they own in any public offering of equity securities initiated by us (other than those public offerings pursuant to registration statements on Forms S-4 or S-8 or any successor form thereto) or by any of our other holders of equity securities that have registration rights, subject to the transfer restrictions discussed above. The piggyback registration rights of these holders of equity securities are subject to proportional cutbacks based on the manner of such offering and the identity of the party initiating such offering.

*Indemnification; Expenses.* We have agreed to indemnify Nomura and its permitted transferees against any losses or damages resulting from any untrue statement or omission of material fact in any registration statement or prospectus pursuant to which they sell our shares, unless such liability arose from such holder s misstatement or omission, and such holders have agreed to indemnify us against all losses caused by their misstatements or omissions. We will pay all expenses incident to our performance under the Investor Shareholder Agreement, and Nomura and its permitted transferees will pay their respective portions of all underwriting discounts, commissions and transfer taxes relating to the sale of its shares under the Investor Shareholder Agreement.

*Most Favored Nations.* Except for shelf registration rights and the number of demand rights granted to our principals and their permitted transferees pursuant to the shareholder agreement, we have agreed that if we grant superior or more favorable demand, piggyback or incidental registration rights than those provided to Nomura and its permitted transferees, any such superior or more favorable rights and/or terms shall be deemed to have been granted simultaneously to Nomura and its permitted transferees.

*Exchanges; Repurchases; Recapitalization.*

Unless otherwise provided in the Investor Shareholder Agreement, neither we nor any of our subsidiaries shall effect any repurchase, recapitalization, reorganization, reclassification, merger, consolidation, share exchange, liquidation, spin-off, stock split, dividend, distribution or stock consolidation, subdivision or combination that would not afford to each holder of Class A shares the same type and amount of consideration per Class A share or Fortress Operating Group unit (and the corresponding Class B shares). In addition, neither we nor any of our subsidiaries shall effect any repurchase or redemption of Class A shares or Fortress Operating Group units (and the corresponding Class B shares) from any holder of Class A shares or Fortress Operating Group units (and the corresponding Class B shares), other than on a pro rata basis from all holders of Class A shares and all holders of Fortress Operating Group units (and the corresponding Class B shares) participating in such repurchase or redemption at the same type and amount of consideration except for repurchases of Class A shares or Fortress Operating Group units (and the corresponding Class B shares) that affect the Class A shares and Fortress Operating Group units (and the corresponding Class B shares) on a pro rata basis.

## DESCRIPTION OF DEPOSITARY SHARES

This section describes the general terms and provisions of the depositary shares. The applicable prospectus supplement will describe the specific terms of the depositary shares offered by that prospectus supplement and any general terms outlined in this section that will not apply to those depositary shares.

We may issue depositary receipts representing interests in a particular series of preferred shares which are called depositary shares. We will deposit the series of preferred shares which are the subject of depositary shares with a depositary to be named in the applicable prospectus supplement, which will hold the preferred shares for the benefit of the holders of the depositary shares, in accordance with a deposit agreement between the depositary and us. The holders of depositary shares will be entitled to all the rights and preferences of the preferred shares to which the depositary shares relate, including dividend, voting, conversion, redemption and liquidation rights, to the extent of their interests in the preferred shares.

While the deposit agreement relating to a particular series of preferred shares may have provisions applicable solely to that series of preferred shares, all deposit agreements relating to preferred shares we issue will include the following provisions:

### Dividends and Other Distributions

Each time we pay a cash dividend or make any other type of cash distribution with regard to preferred shares of a series, the depositary will distribute to the holder of record of each depositary share relating to that series of preferred shares an amount equal to the dividend or other distribution per depositary share the depositary receives. If there is a distribution of property other than cash, the depositary either will distribute the property to the holders of depositary shares in proportion to the depositary shares held by each of them, or the depositary will, if we approve, sell the property and distribute the net proceeds to the holders of the depositary shares in proportion to the depositary shares held by them.

### Withdrawal of Preferred Shares

A holder of depositary shares will be entitled to receive, upon surrender of depositary receipts representing depositary shares, the number of whole or fractional shares of the applicable series of preferred shares, and any money or other property, to which the depositary shares relate.

### Redemption of Depositary Shares

Whenever we redeem preferred shares held by a depositary, the depositary will be required to redeem, on the same redemption date, depositary shares constituting, in total, the number of preferred shares held by the depositary which we redeem, subject to the depositary s receiving the redemption price of those preferred shares. If fewer than all the depositary shares relating to a series are to be redeemed, the depositary shares to be redeemed will be selected by lot or by another method we determine to be equitable.

### Voting

Any time we send a notice of meeting or other materials relating to a meeting to the holders of a series of preferred shares to which depositary shares relate, we will provide the depositary with sufficient copies of those materials so they can be sent to all holders of record of the applicable depositary shares, and the depositary will send those materials to the holders of record of the depositary shares on the record date for the meeting. The depositary will solicit voting instructions from holders of depositary shares and will vote or not vote the preferred shares to which the depositary shares relate in accordance with those instructions.

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### Liquidation Preference

Upon our liquidation, dissolution or winding up, the holder of a depositary share will be entitled to what the holder of the depositary share would have received if the holder had owned the number of preferred shares (or fraction of a share) which is represented by the depositary share.

### Conversion

If a series of preferred shares are convertible into Class A shares or other of our securities or property, holders of depositary shares relating to that series of preferred shares will, if they surrender depositary receipts representing depositary shares and appropriate instructions to convert them, receive the Class A shares or other securities or property into which the number of preferred shares (or fractions of shares) to which the depositary shares relate could at the time be converted.

### Amendment and Termination of a Deposit Agreement

We and the depositary may amend a deposit agreement, except that an amendment which materially and adversely affects the rights of holders of depositary shares, or would be materially and adversely inconsistent with the rights granted to the holders of the preferred shares to which they relate, must be approved by holders of at least two-thirds of the outstanding depositary shares. No amendment will impair the right of a holder of depositary shares to surrender the depositary receipts evidencing those depositary shares and receive the preferred shares to which they relate, except as required to comply with law. We may terminate a deposit agreement with the consent of holders of a majority of the depositary shares to which it relates. Upon termination of a deposit agreement, the depositary will make the whole or fractional shares of preferred shares to which the depositary shares issued under the deposit agreement relate available to the holders of those depositary shares. A deposit agreement will automatically terminate if:

- All outstanding depositary shares to which it relates have been redeemed or converted; and/or

- The depositary has made a final distribution to the holders of the depositary shares issued under the deposit agreement upon our liquidation, dissolution or winding up.

### Miscellaneous

There will be provisions: (1) requiring the depositary to forward to holders of record of depositary shares any reports or communications from us which the depositary receives with respect to the preferred shares to which the depositary shares relate; (2) regarding compensation of the depositary; (3) regarding resignation of the depositary; (4) limiting our liability and the liability of the depositary under the deposit agreement (usually to failure to act in good faith, gross negligence or willful misconduct); and (5) indemnifying the depositary against certain possible liabilities.

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## DESCRIPTION OF WARRANTS

*We may issue warrants to purchase equity securities. We may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. We will issue the warrants under warrant agreements to be entered into between us and a bank or trust company to be named in the applicable prospectus supplement, as warrant agent, all as described in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.*

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. These terms may include the following:

- the title of the warrants;
- the designation, amount and terms of the securities for which the warrants are exercisable;
- the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;
- the price or prices at which the warrants will be issued;
- the aggregate number of warrants;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;
- the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;
- if applicable, the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the exercise of the warrants;
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;
- the date on which the right to exercise the warrants will commence, and the date on which the right will expire;
- the maximum or minimum number of warrants that may be exercised at any time; and
- information with respect to book-entry procedures, if any.

### Exercise of Warrants

Each warrant will entitle the holder of warrants to purchase for cash the amount of equity securities, at the exercise price stated or determinable in the prospectus supplement for the warrants. Warrants may be exercised at any time up to the close of business on the expiration date shown in the applicable prospectus supplement, unless otherwise specified in such prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void. Warrants may be exercised as described in the applicable prospectus supplement. When the warrant holder makes the payment and properly completes and signs the warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as possible, forward the equity securities that the warrant holder has purchased. If the warrant holder exercises the warrant for less than all of the warrants represented by the warrant certificate, we will issue a new warrant certificate for the remaining warrants.

## DESCRIPTION OF SUBSCRIPTION RIGHTS

We may issue subscription rights to purchase Class A shares, preferred shares or other securities. These subscription rights may be issued independently or together with any other security offered by us and may or may not be transferable by the securityholder receiving the subscription rights in such offering. In connection with any offering of subscription rights, we may enter into a standby arrangement with one or more underwriters or other purchasers pursuant to which the underwriters or other purchasers may be required to purchase any securities remaining unsubscribed for after such offering.

The applicable prospectus supplement will describe the specific terms of any offering of subscription rights for which this prospectus is being delivered, including the following:

- the price, if any, for the subscription rights;
- the exercise price payable for each Class A share, preferred share or other security upon the exercise of the subscription right;
- the number of subscription rights issued to each securityholder;
- the number and terms of each Class A share, preferred share or other security that may be purchased per each subscription right;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the subscription rights or the exercise price of the subscription rights;
- the extent to which the subscription rights are transferable;
- any other terms of the subscription rights, including the terms, procedures and limitations relating to the exchange and exercise of the subscription rights;
- the date on which the right to exercise the subscription rights shall commence, and the date on which the subscription rights shall expire;
- the extent to which the subscription rights may include an over-subscription privilege with respect to unsubscribed securities; and
- if applicable, the material terms of any standby underwriting or purchase arrangement entered into by us in connection with the offering of subscription rights.

The description in the applicable prospectus supplement of any subscription rights we offer will not necessarily be complete and will be qualified in its entirety by reference to the applicable subscription rights certificate or subscription rights agreement, which will be filed with the SEC if we offer subscription rights. For more information on how you can obtain copies of any subscription rights certificate if we offer subscription rights, see Where You Can Find More Information and Incorporation By Reference on page 1 of this prospectus. We urge you to read the applicable subscription rights certificate and any applicable prospectus supplement in their entirety.

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## DESCRIPTION OF PURCHASE CONTRACTS AND PURCHASE UNITS

We may issue purchase contracts for the purchase or sale of equity securities issued by us or debt or equity securities issued by third parties as specified in the applicable prospectus supplement. Each purchase contract will entitle the holder thereof to purchase or sell, and obligate us to sell or purchase on specified dates, such securities at a specified purchase price, which may be based on a formula, all as set forth in the applicable prospectus supplement. We may, however, satisfy our obligations, if any, with respect to any purchase contract by delivering the cash value of such purchase contract or the cash value of the securities otherwise deliverable, as set forth in the applicable prospectus supplement. The applicable prospectus supplement will also specify the methods by which the holders may purchase or sell such securities, and any acceleration, cancellation or termination provisions or other provisions relating to the settlement of a purchase contract. The price per security and the number of securities may be fixed at the time the purchase contracts are entered into or may be determined by reference to a specific formula set forth in the applicable purchase contracts.

The purchase contracts may be issued separately or as part of units consisting of a purchase contract and debt securities or debt obligations of third parties, including U.S. treasury securities, or any other securities described in the applicable prospectus supplement or any combination of the foregoing, securing the holders obligations to purchase the securities under the purchase contracts, which we refer to herein as purchase units. The purchase contracts may require holders to secure their obligations under the purchase contracts in a specified manner. The purchase contracts also may require us to make periodic payments to the holders of the purchase contracts or the purchase units, as the case may be, or vice versa, and those payments may be unsecured or pre-funded on some basis.

The applicable prospectus supplement will describe the terms of any purchase contract or purchase unit and will contain a summary of certain United States federal income tax consequences applicable to the purchase contracts and purchase units.

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## CERTAIN U.S. FEDERAL TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax considerations of an investment in Class A shares. For purposes of this section, under the heading Material U.S. Federal Tax Considerations, references to Fortress, we, our, and us mean only Fortress Investment Group LLC and not its subsidiaries, except as otherwise indicated. This discussion is based on the Internal Revenue Code of 1986, as amended (the Code ), Treasury Regulations promulgated thereunder, administrative rulings and pronouncements of the Internal Revenue Service, which we refer to as the IRS, and judicial decisions, all as in effect on the date hereof and which are subject to change or differing interpretations, possibly with retroactive effect.

This summary is for general information only and does not purport to be a comprehensive discussion of all of the U.S. federal income tax considerations applicable to us or that may be relevant to a particular holder of our Class A shares in view of such holder s particular circumstances and, except to the extent provided below, is not directed to holders of our Class A shares subject to special treatment under the U.S. federal income tax laws, such as:

- banks or other financial institutions;
- dealers in securities or currencies;
- regulated investment companies and REITs;
- insurance companies;
- persons holding shares as part of a hedging, integrated or conversion transaction or a straddle;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons liable for the alternative minimum tax;

and, except to the extent discussed below:

- tax-exempt organizations;
- mutual funds; and
- non-U.S. persons (as defined below).

In addition, except to the extent provided below, this discussion does not address any aspect of state, local or non-U.S. tax law and assumes that holders of our Class A shares will hold their Class A shares as capital assets. The tax treatment of holders in a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) that is a holder of our Class A shares generally depends on the status of the partner, rather than the partnership, and is not specifically addressed herein. Partners in partnerships purchasing the Class A shares should consult their tax advisors.

No statutory, administrative or judicial authority directly addresses the treatment of certain aspects of the Class A shares or instruments similar to the shares for U.S. federal income tax purposes. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. Moreover, no advance rulings have been or will be sought from the IRS regarding any matter discussed in this prospectus. Accordingly, holders of our Class A shares are urged to consult their own tax advisors to determine the U.S. federal income tax consequences to them of acquiring, holding and disposing of Class A shares, as well as the effects of the state, local and non-U.S. tax laws.

For purposes of the following discussion, a U.S. person is a person that is (i) a citizen or resident of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (a) the administration over which a U.S. court can exercise

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primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. A non-U.S. person is a person that is neither a U.S. person nor an entity treated as a partnership for U.S. federal income tax purposes.

**THE FEDERAL INCOME TAX TREATMENT OF HOLDERS OF CLASS A SHARES DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES OF HOLDING CLASS A SHARES TO ANY PARTICULAR HOLDER WILL DEPEND ON THE HOLDER S PARTICULAR TAX CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER SHOULD CONSULT ITS TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF ACQUIRING, HOLDING, EXCHANGING, OR OTHERWISE DISPOSING OF CLASS A SHARES AND OF OUR TREATMENT FOR FEDERAL INCOME TAX PURPOSES AS A PARTNERSHIP, AND NOT AS AN ASSOCIATION OR A PUBLICLY TRADED PARTNERSHIP TAXABLE AS A CORPORATION.**

*Taxation of the Company*

**Taxation of Fortress.** While we are organized as a limited liability company and intend to operate so that we will qualify to be treated for U.S. federal income tax purposes as a partnership, and not as an association or a publicly traded partnership taxable as a corporation, given the highly complex nature of the rules governing partnerships, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by us that we will so qualify as a partnership for any particular year. Our taxation as a partnership that is not a publicly traded partnership taxable as a corporation will depend on our ability to meet, on a continuing basis, through actual operating results, the qualifying income exception (as described below). No assurance, however, can be given that the actual results of our operations for any taxable year will satisfy the qualifying income exception.

If we fail to satisfy the qualifying income exception (other than a failure which is determined by the IRS to be inadvertent and which is cured within a reasonable period of time after the discovery of such failure as discussed below) or if we elect to be treated as a corporation based upon a determination by our board of directors, we will be treated as if we had transferred all of our assets, subject to our liabilities, to a newly formed corporation, on the first day of the year in which we failed to satisfy the qualifying income exception, in return for stock of the corporation, and then distributed to the holders of Class A shares in liquidation of their interests in us. This contribution and liquidation should be tax-free to holders of Class A shares (except for a non-U.S. holder if we own an interest in U.S. real property or an interest in a USRPHC as discussed below in Taxation of Non-U.S. Persons ) so long as we do not have liabilities in excess of the tax basis of our assets. If, for any reason (including our failure to meet the qualifying income exception or a determination by our board of directors to elect to be treated as a corporation), we were treated as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we would be subject to U.S. federal income tax on our taxable income at regular corporate income tax rates, without deduction for any distributions to holders, thereby materially reducing the amount of any cash available for distribution to holders. The net effect of such treatment would be, among other things, to subject the income from FIG Asset Co. LLC to corporate level taxation.

Under Section 7704 of the Code, unless certain exceptions apply, if an entity that would otherwise be classified as a partnership for U.S. federal income tax purposes is a publicly traded partnership (as defined in the Code) it will be treated and taxed as a corporation for U.S. federal income tax purposes. An entity that would otherwise be classified as a partnership is a publicly traded partnership if (i) interests in the entity are traded on an established securities market or (ii) interests in the entity are readily tradable on a secondary market or the substantial equivalent thereof.

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A publicly traded partnership will, however, be treated as a partnership, and not as a corporation for U.S. federal income tax purposes, if 90% or more of its gross income during each taxable year consists of qualifying income within the meaning of Section 7704 of the Code and it is not required to register as an investment company under the Investment Company Act of 1940. We refer to this exception as the qualifying income exception. Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We estimate that our investments will earn interest, dividends, capital gains and other types of qualifying income. No assurance can be given as to the types of income that will be earned in any given year.

While we will be treated as a publicly traded partnership, we will manage our investments so that we will satisfy the qualifying income exception to the extent reasonably possible. There can be no assurance, however, that we will do so or that the IRS would not challenge our compliance with the qualifying income requirements and, therefore, assert that we should be taxable as a corporation for U.S. federal income tax purposes. In such event, the amount of cash available for distribution to holders would be reduced materially.

If at the end of any year we fail to meet the qualifying income exception, we may still qualify as a partnership if we are entitled to relief under the Code for an inadvertent termination of partnership status. This relief will be available if (i) the failure to meet the qualifying income exception is cured within a reasonable time after discovery, (ii) the failure is determined by the IRS to be inadvertent, and (iii) we and each of the holders of our Class A shares (during the failure period) agree to make such adjustments or to pay such amounts as are required by the IRS. Under our operating agreement, each holder of our Class A shares is obligated to make such adjustments or to pay such amounts as are required by the IRS to maintain our status as a partnership. It is not possible to state whether we would be entitled to this relief in any or all circumstances. It also is not clear under the Code whether this relief is available for our first taxable year as a publicly traded partnership. If this relief provision is inapplicable to a particular set of circumstances involving us, we will not qualify as a partnership for U.S. federal income tax purposes. Even if this relief provision applies and we retain our partnership status, we or the holders of the Class A shares (during the failure period) will be required to pay such amounts as are determined by the IRS.

Despite our classification as a partnership, a significant portion of our income will be derived through FIG Corp., which will be subject to corporate income taxes.

**Taxation of FIG Corp.** FIG Corp., our wholly-owned subsidiary, is taxable as a corporation for U.S. federal income tax purposes and therefore we, as the holder of FIG Corp. s common stock, will not be taxed directly on the earnings of the operating entities. Distributions of cash or other property that FIG Corp. pays to us will constitute dividends for U.S. federal income tax purposes to the extent paid from its current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If the amount of a distribution by FIG Corp. exceeds its current and accumulated earnings and profits, such excess will be treated as a tax-free return of capital to the extent of our tax basis in FIG Corp. s common stock, and thereafter will be treated as a capital gain.

As general partner of the Fortress Operating Group entities (other than Principal Holdings), FIG Corp. will incur U.S. federal income taxes on its allocable share of any net taxable income of such entities. In accordance with the applicable partnership agreement, we will cause the applicable Fortress Operating Group entities to distribute cash on a pro rata basis to holders of Fortress Operating Group units (that is, FIG Corp. and the principals) in an amount at least equal to the maximum tax liabilities arising from their ownership of such units, if any.

**Taxation of FIG Asset Co. LLC.** FIG Asset Co. LLC is our wholly-owned limited liability company. As a single member limited liability company that has not elected to be treated as a corporation for U.S. federal income tax purposes, FIG Asset Co. LLC will be treated as an entity disregarded as a separate entity from us for U.S. federal income tax purposes. Accordingly, all the

assets, liabilities, and items of income, deduction, and credit of FIG Asset Co. LLC will be treated as our assets, liabilities, and items of income, deduction, and credit.

**Nature of FIG Asset Co. LLC s Business Activities.** FIG Asset Co. LLC will invest directly or indirectly in a variety of assets and otherwise engage in activities and derive income that is consistent with the qualifying income exception discussed above.

**Investment Structures.** To manage our affairs so as to meet the qualifying income exception for the publicly traded partnership rules (discussed above) FIG Asset Co. LLC and its subsidiary entities may structure certain investments through entities classified as corporations for U.S. federal income tax purposes. Such investment structures will be entered into to create a structure that generally is efficient for holders. However, because holders could be located in numerous taxing jurisdictions, no assurances can be given that any such investment structure will be beneficial to all holders to the same extent, and may even impose additional tax burdens on some holders. As discussed below, if the entities are non-U.S. corporations, they may be considered PFICs, the consequences of which are described below. If the entities are U.S. corporations, they would be subject to U.S. federal income tax on their operating income, including any gain recognized on their disposal of their investments. In addition, if the investment involves U.S. real estate, gain recognized on disposition would generally be subject to such tax, whether the corporations are U.S. or non-U.S. corporations.

**Personal Holding Companies.** FIG Corp. could be subject to additional U.S. federal income tax on a portion of its income if it is determined to be a personal holding company, or PHC, for U.S. federal income tax purposes. A U.S. corporation generally will be classified as a PHC for U.S. federal income tax purposes in a given taxable year if (i) at any time during the last half of such taxable year, five or fewer individuals (without regard to their citizenship or residency and including as individuals for this purpose certain entities such as certain tax-exempt organizations and pension funds) own or are deemed to own (pursuant to certain constructive ownership rules) more than 50% of the stock of the corporation by value and (ii) at least 60% of the corporation s adjusted ordinary gross income, as determined for U.S. federal income tax purposes, for such taxable year consists of PHC income (which includes, among other things, dividends, interest, royalties, annuities, income from certain personal services contracts, and, under certain circumstances, rents). The PHC rules do not apply to non-U.S. corporations.

Five or fewer individuals or tax-exempt organizations will be treated as owning more than 50% of the value of our Class A shares. Consequently, FIG Corp. could be or become a PHC, depending on whether it fails the PHC gross income test. If as a factual matter, FIG Corp. s income fails the PHC gross income test, it will be a PHC. Certain aspects of the gross income test cannot be predicted with certainty. Thus, no assurance can be given that FIG Corp. will not become a PHC following this offering or in the future.

If FIG Corp. is or were to become a PHC in a given taxable year, it would be subject to an additional 15% PHC tax on its undistributed PHC income, which generally includes the company s taxable income, subject to certain adjustments. For taxable years beginning after December 31, 2010, the PHC tax rate on undistributed PHC income will be equal to the highest marginal rate on ordinary income applicable to individuals (currently 35%). Based upon the nature of our expected income, even if FIG Corp. were a PHC, we do not expect that 60% of FIG Corp s income will be PHC income. Consequently, FIG Corp. should not be subject to the PHC tax on undistributed PHC income. If, however, FIG Corp. were to become a PHC and had significant amounts of undistributed PHC income, the amount of PHC tax could be material.

**Certain State, Local and Non-U.S. Tax Matters.** We and our subsidiaries may be subject to state, local or non-U.S. taxation in various jurisdictions, including those in which we or they transact business, own property, or reside. We may be required to file tax returns in some or all of those jurisdictions. The state, local or non-U.S. tax treatment of us and our holders may not conform to the U.S. federal income tax treatment discussed herein. We will pay non-U.S. taxes, and dispositions of foreign property or operations involving, or investments in, foreign property may give rise to non-U.S. income or other

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tax liability in amounts that could be substantial. Any non-U.S. taxes incurred by us may not pass through to holders of our Class A shares as a credit against their federal income tax liability.

*Taxation of Holders of Class A Shares*

**Taxation of Holders of Class A Shares on Our Profits and Losses.** As a partnership for tax purposes, we are not a taxable entity and incur no U.S federal income tax liability. Instead, each holder in computing such holder s U.S. federal income tax liability for a taxable year will be required to take into account its allocable share of items of our income, gain, loss, deduction and credit (including those items of FIG Asset Co. LLC as an entity disregarded as a separate entity from us for U.S. federal income tax purposes) for each of our taxable years ending with or within the taxable year of such holder, regardless whether the holder has received any distributions. The characterization of an item of our income, gain, loss, deduction or credit generally will be determined at our (rather than at the holder s) level.

Distributions we receive from FIG Corp. that are taxable as dividend income to the extent of FIG Corp. s current and accumulated earnings and profits that are allocable to individual holders of Class A shares will be eligible for a reduced rate of tax of 15% on such dividend income or qualified dividend income through 2010, provided that certain holding period requirements are satisfied.

**Allocation of Profits and Losses.** For each of our fiscal years, items of income, gain, loss, deduction or credit recognized by us (including those items of FIG Asset Co. LLC as an entity disregarded as a separate entity from us for U.S. federal income tax purposes) will be allocated among the holders of Class A shares in accordance with their allocable shares of our items of income, gain, loss, deduction and credit. A holder s allocable share of such items will be determined by the operating agreement, provided such allocations either have substantial economic effect or are determined to be in accordance with the holder s interest in us. If the allocations provided by our agreement were successfully challenged by the IRS, the redetermination of the allocations to a particular holder for U.S. federal income tax purposes could be less favorable than the allocations set forth in our agreement.

We may derive taxable income from an investment that is not matched by a corresponding distribution of cash. This could occur, for example, if we used cash to make an investment or to reduce debt instead of distributing profits. Some of the investment practices authorized by our operating agreement could be subject to special provisions under the Code that, among other things, may affect the timing and character of the gains or losses recognized by us. These provisions may also require us to accrue original issue discount or be treated as having sold securities for their fair market value, both of which may cause us to recognize income without receiving cash with which to make distributions. To the extent that there is a discrepancy between our recognition of income and our receipt of the related cash payment with respect to such income, income likely will be recognized prior to our receipt and distribution of cash. Accordingly, it is possible that the U.S. federal income tax liability of a holder with respect to its allocable share of our earnings in a particular taxable year could exceed the cash distributions to the holder for the year, thus giving rise to an out-of-pocket payment by the holder.

Section 706 of the Code provides that items of partnership income and deductions must be allocated between transferors and transferees of Class A shares. We will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, loss, deduction and credit to holders in a manner that reflects such holders beneficial shares of our items. These conventions are designed to more closely align the receipt of cash and the allocation of income between holders of Class A shares, but these assumptions and conventions may not be in compliance with all aspects of applicable tax requirements.

If our conventions are not allowed by the Regulations (or only apply to transfers of less than all of a holder s shares) or if the IRS otherwise does not accept our conventions, the IRS may contend that our taxable income or losses must be reallocated among the holders of Class A shares. If such a contention were sustained, certain holders respective tax liabilities would be adjusted to the possible detriment of certain other holders. We are authorized to revise our method of allocation between transferors and transferees (as well as among holders whose interests otherwise could vary during a taxable period).

**Adjusted Tax Basis of Class A Shares.** A holder s adjusted tax basis in its Class A shares will equal the amount paid for the shares and will be increased by the holder s allocable share of (i) items of our income and gain and (ii) our liabilities, if any. A holder s adjusted tax basis will be decreased, but not below zero, by (i) distributions from us, (ii) the holder s allocable share of items of our deductions and losses, and (iii) the holder s allocable share of the reduction in our liabilities, if any.

A holder is allowed to deduct its allocable share of our losses (if any) only to the extent of such holder s adjusted tax basis in the Class A shares it is treated as holding at the end of the taxable year in which the losses occur. If the recognition of a holder s allocable share of our losses would reduce its adjusted tax basis for its Class A share below zero, the recognition of such losses by such holder would be deferred to subsequent taxable years and will be allowed if and when such holder had sufficient tax basis so that such losses would not reduce such holder s adjusted tax basis below zero.

Holders who purchase Class A shares in separate transactions must combine the basis of those Class A shares and maintain a single adjusted tax basis for all of those Class A shares. Upon a sale or other disposition of less than all of the Class A shares, a portion of that tax basis must be allocated to the Class A shares sold.

**Treatment of Distributions.** Distributions of cash by us generally will not be taxable to a holder to the extent of such holder s adjusted tax basis (described above) in its Class A shares. Any cash distributions in excess of a holder s adjusted tax basis generally will be considered to be gain from the sale or exchange of Class A shares (as described below). Such amount would be treated as gain from the sale or exchange of its interest in us. Except as described below, such gain would generally be treated as capital gain and would be long-term capital gain if the holder s holding period for its interest exceeds one year. A reduction in a holder s allocable share of our liabilities, and certain distributions of marketable securities by us, are treated similarly to cash distributions for U.S. federal income tax purposes.

**Disposition of Interest.** A sale or other taxable disposition of all or a portion of a holder s interest in its Class A shares will result in the recognition of gain or loss in an amount equal to the difference, if any, between the amount realized on the disposition (including actual and deemed cash distributions from us, as described above) and the holder s adjusted tax basis in its Class A shares. A holder s adjusted tax basis will be adjusted for this purpose by its allocable share of our income or loss for the year of such sale or other disposition. Except as described below, any gain or loss recognized with respect to such sale or other disposition generally will be treated as capital gain or loss and will be long-term capital gain or loss if the holder s holding period for its interest exceeds one year. A portion of such gain may be treated as ordinary income under the Code to the extent attributable to the holder s allocable share of unrealized gain or loss in our assets to the extent described in Section 751 of the Code.

Holders who purchase Class A shares at different times and intend to sell all or a portion of the shares within a year of their most recent purchase are urged to consult their tax advisors regarding the application of certain split holding period rules to them and the treatment of any gain or loss as long-term or short term capital gain or loss. For example, a selling holder may use the actual holding period of the portion of his transferred shares, provided his shares are divided into identifiable shares with ascertainable holding periods, the selling holder can identify the portion of the shares transferred, and the selling holder elects to use the identification method for all sales or exchanges of our shares.

Holders should review carefully the discussions below under the subheadings titled Passive Foreign Investment Companies and Controlled Foreign Corporations .

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Non-U.S. Persons should review carefully the discussion below under the subheading titled Non-U.S. Persons regarding the tax treatment of interests in REITs or U.S. Real Property Holding Corporations (as defined below).

**Limitation on Deductibility of Capital Losses.** Any capital losses generated by us will be deductible by holders who are individuals only to the extent of such holders capital gains for the taxable year plus up to $3,000 of ordinary income ($1,500 in the case of a married individual filing a separate return). Excess capital losses may be carried forward by individuals indefinitely. Any capital losses generated by us will be deductible by corporate holders to the extent of such holders capital gains for the taxable year. Corporations may carry capital losses back three years and forward five years. Holders should consult their tax advisors regarding the deductibility of capital losses.

**Limitation on Deductibility of Our Losses.** A holder will be restricted from taking into account for U.S. federal income tax purposes its allocable share of any loss incurred by us in excess of the adjusted tax basis of such holder s Class A shares. In addition, the Code restricts individuals, certain non-corporate taxpayers and certain closely held corporations from taking into account for U.S. federal income tax purposes any of our net losses in excess of the amounts for which such holder is at risk with respect to its interest as of the end of our taxable year in which such loss occurred. The amount for which a holder is at risk with respect to its interest is equal to its adjusted tax basis for such interest, less any amounts borrowed (i) in connection with its acquisition of such interest for which it is not personally liable and for which it has pledged no property other than its interest; (ii) from persons who have a proprietary interest in us and from certain persons related to such persons; and (iii) for which the holder is protected against loss through nonrecourse financing, guarantees or similar arrangements. To the extent that a holder s allocable share of our losses is not allowed because the holder has an insufficient amount at risk in us, such disallowed losses may be carried over by the holder to subsequent taxable years and will be allowed if and to the extent of the holder s at risk amount in subsequent years.

We will not generate income or losses from passive activities for purposes of Section 469 of the Code. Accordingly, income allocated by us to a holder may not be offset by the passive losses of such holder and losses allocated to a holder may not be used to offset passive income of such holder. In addition, other provisions of the Code may limit or disallow any deduction for losses by a holder of Class A shares or deductions associated with certain assets of the partnership in certain cases, including potentially Section 470 of the Code. Holders should consult with their tax advisors regarding their limitations on the deductibility of losses under applicable sections of the Code.

**Limitation on Interest Deductions.** The deductibility of an individual and other non-corporate holder s investment interest expense is limited to the amount of that holder s net investment income. Investment interest expense would generally include the holder s allocable share of interest expense incurred by us, if any, and investment interest expense incurred by the holder on any loan incurred to purchase or carry Class A shares. Net investment income includes gross income from property held for investment and amounts treated as portfolio income, such as dividends and interest, under the passive activity loss rules, less deductible expenses, other than interest, directly connected with the production of investment income. For this purpose, any long-term capital gain or qualifying dividend income that is taxable at long-term capital gains rates is excluded from net investment income, unless the U.S. holder elects to pay tax on such gain or dividend income at ordinary income rates.

**Limitation on Deduction of Certain Other Expenses.** For individuals, estates and trusts, certain miscellaneous itemized deductions are deductible only to the extent that they exceed 2% of the adjusted gross income of the taxpayer. We may have a significant amount of expenses that will be treated as miscellaneous itemized deductions. Moreover, an individual whose adjusted gross income exceeds specified threshold amounts is required to further reduce the amount of allowable itemized deductions. In addition, miscellaneous itemized deductions are not deductible for purposes of

computing a taxpayer s alternative minimum tax liability. See Alternative Minimum Tax for a discussion of potential alternative minimum tax liability.

In general, neither we nor any holder may deduct organizational or syndication expenses. While an election may be made by a partnership to amortize organizational expenses over a 15-year period, we will not make such an election. Syndication fees (i.e., expenditures made in connection with the marketing and issuance of the Class A shares) must be capitalized and cannot be amortized or otherwise deducted.

Holders are urged to consult their tax advisors regarding the deductibility of itemized expenses incurred by us.

**Foreign Tax Credit Limitation.** Holders will generally be entitled to a foreign tax credit for U.S. federal income tax purposes with respect to their allocable shares of creditable foreign taxes paid on our income and gains. Complex rules may, depending on a holder s particular circumstances, limit the availability or use of foreign tax credits. Gains from the sale of our investments may be treated as U.S. source gains. Consequently, a holder may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gains unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. Certain losses that we incur may be treated as foreign source losses, which could reduce the amount of foreign tax credits otherwise available.

**Foreign Currency Gain or Loss.** Our functional currency will be the U.S. dollar, and our income or loss will be calculated in U.S. dollars. It is likely that we will recognize foreign currency gain or loss with respect to transactions involving non-U.S. dollar currencies. In general, foreign currency gain or loss is treated as ordinary income or loss for U.S. federal income tax purposes. Holders should consult their tax advisers with respect to the tax treatment of foreign currency gain or loss.

**Mutual Fund Holders.** U.S. mutual funds that are treated as regulated investment companies, or RICs, for U.S. federal income tax purposes are required, among other things, to meet an annual 90% gross income and a quarterly 50% asset value test under Section 851(b) of the Code to maintain their favorable U.S. federal income tax status. The treatment of an investment by a RIC in Class A shares for purposes of these tests will depend on whether our partnership will be treated as a qualifying publicly traded partnership. If our partnership is so treated, then the Class A shares themselves are the relevant assets for purposes of the 50% asset value test and the net income from the Class A shares is relevant gross income for purposes of the 90% gross income test. If, however, our partnership is not so treated, then the relevant assets are the RIC s allocable share of the underlying assets held by our partnership and the relevant gross income is the RIC s allocable share of the underlying gross income earned by our partnership. Whether our partnership will qualify as a qualifying publicly traded partnership depends on the exact nature of its future investments, but our partnership currently is not a qualifying publicly traded partnership. However, we will operate such that at least 90% of our gross income from the underlying assets held by our partnership will constitute cash and property that generates dividends, interest and gains from the sale of securities or other income that qualifies for the RIC gross income test described above. RICs should consult their own tax advisors about the U.S. tax consequences of an investment in Class A shares.

**Tax-Exempt Holders.** A holder of our Class A shares that is a tax-exempt organization for U.S. federal income tax purposes and, therefore, exempt from U.S. federal income taxation, may nevertheless be subject to unrelated business income tax to the extent, if any, that its allocable share of our income consists of unrelated business taxable income ( UBTI ). A tax-exempt partner of a partnership that regularly engages in a trade or business which is unrelated to the exempt function of the tax-exempt partner must include in computing its UBTI, its pro rata share (whether or not distributed) of such partnership s gross income derived from such unrelated trade or business. Moreover, a tax-exempt partner of a partnership could be treated as earning UBTI to the extent that such partnership derives income from debt-financed property, or if the partnership interest itself is

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debt financed. Debt-financed property means property held to produce income with respect to which there is acquisition indebtedness (i.e., indebtedness incurred in acquiring or holding property).

While we expect to manage our activities so as to avoid a determination that we are engaged in a trade or business, thereby limiting the amount of UBTI that is realized by tax-exempt holders of our Class A shares, there can be no assurance that the IRS will not assert successfully that we are so engaged in a trade or business. However, we will not make investments through taxable U.S. corporations solely for the purpose of limiting UBTI from debt-financed property and, thus, an investment in Class A share will give rise to UBTI, in particular from debt-financed property, to certain tax-exempt holders. For example, FIG Asset Co. LLC will invest in or hold interests in entities that are treated as partnerships, or are otherwise subject to tax on a flow through basis, that will incur indebtedness. It is also possible that FIG Asset Co. LLC may borrow funds from FIG Corp. or third parties from time to time to make investments. In each case, these investments will give rise to UBTI from debt-financed property.

Tax-exempt holders are urged to consult their tax advisors regarding the tax consequences of an investment in Class A shares.

**Passive Foreign Investment Companies.** A non-U.S. entity will be treated as a passive foreign investment company ( PFIC ) for U.S. federal income tax purposes if (i) such entity is treated as a corporation for U.S. federal income tax purposes and (ii) either 75% or more of the gross income of such entity for the taxable year is passive income (as defined in Section 1297 of the Code and the Treasury Regulations promulgated thereunder) or the average percentage of assets held by such entity during the taxable year which produce passive income or which are held for the production of passive income is at least 50%. A U.S. holder will be subject to the PFIC rules for an investment in a PFIC without regard to its percentage ownership. When making investment or other decisions, FIG Asset Co. LLC will consider whether an investment will be a PFIC and the tax consequences related thereto. It is possible, however, that FIG Asset Co. LLC will acquire or otherwise own interests in PFICs.

Except as described below, we will make, where possible, an election (a QEF Election ) with respect to each entity treated as a PFIC to treat such non-U.S. entity as a qualified electing fund ( QEF ) in the first year we hold shares in such entity. A QEF Election is effective for our taxable year for which the election is made and all subsequent taxable years and may not be revoked without the consent of the IRS.

As a result of a QEF Election, we will be required to include in our gross income each year our pro rata share of such non-U.S. entity s ordinary earnings and net capital gains (such inclusions in gross income, QEF Inclusions ), for each year in which the non-U.S. entity owned directly or indirectly by us is a PFIC, whether or not we receive cash in respect of its income. Thus, holders may be required to report taxable income as a result of QEF Inclusions without corresponding receipts of cash. A holder may, however, elect to defer, until the occurrence of certain events, payment of the U.S. federal income tax attributable to QEF Inclusions for which no current distributions are received, but will be required to pay interest on the deferred tax computed by using the statutory rate of interest applicable to an extension of time for payment of tax. Net losses (if any) of a non-U.S. entity owned through FIG Asset Co. LLC that is treated as a PFIC will not, however, pass through to us or to holders and may not be carried back or forward in computing such PFIC s ordinary earnings and net capital gain in other taxable years. Consequently, holders may, over time, be taxed on amounts that, as an economic matter, exceed our net profits. Our tax basis in the shares of such non-U.S. entities, and a holder s basis in our Class A shares, will be increased to reflect QEF Inclusions. No portion of the QEF Inclusion attributable to ordinary income will be eligible for the favorable tax rate applicable to qualified dividend income for individual U.S. persons. Amounts included as QEF Inclusions with respect to direct and indirect investments generally will not be taxed again when actually distributed.

In certain cases, we may be unable to make a QEF Election with respect to a PFIC. This could occur if we are unable to obtain the information necessary to make a QEF Election because, for example, such entity is not an affiliate of ours or because such entity itself invests in underlying investment vehicles over which we have no control. If we do not make a QEF Election with respect to a PFIC, Section 1291 of the Code will treat all gain on a disposition by us of shares of such entity, gain on the disposition of the Class A shares by a holder at a time when we own shares of such entity, as well as certain other defined excess distributions, as if the gain or excess distribution were ordinary income earned ratably over the shorter of the period during which the holder held its Class A shares or the period during which we held our shares in such entity. For gain and excess distributions allocated to prior years, (i) the tax rate will be the highest in effect for that taxable year and (ii) the tax will be payable generally without regard to offsets from deductions, losses and expenses. Holders will also be subject to an interest charge for any deferred tax. No portion of this ordinary income will be eligible for the favorable tax rate applicable to qualified dividend income for individual U.S. persons.

**Controlled Foreign Corporations.** A non-U.S. entity will be treated as a controlled foreign corporation ( CFC ) if it is treated as a corporation for U.S. federal income tax purposes and if more than 50% of (i) the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or (ii) the total value of the stock of the non-U.S. entity is owned by U.S. Shareholders on any day during the taxable year of such non-U.S. entity. For purposes of this discussion, a U.S. Shareholder with respect to a non-U.S. entity means a U.S. person that owns 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote.

When making investment or other decisions, FIG Asset Co. LLC will consider whether an investment will be a CFC and the consequences related thereto. If we are a U.S. Shareholder in a non-U.S. entity that is treated as a CFC, each holder of our Class A shares generally may be required to include in income its allocable share of the CFC s Subpart F income reported by us. Subpart F income includes dividends, interest, net gain from the sale or disposition of securities, non-actively managed rents and certain other passive types of income. The aggregate Subpart F income inclusions in any taxable year relating to a particular CFC are limited to such entity s current earnings and profits. These inclusions are treated as ordinary income (whether or not such inclusions are attributable to net capital gains). Thus, an investor may be required to report as ordinary income its allocable share of the CFC s Subpart F income reported by us without corresponding receipts of cash and may not benefit from capital gain treatment with respect to the portion of our earnings (if any) attributable to net capital gains of the CFC.

The tax basis of our shares of such non-U.S. entity, and a holder s tax basis in its Class A shares, will be increased to reflect any required Subpart F income inclusions. Such income will be treated as income from sources within the United States, for certain foreign tax credit purposes, to the extent derived by the CFC from U.S. sources. Such income will not be eligible for the favorable 15% tax rate applicable to qualified dividend income for individual U.S. persons. See Taxation of Holders of Class A shares on Our Profits and Losses. Amounts included as such income with respect to direct and indirect investments will not be taxable again when actually distributed.

Regardless of whether any CFC has Subpart F income, any gain allocated to a holder of our Class A shares from our disposition of stock in a CFC will be treated as ordinary income to the extent of the holder s allocable share of the current and/or accumulated earnings and profits of the CFC. In this regard, earnings would not include any amounts previously taxed pursuant to the CFC rules. However, net losses (if any) of a non-U.S. entity owned by us that is treated as a CFC will not pass through to our holders.

If a non-U.S. entity held by us is classified as both a CFC and a PFIC during the time we are a U.S. Shareholder of such non-U.S. entity, a holder will be required to include amounts in income with respect to such non-U.S. entity pursuant to this subheading, and the consequences described under the subheading Passive Foreign Investment Companies above will not apply. If our ownership percentage in a non-U.S. entity changes such that we are not a U.S. Shareholder with respect to such non-U.S. entity, then holders of our Class A shares may be subject to the PFIC rules. The interaction of these rules is complex, and holders are urged to consult their tax advisors in this regard.

**Alternative Minimum Tax.** Individual and corporate taxpayers have potential liability for alternative minimum tax. Since such liability is dependent upon each holder s particular circumstances, holders of Class A shares should consult their tax advisors concerning the alternative minimum tax consequences of being a holder of Class A shares.

**U.S. Federal Estate Taxes for U.S. Persons.** If Class A shares are included in the gross estate of a U.S. citizen or resident for U.S. federal estate tax purposes, then U.S. federal estate tax may be payable in connection with the death of such person. Individual holders should consult their own tax advisors concerning the potential U.S. federal estate tax consequences with regard to our Class A shares.

*Taxation of Non-U.S. Persons*

**Non-U.S. Persons.** Special rules apply to a holder of our Class A shares that is a non-U.S. person. Non-U.S. persons are subject to U.S. withholding tax at a 30% rate on the gross amount of interest, dividends and other fixed or determinable annual or periodical income received from sources within the United States if such income is not treated as effectively connected with a trade or business within the United States. The 30% rate may be reduced or eliminated under the provisions of an applicable income tax treaty between the United States and the country in which the non-U.S. person resides or is organized. Whether a non-U.S. person is eligible for such treaty benefits will depend upon the provisions of the applicable treaty as well as the treatment of us under the laws of the non-U.S. person s jurisdiction. The 30% withholding tax rate does not apply to certain portfolio interest on obligations of U.S. persons allocable to certain non-U.S. persons. Moreover, non-U.S. persons generally are not subject to U.S. federal income tax on capital gains if (i) such gains are not effectively connected with the conduct of a U.S. trade or business of such non-U.S. person; (ii) a tax treaty is applicable and such gains are not attributable to a permanent establishment in the United States maintained by such non-U.S. person; or (iii) such non-U.S. person is an individual and is not present in the United States for 183 or more days during the taxable year (assuming certain other conditions are met).

Non-U.S. persons treated as engaged in a U.S. trade or business are subject to U.S. federal income tax at the graduated rates applicable to U.S. persons on their net income that is considered to be effectively connected with such U.S. trade or business. Non-U.S. persons that are corporations may also be subject to a 30% branch profits tax on such effectively connected income. The 30% rate applicable to branch profits may be reduced or eliminated under the provisions of an applicable income tax treaty between the United States and the country in which the non-U.S. person resides or is organized.

While it is expected that our method of operation through FIG Asset Co. LLC will not result in a determination that we are engaged in a U.S. trade or business, there can be no assurance that the IRS will not assert successfully that we are engaged in a U.S. trade or business, with the result that some portion of our income is properly treated as effectively connected income with respect to non-U.S. holders. If a holder who is a non-U.S. person were treated as being engaged in a U.S. trade or business in any year because of an investment in our Class A shares in such year, such holder generally would be (i) subject to withholding by us on its distributive share of our income effectively connected with such U.S. trade or business, (ii) required to file a U.S. federal income tax return for such year reporting its allocable share, if any, of income or loss effectively connected with such trade or business and (iii) required to pay U.S. federal income tax at regular U.S. federal income tax rates on any such income. Moreover, a holder who is a corporate non-U.S. person might be subject to a U.S. branch profits tax on its allocable share of its effectively connected income. Any amount so withheld would be creditable against such non-U.S. person s U.S. federal income tax liability, and such non-U.S. person could claim a refund to the extent that the amount withheld exceeded such non-U.S. person s U.S. federal income tax liability for the taxable year. Finally, if we were treated as being engaged in a U.S. trade or business, a portion of any gain recognized by a holder who is a non-U.S. person on the sale or exchange of its Class A shares could be treated for U.S. federal income tax purposes as effectively connected income, and hence such non-U.S. person could be subject to U.S. federal income tax on the sale or exchange.

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Generally, under the Foreign Investment in Real Property Tax Act of 1980 ( FIRPTA ) provisions of the Code, non-U.S. persons are subject to U.S. tax in the same manner as U.S. persons on any gain realized on the disposition of an interest, other than an interest solely as a creditor, in U.S. real property. An interest in U.S. real property includes stock in a U.S. corporation (except for certain stock of publicly-traded U.S. corporations) if interests in U.S. real property constitute 50% or more by value of the sum of the corporation s assets used in a trade or business, its U.S. real property interests and its interests in real property located outside the United States (a United States Real Property Holding Corporation or USRPHC ). Consequently, a non-U.S. person who invests directly in U.S. real estate, or indirectly by owning the stock of a USRPHC, will be subject to tax under FIRPTA on the disposition of such investment. The FIRPTA tax will also apply if the non-U.S. person is a holder of an interest in a partnership that owns an interest in U.S. real property or an interest in a USRPHC. We may, from time to time, make certain investments through FIG Asset Co. LLC that could constitute investments in U.S. real property or USRPHCs, including dividends from REIT investments that are attributable to gains from the sale of U.S. real property. If we make such investments, each non-U.S. person will be subject to U.S. tax under FIRPTA on such holder s allocable share of any gain realized on the disposition of a FIRPTA interest and will be subject to the filing requirements discussed above.

In general, different rules from those described above apply in the case of non-U.S. persons subject to special treatment under U.S. federal income tax law, including a non-U.S. person (i) who has an office or fixed place of business in the United States or is otherwise carrying on a U.S. trade or business; (ii) who is an individual present in the United States for 183 or more days or has a tax home in the United States for U.S. federal income tax purposes; or (iii) who is a former citizen or resident of the United States.

**Holders who are non-U.S. persons are urged to consult their tax advisors with regard to the U.S. federal income tax consequences to them of acquiring, holding and disposing of Class A shares, as well as the effects of state, local and non-U.S. tax laws, as well as eligibility for any reduced withholding benefits.**

**U.S. Federal Estate Taxes for Non-U.S. Persons.** Holders who are individual non-U.S. persons will be subject to U.S. federal estate tax on the value of U.S.-situs property owned at the time of their death. It is unclear whether partner interests (such as the Class A shares) will be considered U.S.-situs property. Accordingly, holders who are non-U.S. holders may be subject to U.S. federal estate tax on all or a portion of the value of the Class A shares owned at the time of their death. Individual holders who are non-U.S. persons are urged to consult their tax advisors concerning the potential U.S. federal estate tax consequences with regard to our Class A shares.

*Administrative Matters*

**Tax Matters Partner.** One of our principals will act as our tax matters partner. Our Board of Directors will have the authority, subject to certain restrictions, to appoint another principal or Class A shareholder to act on our behalf in connection with an administrative or judicial review of our items of income, gain, loss, deduction or credit.

**Tax Elections.** Under Section 754 of the Code, we may elect to have the basis of our assets adjusted in the event of a distribution of property to a holder or in the event of a transfer of a Class A share by sale or exchange, or as a result of the death of a holder. Pursuant to the terms of the operating agreement, the Board of Directors, in its sole discretion, is authorized to direct us to make such an election. Such an election, if made, can be revoked only with the consent of the IRS. We currently do not intend to make the election permitted by Section 754 of the Code.

Without a Section 754 election, there will be no adjustment for the transferee of Class A shares even if the purchase price of those shares is higher than the shares share of the aggregate tax basis of our assets immediately prior to the transfer. In that case, on a sale by us of an asset, gain allocable to the transferee would include built-in gain allocable to the transferee at the time of the transfer.

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Moreover, if Class A shares were transferred at a time when we had a substantial built-in loss inherent in our assets, we would be obligated to reduce the tax basis in that portion of such assets attributable to such shares.

In addition, with respect to various partnership tax accounting and reporting elections, there is little legal authority concerning the mechanics of various partnership calculations, particularly in the context of publicly traded partnerships. To help reduce the complexity of those calculations and the resulting administrative costs to us, we will apply certain conventions in determining and allocating holders allocable shares of income, loss, and deduction. It is possible that the IRS could assert that the conventions we utilize do not satisfy the technical requirements of the Code or the Treasury Regulations or are impermissible, and could result in an adjustment to holders income or loss. If the IRS were to sustain such a position, a holder of Class A shares may have adverse tax consequences.

**Constructive Termination.** Subject to the electing large partnership rules described below, we will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a 12-month period. Our termination would result in the closing of our taxable year for all holders of Class A shares. In the case of a holder reporting on a taxable year other than a fiscal year ending on our year end, the closing of our taxable year may result in more than 12 months of our taxable income or loss being includable in the holder s taxable income for the year of termination. We would be required to make new tax elections after a termination. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted before the termination.

**Information Returns.** We have agreed to use reasonable efforts to furnish to holders tax information (including Schedule K-1) as promptly as possible, which describes their allocable share of our income, gain, loss and deduction for our preceding taxable year. Delivery of this information by us will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from an investment in which we hold an interest. It is therefore possible that, in any taxable year, our shareholders will need to apply for extensions of time to file their tax returns. There can be no assurance for holders that are not U.S. persons that this information will meet such holders jurisdictions compliance requirements.

It is possible that we may engage in transactions that subject our partnership and, potentially, the holders of our Class A shares to other information reporting requirements with respect to an investment in us. Holders may be subject to substantial penalties if they fail to comply with such information reporting requirements. Holders should consult with their tax advisors regarding such information reporting requirements.

**Audits.** We may be audited by the IRS. Adjustments resulting from an IRS audit may require a holder to adjust a prior year s tax liability, and possibly may result in an audits of such holder s tax returns. Any audit of holders tax returns could result in adjustments not related to our tax returns as well as those related to our tax returns. Under our operating agreement, in the event of an inadvertent partnership termination in which the IRS has granted us limited relief each holder of our Class A shares is obligated to make such adjustments as are required by the IRS to maintain our status as a partnership.

**Nominee Reporting.** Persons who hold our Class A shares as nominees for another person are required to furnish to us (i) the name, address and taxpayer identification number of the beneficial owner and the nominee; (ii) whether the beneficial owner is (1) a person that is not a U.S. person, (2) a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing, or (3) a tax exempt entity; (iii) the amount and description of Class A shares held, acquired or transferred for the beneficial owner; and (iv) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition costs for purchases, as well as the amount of net proceeds from sales.

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Brokers and financial institutions are required to furnish additional information, including whether they are U.S. persons and specific information on Class A shares they acquire, hold or transfer for their own account. A penalty of $50 per failure, up to a maximum of $100,000 per calendar year, is imposed by the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the Class A shares with the information furnished to us.

**Taxable Year.** A partnership is required to have a tax year that is the same tax year as any partner, or group of partners, that owns a majority interest (more than 50%) in the partnership. A partnership also is required to change its tax year every time a group of partners with a different tax year end acquires a majority interest, unless the partnership has been forced to change its tax year during the preceding two year period. In the event the majority interest of our partnership changes to a group a partners with a different tax year and we have not been forced to change our tax year during the preceding two year period, we will be required to change our tax year to the tax year of that group of partners. We currently have a tax year end of December 31.

**Elective Procedures for Large Partnerships.** The Code allows large partnerships to elect streamlined procedures for income tax reporting. This election, if made, would reduce the number of items that must be separately stated on the Schedule K-1 that are issued to the holders of the Class A shares, and such Schedules K-1 would have to be provided on or before the first March 15 following the close of each taxable year. In addition, this election would prevent us from suffering a technical termination (which would close our taxable year) if, within a 12-month period, there is a sale or exchange of 50% or more of our total interests. If an election is made, IRS audit adjustments will flow through to the holders of the Class A shares for the year in which the adjustments take effect, rather than the holders of the Class A shares in the year to which the adjustment relates. In addition, we, rather than the holders of the Class A shares individually, generally will be liable for any interest and penalties that result from an audit adjustment.

**Treatment of Amounts Withheld.** If we are required to withhold any U.S. tax on distributions made to any holder of Class A shares, we will pay such withheld amount to the IRS. That payment, if made, will be treated as a distribution of cash to the holder of Class A shares with respect to whom the payment was made and will reduce the amount of cash to which such holder would otherwise be entitled.

**Backup Withholding.** For each calendar year, we will report to holders and to the IRS the amount of distributions that we pay, and the amount of tax (if any) that we withhold on these distributions. Under the backup withholding rules, a holder may be subject to backup withholding tax (at the applicable rate, currently 28%) with respect to distributions paid unless (i) such holder is a corporation or falls within another exempt category and demonstrates this fact when required or (ii) such holder provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding tax and otherwise complies with the applicable requirements of the backup withholding tax rules. An exempt holder should indicate its exempt status on a properly completed IRS Form W-8BEN. Backup withholding is not an additional tax; the amount of any backup withholding from a payment to holders will be allowed as a credit against a holder s U.S. federal income tax liability and may entitle such holder to a refund.

If holders do not timely provide an IRS Form W-8 or W-9, as applicable, or such form is not properly completed, such holders may become subject to U.S. backup withholding taxes in excess of what would have been imposed. In certain circumstances, the Partnership may be subject to excess U.S. backup withholding taxes, which will be treated by us as an expense that will be borne by all holders on a pro rata basis (where we are or may be unable to cost efficiently allocate any such excess withholding tax cost specifically to the holders that failed to timely provide the proper U.S. tax certifications).

**Tax Shelter Regulations.** If we were to engage in a reportable transaction, we (and possibly holders and others) would be required to make a detailed disclosure of the transaction to the IRS in accordance with recently issued regulations governing tax shelters and other potentially tax-motivated

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transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a listed transaction or that it produces certain kinds of losses in excess of $2 million. An investment in us may be considered a reportable transaction if, for example, we recognize certain significant losses in the future. In certain circumstances, a holder of our Class A shares who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Our participation in a reportable transaction also could increase the likelihood that our U.S. federal income tax information return (and possibly a holder s tax return) would be audited by the IRS. Certain of these rules are currently unclear and it is possible that they may be applicable in situations other than significant loss transactions.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, holders may be subject to (i) significant accuracy-related penalties with a broad scope, (ii) for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability, and (iii) in the case of a listed transaction, an extended statute of limitations.

Holders of our Class A shares should consult their tax advisors concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the dispositions of their interests in us.

*New Legislation or Administrative or Judicial Action*

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. No assurance can be given as to whether, or in what form, any proposals affecting us or our shareholders will be enacted. The IRS pays close attention to the proper application of tax laws to partnerships. The present U.S. federal income tax treatment of an investment in the Class A shares may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. Changes to the U.S. federal income tax laws and interpretations thereof could, for example, make it more difficult or impossible to meet the qualifying income exception for us to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes.

In 2007, legislation was introduced in the Senate that would tax as corporations publicly traded partnerships that directly or indirectly derive income from investment adviser or asset management services. Under the bill, the exception from corporate treatment for a publicly traded partnership does not apply to any partnership that, directly or indirectly, has any item of income or gain (including capital gains or dividends), the rights to which are derived from services provided by any person as an investment adviser or as a person associated with an investment adviser. If enacted in its proposed form, the transition rules of the proposed legislation would delay the application of these rules to us until 2013. Legislation that is substantially similar to the proposed legislation introduced in the Senate was introduced in the House of Representatives that, if enacted in its current form, does not include transition relief and would apply to us with respect to our 2008 taxable year.

In addition, legislation was adopted in 2007 in the House of Representatives, but not in the Senate, that would cause allocation of income associated with carried interests to be taxed as ordinary income for the performance of services, which would have the effect of treating publicly traded partnerships that derive substantial amounts of income from carried interests as corporations for U.S. Federal income tax purposes. Under a transition rule contained in the legislation, the carried interest would not be treated as ordinary income for purposes of Section 7704 until December 31, 2009 and therefore would not preclude us from qualifying as a partnership for U.S. Federal income tax purposes until our taxable year beginning January 1, 2010. None of these legislative proposals affecting the tax treatment

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Not Rated

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1 Using the higher of Standard & Poor s or Moody s Investors ratings.

## The Benefits and Risks of Leveraging

The Trusts utilize leverage to seek to enhance the yield and NAV of their Common Shares. However, these objectives cannot be achieved in all interest rate environments.

To leverage, the Trusts may issue Preferred Shares, which pay dividends at prevailing short-term interest rates, and invest the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Shareholders in the form of dividends, and the value of these Portfolios holdings is reflected in the per share NAV of the Trusts Common Shares. However, in order to benefit Common Shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Shareholders. **If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.**

To illustrate these concepts, assume a fund s Common Share capitalization of $100 million and the issuance of Preferred Shares for an additional $50 million, creating a total value of $150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, then the yield curve has a strongly positive slope. The fund pays dividends on the $50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the fund s total portfolio of $150 million earns the income based on long-term interest rates.

In this case, the dividends paid to Preferred Shareholders are significantly lower than the income earned on the fund s long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, **the incremental yield pickup on the Common Shares will be reduced or eliminated completely.** At the same time, the market value on the fund s Common Shares (that is, its price as listed on the New York Stock Exchange or American Stock Exchange) may, as a result, decline. Furthermore, **if long-term interest rates rise, the Common Shares NAV will reflect the full decline in the price of the portfolio s investments, since the value of the fund s Preferred Shares does not fluctuate.** In addition to the decline in NAV, the market value of the fund s Common Shares may also decline.

In addition, the Trusts may from time to time leverage their assets through the use of tender option bond ( TOB ) programs. In a typical TOB program, the Trust transfers one or more municipal bonds to a TOB trust, which issues short-term variable rate securities to third-party investors and a residual interest to the Trust. The cash received by the TOB trust from the issuance of the short-term securities (less transaction expenses) is paid to the Trust, which invests the cash in additional portfolio securities. The distribution rate on the short-term securities is reset periodically (typically every seven days) through a remarketing of the short-term securities. Any income earned on the bonds in the TOB trust, net of expenses incurred by the TOB trust, that is not paid to the holders of the short-term securities is paid to the Trust. In connection with managing the Trusts assets, the Trusts investment advisor may at any time retrieve the bonds out of the TOB trust typically within seven days. **TOB investments generally will provide the Trust with economic benefits in periods of declining short-term interest rates, but expose the Trust to risks during periods of rising short-term interest rates similar to those associated with Preferred Shares issued by the Trust, as described above. Additionally, fluctuations in the market value of municipal securities deposited into the TOB trust may adversely affect the Funds NAVs per share.** (See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOB trusts.).

Under the Investment Company Act of 1940, the Trusts are permitted to issue Preferred Shares in an amount of up to 50% of their managed assets at the time of issuance. Each Trust also anticipates that its total economic leverage will not exceed 50% of its total managed assets. Economic leverage includes Preferred Shares and TOBs. As of April 30, 2008, the Trusts had economic leverage amounts of managed assets as follows:

| | **Percent of Leverage** |
|---|---|
| Investment Quality Municipal | 39% |
| Municipal Income | 39% |
| Long-Term Municipal | 47% |

| | |
|---|---|
| California Investment Quality | 36% |
| California Income | 38% |
| Florida Investment Quality | 37% |
| Florida Income | 37% |
| New Jersey Investment Quality | 37% |
| New Jersey Income | 37% |
| New York Income | 35% |
| New York Investment Quality | 38% |

**Swap Agreements**

The Trusts may invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market without owning or taking physical custody of securities. Swap agreements involve the risk that the party with whom each Trust has entered into a swap will default on its obligation to pay the Trusts and the risk that the Trusts will not be able to meet its obligation to pay the other party to the agreement.

## Schedule of Investments April 30, 2008 (Unaudited)

## BlackRock Investment Quality Municipal Trust (BKN)

**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Alabama 6.6%** | | |
| University of Alabama, Hospital Revenue Bonds, Series A, 5.875%, 9/01/10 (a)(b) | $ 14,000 | $ 15,208,340 |
| **Arizona 4.1%** | | |
| Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds: | | |
| 5%, 12/01/32 | 3,990 | 3,622,840 |
| 5%, 12/01/37 | 4,585 | 4,098,486 |
| San Luis, Arizona, Facilities Development Corporation, Senior Lien Revenue Bonds (Regional Detention Center Project): | | |
| 6.25%, 5/01/15 | 490 | 465,696 |
| 7%, 5/01/20 | 490 | 454,735 |
| 7.25%, 5/01/27 | 980 | 900,610 |
| | | 9,542,367 |
| **California 22.3%** | | |
| California County Tobacco Securitization Agency, Tobacco Revenue Bonds (Stanislaus County Tobacco Funding Corporation) (c): | | |
| Sub-Series C, 6.30%, 6/01/55 | 7,090 | 166,331 |
| Sub-Series D, 7.251%, 6/01/55 | 9,060 | 179,026 |
| California State, GO, 5%, 3/01/33 (d) | 10,000 | 10,126,400 |
| California State, GO, Refunding: | | |
| 5.625%, 5/01/10 (q) | 1,595 | 1,712,153 |
| 5.625%, 5/01/18 | 290 | 306,823 |
| 5%, 2/01/32 | 10,345 | 10,362,221 |
| 5%, 6/01/34 | 3,485 | 3,487,161 |
| Foothill/Eastern Corridor Agency, California, Toll Road Revenue Refunding Bonds: | | |
| 5.562%, 7/15/28 (a) | 7,000 | 6,506,850 |
| 5.75%, 1/15/40 | 3,495 | 3,424,261 |
| Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Refunding Bonds, Senior Series A-1, 5.125%, 6/01/47 | 805 | 648,637 |
| Los Altos, California, School District, GO (Election of 1998), Series B, 5.93%, 8/01/13 (a)(b)(c) | 10,945 | 4,921,638 |
| Sacramento County, California, Airport System Revenue Bonds, AMT (e): | | |
| Senior Series A, 5%, 7/01/41 | 2,000 | 2,023,720 |
| Senior Series B, 5.25%, 7/01/39 | 3,500 | 3,449,530 |
| University of California Revenue Bonds, Series B, 4.75%, 5/15/38 | 4,185 | 4,132,102 |
| | | 51,446,853 |
| **Colorado 4.0%** | | |
| Colorado Health Facilities Authority Revenue Bonds (Catholic Health), Series C-7, 5%, 9/01/36 (e) | 5,250 | 5,262,285 |
| | 2,000 | 2,028,900 |

| | | |
|---|---|---|
| Colorado Health Facilities Authority, Revenue Refunding Bonds (Poudre Valley Health Care), Series B, 5.25%, 3/01/36 (e) | | |
| Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Subordinate Lien, Series C, 5%, 11/15/45 (e) | 1,030 | 1,044,183 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Colorado (concluded)** | | |
| Park Creek Metropolitan District, Colorado, Senior Limited Tax Supported Revenue Refunding Bonds, 5.50%, 12/01/37 | $ 1,020 | $ 948,396 |
| | | 9,283,764 |
| **Connecticut 1.2%** | | |
| Mashantucket Western Pequot Tribe, Connecticut, Special Revenue Refunding Bonds, Sub-Series A, 5.50%, 9/01/28 | 3,000 | 2,739,480 |
| District of Columbia 2.1% | | |
| District of Columbia Tobacco Settlement Financing Corporation, Asset-Backed Revenue Refunding Bonds, 6.50%, 5/15/33 | 4,960 | 4,905,440 |
| **Florida 18.1%** | | |
| FishHawk Community Development District II, Florida, Special Assessment and Tax Allocation Bonds, Series A, 6.125%, 5/01/34 | 2,020 | 2,018,687 |
| Halifax Hospital Medical Center, Florida, Hospital Revenue Refunding Bonds, Series A, 5%, 6/01/38 | 2,415 | 2,141,405 |
| Hillsborough County, Florida, IDA, Exempt Facilities Revenue Bonds (National Gypsum Company), AMT, Series A, 7.125%, 4/01/30 | 3,700 | 3,586,262 |
| Jacksonville, Florida, Health Facilities Authority, Hospital Revenue Bonds (Baptist Medical Center Project), Series A, 5%, 8/15/37 | 1,690 | 1,586,251 |
| Miami Beach, Florida, Health Facilities Authority, Hospital Revenue Refunding Bonds (Mount Sinai Medical Center of Florida), 6.75%, 11/15/21 | 4,755 | 4,835,027 |
| Miami-Dade County, Florida, Special Obligation Revenue Bonds, Sub-Series A (b)(c): | | |
| 5.19%, 10/01/31 | 3,380 | 927,202 |
| 5.20%, 10/01/32 | 4,225 | 1,095,669 |
| 5.21%, 10/01/33 | 4,000 | 981,080 |
| 5.21%, 10/01/34 | 4,580 | 1,057,430 |
| 5.22%, 10/01/35 | 5,000 | 1,081,700 |
| 5.23%, 10/01/36 | 10,000 | 2,039,700 |
| 5.24%, 10/01/37 | 10,000 | 1,923,800 |
| Orange County, Florida, Tourist Development, Tax Revenue Refunding Bonds, 4.75%, 10/01/32 (f) | 7,895 | 7,553,778 |
| Sumter Landing Community Development District, Florida, Recreational Revenue Bonds, Sub-Series B, 5.70%, 10/01/38 | 3,730 | 3,118,429 |
| Village Community Development District Number 5, Florida, Special Assessment Bonds, 5.625%, 5/01/22 | 7,980 | 7,824,869 |
| | | 41,771,289 |
| **Georgia 3.7%** | | |
| Atlanta, Georgia, Airport Passenger Facility Charge and Subordinate Lien General Revenue Bonds, Series J, 5%, 1/01/34 (e) | 1,760 | 1,785,784 |
| Atlanta, Georgia, Water and Wastewater Revenue Bonds, 5%, 11/01/34 (e) | 4,000 | 4,057,600 |

| | | |
|---|---|---|
| Main Street Natural Gas, Inc., Georgia, Gas Project Revenue Bonds, Series A, 6.375%, 7/15/38 | 1,000 | 1,000,550 |

## Portfolio Abbreviations

To simplify the listings of the Trusts portfolio holdings in each Trust s Schedule of Investments, we have abbreviated the names of many securities according to the list on the right.

| | |
|---|---|
| **AMT** | Alternative Minimum Tax (subject to) |
| **ARS** | Auction Rate Securities |
| **CABS** | Capital Appreciation Bonds |
| **COP** | Certificates of Participation |
| **EDA** | Economic Development Authority |
| **EDR** | Economic Development Revenue Bonds |
| **GO** | General Obligation Bonds |
| **HFA** | Housing Finance Agency |
| **IDA** | Industrial Development Authority |
| **IDR** | Industrial Development Revenue Bonds |
| **LIBOR** | London InterBank Offer Rate |
| **M/F** | Multi-Family |
| **PCR** | Pollution Control Revenue Bonds |
| **PILOT** | Payment in Lieu of Taxes |
| **SIFMA** | Securities Industry and Financial Markets Association |
| **S/F** | Single-Family |
| **TFABS** | Tobacco Flexible Amortization Bonds |
| **VRDN** | Variable Rate Demand Notes |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Investment Quality Municipal Trust (BKN)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Georgia (concluded)** | | |
| Milledgeville-Baldwin County, Georgia, Development Authority Revenue Bonds (Georgia College and State University Foundation), 6%, 9/01/14 (a) | $ 1,500 | $ 1,742,535 |
| | | 8,586,469 |
| **Hawaii 1.1%** | | |
| Hawaii State Department of Budget and Finance, Special Purpose Revenue Refunding Bonds (Hawaiian Electric Company, Inc.), AMT, Series D, 6.15%, 1/01/20 (g) | 2,500 | 2,540,000 |
| **Illinois 13.7%** | | |
| Bolingbrook, Illinois, GO, Refunding, Series A, 4.75%, 1/01/38 (b) | 6,500 | 6,407,960 |
| Centerpoint Intermodal Center Program Trust, Illinois, Tax Allocation Bonds, Class A, 8%, 6/15/23 (h) | 1,920 | 1,806,586 |
| Chicago, Illinois, Housing Authority, Capital Program Revenue Refunding Bonds, 5%, 7/01/24 (e) | 3,210 | 3,316,283 |
| Chicago, Illinois, O Hare International Airport Revenue Refunding Bonds, Third Lien, AMT, Series C-2, 5.25%, 1/01/30 (e) | 3,540 | 3,472,386 |
| Chicago, Illinois, Public Building Commission, Building Revenue Bonds, Series A, 7%, 1/01/20 (b)(i) | 5,000 | 6,213,650 |
| Illinois Municipal Electric Agency, Power Supply Revenue Bonds, 4.50%, 2/01/35 (j) | 2,145 | 1,923,529 |
| Illinois State Finance Authority Revenue Bonds, Series A: | | |
| (Friendship Village of Schaumburg), 5.625%, 2/15/37 | 690 | 559,169 |
| (Monarch Landing, Inc. Project), 7%, 12/01/37 | 1,155 | 1,133,702 |
| (Northwestern Memorial Hospital), 5.50%, 8/15/14 (a) | 5,800 | 6,537,934 |
| Illinois State Financing Authority, Student Housing Revenue Bonds (MJH Education Assistance IV LLC), Sub-Series B, 5.375%, 6/01/35 | 700 | 338,072 |
| | | 31,709,271 |
| **Kentucky 2.6%** | | |
| Kentucky Economic Development Finance Authority, Health System Revenue Refunding Bonds (Norton Healthcare, Inc.), Series B, 6.19%, 10/01/23 (b)(c) | 13,500 | 5,936,220 |
| **Maryland 2.6%** | | |
| Maryland State Community Development Administration, Department of Housing and Community Development, Residential Revenue Refunding Bonds, AMT, Series A, 4.80%, 9/01/42 | 5,000 | 4,384,350 |
| Maryland State Health and Higher Educational Facilities Authority, Revenue Refunding Bonds (MedStar Health, Inc.), 5.50%, 8/15/33 | 1,740 | 1,725,749 |
| | | 6,110,099 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Massachusetts 1.3%** | | |
| Massachusetts State Water Resource Authority, General Revenue Refunding Bonds, Series A, 5%, 8/01/41 | 3,075 | 3,120,449 |
| **Michigan 0.7%** | | |
| Michigan State Hospital Finance Authority, Revenue Refunding Bonds (Henry Ford Health System), Series A, 5.25%, 11/15/46 | 1,670 | 1,608,076 |
| **Mississippi 0.8%** | | |
| Mississippi Business Finance Corporation Revenue Bonds (Northrop Grumman Ship System), 4.55%, 12/01/28 | 1,900 | 1,738,234 |
| **Missouri 3.3%** | | |
| Missouri Joint Municipal Electric Utility Commission, Power Project Revenue Bonds (Plum Point Project), 4.60%, 1/01/36 (b) | 2,820 | 2,611,969 |
| Missouri State Housing Development Commission, S/F Mortgage Revenue Refunding Bonds (Homeownership Loan Program), AMT, Series B-1, 5.05%, 3/01/38 (k)(l) | 5,125 | 5,009,124 |
| | | 7,621,093 |
| **Nebraska 3.4%** | | |
| Omaha Public Power District, Nebraska, Electric System Revenue Bonds, Series A: | | |
| 5%, 2/01/34 | $ 5,000 | $ 5,071,950 |
| 4.75%, 2/01/44 | 2,765 | 2,690,594 |
| | | 7,762,544 |
| **Nevada 0.9%** | | |
| Clark County, Nevada, EDR, Refunding (Alexander Dawson School of Nevada Project), 5%, 5/15/29 | 2,065 | 2,009,926 |
| **New Jersey 4.4%** | | |
| Middlesex County, New Jersey, Improvement Authority, Subordinate Revenue Bonds (Heldrich Center Hotel/ Conference Project), Series B, 6.25%, 1/01/37 | 1,510 | 1,292,379 |
| New Jersey EDA, Cigarette Tax Revenue Bonds, 5.75%, 6/15/29 | 7,000 | 6,840,540 |
| New Jersey State Housing and Mortgage Finance Agency, S/F Housing Revenue Bonds, AMT, Series X, 5.375%, 4/01/30 | 2,000 | 1,995,820 |
| | | 10,128,739 |
| **New York 10.2%** | | |
| Albany, New York, IDA, Civic Facility Revenue Bonds (New Covenant Charter School Project), Series A, 7%, 5/01/35 | 725 | 567,610 |
| Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series A, 5%, 2/15/47 (j) | 1,400 | 1,363,180 |
| Metropolitan Transportation Authority, New York, Revenue Refunding Bonds, Series A, 5%, 11/15/25 (j) | 1,000 | 1,006,030 |
| Metropolitan Transportation Authority, New York, Transportation Revenue Refunding Bonds, Series F, 5%, 11/15/35 | 2,500 | 2,510,850 |
| | 2,600 | 2,517,840 |

| | | |
|---|---|---|
| New York City, New York, City IDA, Special Facility Revenue Bonds (American Airlines, Inc. - JFK International Airport), AMT, 7.625%, 8/01/25 | | |
| New York City, New York, City Municipal Water Finance Authority, Water and Sewer System Revenue Bonds, Series D, 5%, 6/15/38 | 2,500 | 2,541,600 |
| New York City, New York, City Transitional Finance Authority, Building Aid Revenue Bonds, Series S-1, 5%, 7/15/24 (j) | 3,000 | 3,122,250 |
| New York City, New York, GO, Sub-Series F-1, 5%, 9/01/22 (f) | 2,000 | 2,059,260 |
| New York Liberty Development Corporation Revenue Bonds (Goldman Sachs Headquarters), 5.25%, 10/01/35 | 4,100 | 4,245,673 |
| New York State Dormitory Authority, Revenue Refunding Bonds (University of Rochester), Series A (a)(b)(q): | | |
| 5.963%, 7/01/10 | 1,865 | 1,778,706 |
| 6.013%, 7/01/10 | 2,030 | 1,936,072 |
| | | 23,649,071 |
| **North Carolina 1.7%** | | |
| Gaston County, North Carolina, Industrial Facilities and Pollution Control Financing Authority, Revenue Bonds (National Gypsum Company Project), AMT, 5.75%, 8/01/35 | 2,425 | 1,923,486 |
| North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds (Novant Health Obligation Group), 5%, 11/01/39 | 2,065 | 2,031,526 |
| | | 3,955,012 |
| **Ohio 8.2%** | | |
| Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Bonds, Series A-2, 6.50%, 6/01/47 | 1,870 | 1,818,276 |
| Cuyahoga County, Ohio, Revenue Refunding Bonds, Series A: | | |
| 6%, 1/01/20 | 3,485 | 3,809,070 |
| 6%, 1/01/21 | 5,000 | 5,464,950 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Investment Quality Municipal Trust (BKN)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Ohio (concluded)** | | |
| Montgomery County, Ohio, Revenue Bonds (Catholic Health Initiatives), VRDN, Series C-1, 5%, 10/01/41 (e)(m) | $ 1,750 | $ 1,766,450 |
| Ohio State Air Quality Development Authority, Revenue Refunding Bonds (Dayton Power and Light Company Project), Series B, 4.80%, 1/01/34 (j) | 6,000 | 6,006,840 |
| | | 18,865,586 |
| **Oklahoma 2.1%** | | |
| Oklahoma State Development Finance Authority, Revenue Refunding Bonds (Saint John Health System), 5%, 2/15/42 | 2,110 | 2,052,819 |
| Tulsa, Oklahoma, Municipal Airport Trust, Revenue Refunding Bonds, Series A, 7.75%, 6/01/35 | 2,900 | 2,871,841 |
| | | 4,924,660 |
| **Pennsylvania 6.7%** | | |
| Delaware River Port Authority of Pennsylvania and New Jersey Revenue Bonds (Port District Project), Series B, 5.70%, 1/01/22 (e) | 2,000 | 2,070,320 |
| McKeesport, Pennsylvania, Area School District, GO, Refunding (c)(j): | | |
| 5.53%, 10/01/31 | 2,435 | 666,435 |
| 5.53%, 10/01/31 (i) | 870 | 270,561 |
| Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds, AMT, Series A: | | |
| (Amtrak Project), 6.25%, 11/01/31 | 2,000 | 2,009,800 |
| (Amtrak Project), 6.375%, 11/01/41 | 3,100 | 3,146,872 |
| (Reliant Energy), 6.75%, 12/01/36 | 6,380 | 6,433,209 |
| Pennsylvania HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 97A, 4.60%, 10/01/27 | 980 | 884,176 |
| | | 15,481,373 |
| **Rhode Island 0.1%** | | |
| Rhode Island State Health and Educational Building Corporation, Hospital Revenue Refunding Bonds (Lifespan Obligation Group), 5.50%, 5/15/16 (b) | 200 | 202,432 |
| **South Carolina 5.0%** | | |
| South Carolina Housing Finance and Development Authority, Mortgage Revenue Refunding Bonds, AMT, Series A-2, 5.15%, 7/01/37 (g) | 4,975 | 4,658,043 |
| South Carolina Jobs EDA, Hospital Facilities Revenue Refunding Bonds (Palmetto Health Alliance): | | |
| Series A, 6.25%, 8/01/31 | 2,185 | 2,215,918 |
| Series C, 6.875%, 8/01/13 (a) | 4,000 | 4,711,118 |
| | | 11,585,079 |
| **Tennessee 2.1%** | | |

| | | |
|---|---|---|
| Memphis-Shelby County, Tennessee, Airport Authority, Airport Revenue Bonds, AMT, Series D, 6%, 3/01/24 (g) | 4,865 | 4,951,889 |
| **Texas 11.0%** | | |
| Dallas-Fort Worth, Texas, International Airport, Joint Revenue Bonds, AMT, Series C, 6.25%, 11/01/28 (b) | 550 | 556,556 |
| Grapevine, Texas, GO, 5.875%, 8/15/10 (a)(j) | 6,000 | 6,454,440 |
| Harris County-Houston Sports Authority, Texas, Revenue Refunding Bonds, Senior Lien, Series A, 6.146%, 11/15/38 (b)(c) | 5,000 | 773,900 |
| Lower Colorado River Authority, Texas, Revenue Refunding Bonds: | | |
| 5%, 5/15/13 (a)(b) | 20 | 21,798 |
| 5%, 5/15/31 (b) | 925 | 931,531 |
| 4.75%, 5/15/36 (g) | 3,595 | 3,481,254 |
| Series A, 5%, 5/15/13 (a)(b) | 5 | 5,449 |
| Montgomery County, Texas, Municipal Utility District Number 46, Waterworks and Sewer System, GO, 4.75%, 3/01/30 (b) | 675 | 664,139 |
| Pearland, Texas, GO, Refunding, 4.75%, 3/01/29 (j) | 2,010 | 1,945,278 |

| **Municipal Bonds** | **Par (000)** | **Value** |
|---|---|---|
| **Texas (concluded)** | | |
| SA Energy Acquisition Public Facilities Corporation, Texas, Gas Supply Revenue Bonds, 5.50%, 8/01/24 | $ 2,550 | $ 2,541,636 |
| Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds (g): | | |
| 6.06%, 8/15/31 (c) | 15,000 | 3,824,250 |
| First Tier, Series A, 5%, 8/15/42 | 3,325 | 3,294,044 |
| Texas State, Water Financial Assistance, GO, Refunding, 5.75%, 8/01/22 | 1,000 | 1,047,390 |
| | | 25,541,665 |
| **Utah 0.8%** | | |
| Intermountain Power Agency, Utah, Power Supply Revenue Refunding Bonds, 5%, 7/01/13 (g)(i) | 1,950 | 1,953,451 |
| **Virginia 1.0%** | | |
| Tobacco Settlement Financing Corporation of Virginia, Revenue Refunding Bonds, Senior Series B-1, 5%, 6/01/47 | 2,900 | 2,285,519 |
| **Washington 0.6%** | | |
| King County, Washington, Sewer Revenue Refunding Bonds, 5%, 1/01/36 (e) | 1,420 | 1,446,156 |
| **Wisconsin 1.4%** | | |
| Wisconsin State Health and Educational Facilities Authority Revenue Bonds (Aurora Health Care, Inc.), 6.40%, 4/15/33 | 3,220 | 3,302,657 |
| **Wyoming 0.8%** | | |
| Wyoming Community Development Authority, Housing Revenue Bonds, AMT, Series 3, 4.75%, 12/01/37 | 2,145 | 1,866,171 |
| **Puerto Rico 3.9%** | | |
| Puerto Rico Commonwealth Aqueduct and Sewer Authority, Senior Lien Revenue Bonds, Series A, 6%, 7/01/38 | 2,500 | 2,614,000 |
| Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds, Series N, 5.25%, 7/01/34 (n) | 3,115 | 3,327,256 |

| | | |
|---|---|---|
| Puerto Rico Electric Power Authority, Power Revenue Refunding Bonds, Series UU, 5%, 7/01/23 (e) | 2,900 | 3,009,997 |
| | | 8,951,253 |
| **Total Municipal Bonds (Cost $354,019,586) 152.5%** | | 352,730,627 |

| | | |
|---|---|---|
| **Corporate Bonds** | | |
| Charter Mac Equity Issuer Trust, 7.60%, 11/30/50 (h) | 7,000 | 7,640,430 |
| MuniMae TE Bond Subsidiary LLC, 7.75%, 6/30/50 (h) | 4,000 | 4,315,920 |
| **Total Corporate Bonds (Cost $11,000,000) 5.2%** | | 11,956,350 |

| **Short-Term Securities** | **Shares** | | |
|---|---|---|---|
| Merrill Lynch Institutional Tax-Exempt Fund, 2.49% (o)(p) | 19,300,000 | | 19,300,000 |
| **Total Short-Term Securities (Cost $19,300,000) 8.3%** | | | 19,300,000 |
| **Total Investments (Cost $384,319,586*) 166.0%** | | | 383,986,977 |
| **Liabilities in Excess of Other Assets (2.6%)** | | | (6,044,396) |
| **Preferred Stock, at Redemption Value (63.4%)** | | | (146,636,542) |
| **Net Assets Applicable to Common Stock 100.0%** | | $ | 231,306,039 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock Investment Quality Municipal Trust (BKN)**

* The cost and unrealized appreciation (depreciation) of investments, as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | | |
|---|---|---|
| Aggregate cost | $ | 383,578,903 |
| Gross unrealized appreciation | $ | 11,188,585 |
| Gross unrealized depreciation | | (10,780,511) |
| Net unrealized appreciation | $ | 408,074 |

(a) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(b) MBIA Insured.
(c) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.
(d) CIFG Insured.
(e) FSA Insured.
(f) XL Capital Insured.
(g) AMBAC Insured.
(h) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. Unless otherwise indicated, these securities are not considered to be illiquid.
(i) Security is collateralized by municipal or U.S. Treasury obligations.
(j) FGIC Insured.
(k) FNMA/GNMA Collateralized.
(l) FHLMC Collateralized.
(m) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.
(n) Assured Guaranty Insured.
(o) Represents the current yield as of report date.
(p) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Dividend Income |
|---|---|---|
| Merrill Lynch Institutional Tax-Exempt Fund | $ 13,800,000 | $ 364,012 |

(q) Represents a step up bond. Rate shown reflects the effective yield at the time of purchase.

Forward interest rate swaps outstanding as of April 30, 2008 were as follows:

| | Notional Amount (000) | Unrealized Depreciation |
|---|---|---|
| Pay a fixed rate of 4.498% and receive a floating rate based on 3-month USD LIBOR | | |

| | | | |
|---|---|---|---|
| Broker, JPMorgan Chase<br>Expires August 2018 | $ 18,320 | $ | (152,972) |
| Pay a fixed rate of 3.646% and receive a floating rate based on 1-week SIFMA | | | |
| Broker, JPMorgan Chase<br>Expires July 2023 | $ 31,250 | | (422,500) |
| **Total** | | $ | (575,472) |

See Notes to Financial Statements.

## Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock Municipal Income Trust (BFK)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Alabama 3.6%** | | |
| Birmingham, Alabama, Special Care Facilities Financing Authority, Revenue Refunding Bonds (Ascension Health Credit), Series C-2, 5%, 11/15/36 | $ 4,545 | $ 4,470,235 |
| Huntsville, Alabama, Health Care Authority Revenue Bonds, Series B, 5.75%, 6/01/12 (a) | 15,000 | 16,653,750 |
| | | 21,123,985 |
| **Arizona 6.7%** | | |
| Phoenix and Pima County, Arizona, IDA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 2007-1, 5.25%, 8/01/38 (b)(c)(m) | 5,253 | 5,244,427 |
| Pima County, Arizona, IDA, Education Revenue Bonds (American Charter Schools Foundation), Series A, 5.625%, 7/01/38 | 4,590 | 4,142,154 |
| Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds: | | |
| 5%, 12/01/32 | 10,280 | 9,334,034 |
| 5%, 12/01/37 | 14,395 | 12,867,547 |
| Scottsdale, Arizona, IDA, Hospital Revenue Bonds (Scottsdale Healthcare), 5.80%, 12/01/11 (a) | 7,000 | 7,762,300 |
| | | 39,350,462 |
| **California 19.7%** | | |
| California County Tobacco Securitization Agency, Tobacco Revenue Bonds (Stanislaus County Tobacco Funding Corporation) (d): | | |
| Sub-Series C, 6.30%, 6/01/55 | 17,855 | 418,878 |
| Sub-Series D, 7.251%, 6/01/55 | 22,825 | 451,022 |
| California State, GO, Refunding: | | |
| 5%, 6/01/32 | 11,670 | 11,694,857 |
| 5%, 6/01/34 | 7,000 | 7,004,340 |
| California Statewide Communities Development Authority, Health Facility Revenue Bonds (Memorial Health Services), Series A, 5.50%, 10/01/33 | 5,000 | 5,040,400 |
| Foothill Eastern Corridor Agency, California, Toll Road Revenue Refunding Bonds (d): | | |
| 6.09%, 1/15/32 | 54,635 | 12,758,365 |
| 6.019%, 1/15/34 | 20,535 | 4,241,504 |
| 6.093%, 1/15/38 | 75,000 | 11,442,000 |
| Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series A-1, 6.625%, 6/01/13 (a) | 10,000 | 11,456,600 |
| Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Refunding Bonds, Series A, 5%, 6/01/45 | 5,000 | 4,695,900 |
| Lincoln, California, Special Tax Bonds (Community Facilities District Number 2003-1), 6%, 9/01/13 (a) | 3,115 | 3,593,339 |
| Los Angeles, California, Regional Airports Improvement Corporation, Facilities Lease Revenue Refunding Bonds (LAXFUEL Corporation - Los Angeles International Airport), | 13,320 | 13,349,570 |

| | | |
|---|---|---|
| AMT, 5.50%, 1/01/32 (e) | | |
| Murrieta, California, Community Facilities District Number 2, Special Tax Bonds (The Oaks Improvement Area Project), Series A, 6%, 9/01/34 | 5,000 | 4,668,350 |
| Sacramento County, California, Airport System Revenue Bonds, AMT, Senior Series B, 5.25%, 7/01/39 (f) | 6,230 | 6,140,163 |
| University of California Revenue Bonds: | | |
| Series B, 4.75%, 5/15/38 | 10,565 | 10,431,458 |
| Series C, 4.75%, 5/15/37 (g) | 5,000 | 4,922,450 |
| West Valley Mission Community College District, California, GO (Election of 2004), Series A, 4.75%, 8/01/30 (f) | 4,015 | 4,025,600 |
| | | 116,334,796 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Colorado 5.2%** | | |
| Colorado Health Facilities Authority Revenue Bonds (Catholic Health) (f): | | |
| Series C-3, 5.10%, 10/01/41 | $ 7,600 | $ 7,617,708 |
| Series C-7, 5%, 9/01/36 | 4,865 | 4,876,384 |
| Colorado Health Facilities Authority, Revenue Refunding Bonds (Poudre Valley Health Care) (f): | | |
| 5.20%, 3/01/31 | 1,440 | 1,463,789 |
| Series B, 5.25%, 3/01/36 | 2,875 | 2,916,544 |
| Series C, 5.25%, 3/01/40 | 5,000 | 5,065,400 |
| Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Subordinate Lien, Series C, 5%, 11/15/45 (f) | 2,545 | 2,580,045 |
| Denver, Colorado, Health and Hospital Authority, Healthcare Revenue Bonds, Series A, 6%, 12/01/11 (a) | 3,500 | 3,864,420 |
| Park Creek Metropolitan District, Colorado, Senior Limited Tax Supported Revenue Refunding Bonds, 5.50%, 12/01/37 | 2,530 | 2,352,394 |
| | | 30,736,684 |
| **Connecticut 3.2%** | | |
| Connecticut State Health and Educational Facilities Authority Revenue Bonds (Yale University): | | |
| Series T-1, 4.70%, 7/01/29 | 9,400 | 9,522,482 |
| Series X-3, 4.85%, 7/01/37 | 9,360 | 9,497,873 |
| | | 19,020,355 |
| **District of Columbia 7.0%** | | |
| District of Columbia Revenue Bonds (Georgetown University), Series A (a)(d)(g): | | |
| 6.013%, 4/01/11 | 15,600 | 3,266,640 |
| 6.015%, 4/01/11 | 51,185 | 10,096,241 |
| District of Columbia, Revenue Refunding Bonds (Friendship Public Charter School, Inc.), 5.25%, 6/01/33 (h) | 2,390 | 2,038,288 |
| District of Columbia Tobacco Settlement Financing Corporation, Asset-Backed Revenue Refunding Bonds, 6.75%, 5/15/40 | 25,535 | 25,641,992 |
| | | 41,043,161 |
| **Florida 9.4%** | | |
| Heritage Isle at Viera Community Development District, Florida, Special Assessment Bonds, Series A, 6%, 5/01/35 | 1,905 | 1,872,501 |

| | | |
|---|---|---|
| Highlands County, Florida, Health Facilities Authority, Hospital Revenue Bonds (Adventist Health System), Series A, 6%, 11/15/11 (a) | 9,670 | 10,754,104 |
| Martin County, Florida, IDA, IDR, Refunding (Indiantown Cogeneration Project), AMT, Series A, 7.875%, 12/15/25 | 9,000 | 9,019,260 |
| Miami Beach, Florida, Health Facilities Authority, Hospital Revenue Refunding Bonds (Mount Sinai Medical Center of Florida), 6.75%, 11/15/21 | 11,685 | 11,881,658 |
| Orange County, Florida, Tourist Development, Tax Revenue Refunding Bonds, 4.75%, 10/01/32 (i) | 10,830 | 10,361,927 |
| Stevens Plantation Community Development District, Florida, Special Assessment Revenue Bonds, Series A, 7.10%, 5/01/35 | 3,830 | 3,863,398 |
| Village Community Development District Number 5, Florida, Special Assessment Bonds, 5.625%, 5/01/22 | 7,975 | 7,819,966 |
| | | 55,572,814 |
| **Georgia 1.2%** | | |
| Main Street Natural Gas, Inc., Georgia, Gas Project Revenue Bonds, Series A, 6.375%, 7/15/38 | 3,500 | 3,501,925 |
| Richmond County, Georgia, Development Authority, Environmental Improvement Revenue Refunding Bonds (International Paper Co. Projects), AMT, Series A, 6%, 2/01/25 | 4,000 | 3,758,400 |
| | | 7,260,325 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Municipal Income Trust (BFK)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Idaho 3.1%** | | |
| University of Idaho, Student Fee Revenue Bonds (University Housing Improvement Projects), 5.40%, 4/01/11 (a)(j) | $ 16,970 | $ 18,257,514 |
| **Illinois 11.0%** | | |
| Bolingbrook, Illinois, GO, Refunding, Series B (d)(j): | | |
| 6%, 1/01/33 | 7,120 | 1,831,620 |
| 6%, 1/01/34 | 14,085 | 3,361,526 |
| Centerpoint Intermodal Center Program Trust, Illinois, Tax Allocation Bonds, Class A, 8%, 6/15/23 (k) | 4,630 | 4,356,506 |
| Chicago, Illinois, Housing Authority, Capital Program Revenue Refunding Bonds, 5%, 7/01/24 (f) | 8,225 | 8,497,330 |
| Chicago, Illinois, O Hare International Airport Revenue Refunding Bonds, Third Lien, AMT, Series C-2, 5.25%, 1/01/30 (f) | 7,645 | 7,498,980 |
| Illinois Educational Facilities Authority, Revenue Refunding Bonds (University of Chicago), Series A, 5.25%, 7/01/41 | 760 | 775,322 |
| Illinois Educational Facilities Authority, Student Housing Revenue Bonds (Education Advancement Fund - University Center Project at DePaul), 6.25%, 5/01/12 (a) | 10,000 | 11,299,100 |
| Illinois Health Facilities Authority, Revenue Refunding Bonds (Elmhurst Memorial Healthcare): | | |
| 5.50%, 1/01/22 | 5,000 | 5,090,100 |
| 5.625%, 1/01/28 | 6,000 | 6,081,720 |
| Illinois Municipal Electric Agency, Power Supply Revenue Bonds, 4.50%, 2/01/35 (j) | 7,975 | 7,151,581 |
| Illinois State Finance Authority Revenue Bonds, Series A: | | |
| (Friendship Village of Schaumburg), 5.625%, 2/15/37 | 1,685 | 1,365,507 |
| (Monarch Landing, Inc. Project), 7%, 12/01/37 | 2,885 | 2,831,801 |
| (Northwestern Memorial Hospital), 5.50%, 8/15/14 (a) | 3,700 | 4,170,751 |
| Illinois State Financing Authority, Student Housing Revenue Bonds (MJH Education Assistance IV LLC), Sub-Series B, 5.375%, 6/01/35 (r) | 1,675 | 808,958 |
| | | 65,120,802 |
| **Indiana 6.0%** | | |
| Indiana Health Facilities Financing Authority, Hospital Revenue Refunding Bonds (Methodist Hospital, Inc.), 5.50%, 9/15/31 | 9,000 | 7,944,660 |
| Petersburg, Indiana, PCR, Refunding (Indianapolis Power & Light Co. Project), AMT: | | |
| 5.90%, 12/01/24 | 10,000 | 9,802,700 |
| 5.95%, 12/01/29 | 16,000 | 15,343,040 |
| Vincennes, Indiana, EDR, Refunding, 6.25%, 1/01/24 | 2,305 | 2,131,272 |
| | | 35,221,672 |
| **Kentucky 0.2%** | | |
| Kentucky Housing Corporation, Housing Revenue Bonds, AMT, Series F, 5.45%, 1/01/32 (l)(m) | 1,365 | 1,357,697 |

| | | |
|---|---|---|
| **Louisiana 2.0%** | | |
| Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds (Capital Projects and Equipment Acquisition Program), 6.55%, 9/01/25(h) | 9,215 | 8,917,724 |
| Saint Tammany Parish, Louisiana, Financing Authority, S/F Mortgage Revenue Bonds (Home Ownership Program), Series A, 5.25%, 12/01/39 (b)(c)(m) | 3,211 | 3,164,178 |
| | | 12,081,902 |
| **Maryland 1.1%** | | |
| Maryland State Community Development Administration, Department of Housing and Community Development, Residential Revenue Refunding Bonds, AMT, Series A, 4.65%, 9/01/32 | 2,665 | 2,359,671 |
| Maryland State Health and Higher Educational Facilities Authority, Revenue Refunding Bonds (MedStar Health, Inc.), 5.50%, 8/15/33 | 4,205 | 4,170,561 |
| | | 6,530,232 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Massachusetts 1.2%** | | |
| Massachusetts State Water Resource Authority, General Revenue Refunding Bonds, Series A, 5%, 8/01/41 | $ 6,770 | $ 6,870,061 |
| **Michigan 0.7%** | | |
| Michigan State Hospital Finance Authority, Revenue Refunding Bonds (Henry Ford Health System), Series A, 5.25%, 11/15/46 | 4,230 | 4,073,152 |
| **Mississippi 3.5%** | | |
| Gulfport, Mississippi, Hospital Facility Revenue Bonds (Memorial Hospital at Gulfport Project), Series A, 5.75%, 7/01/31 | 18,680 | 18,726,513 |
| Mississippi Business Finance Corporation Revenue Bonds (Northrop Grumman Ship System), 4.55%, 12/01/28 | 2,345 | 2,145,347 |
| | | 20,871,860 |
| **Missouri 0.1%** | | |
| Missouri Joint Municipal Electric Utility Commission, Power Project Revenue Bonds (Plum Point Project), 4.60%, 1/01/36 (g) | 695 | 643,730 |
| **Nebraska 1.2%** | | |
| Omaha Public Power District, Nebraska, Electric System Revenue Bonds, Series A, 4.75%, 2/01/44 | 6,990 | 6,801,899 |
| **Nevada 0.9%** | | |
| Clark County, Nevada, EDR, Refunding (Alexander Dawson School of Nevada Project), 5%, 5/15/29 | 5,260 | 5,119,716 |
| **New Hampshire 1.3%** | | |
| New Hampshire Health and Education Facilities Authority Revenue Bonds (Exeter Hospital Obligated Group), 5.75%, 10/01/31 | 3,500 | 3,556,700 |
| | 4,000 | 3,846,040 |

| | | |
|---|---|---|
| New Hampshire State Business Finance Authority, PCR, Refunding (Public Service Company Project), AMT, Series B, 4.75%, 5/01/21 (g) | | |
| | | 7,402,740 |
| **New Jersey 8.1%** | | |
| Middlesex County, New Jersey, Improvement Authority, Subordinate Revenue Bonds (Heldrich Center Hotel/ Conference Project), Series B, 6.25%, 1/01/37 | 3,680 | 3,149,638 |
| New Jersey EDA, Cigarette Tax Revenue Bonds, 5.75%, 6/15/29 | 18,500 | 18,078,570 |
| New Jersey EDA, EDR, Refunding (Kapkowski Road Landfill Reclamation Improvement District Project), 6.50%, 4/01/28 | 8,000 | 8,239,360 |
| New Jersey EDA, Special Facility Revenue Bonds (Continental Airlines Inc. Project), AMT, 7%, 11/15/30 | 15,410 | 14,064,861 |
| Tobacco Settlement Financing Corporation of New Jersey, Asset-Backed Revenue Refunding Bonds, Series 1A, 4.50%, 6/01/23 | 4,960 | 4,488,850 |
| | | 48,021,279 |
| **New York 6.7%** | | |
| Albany, New York, IDA, Civic Facility Revenue Bonds (New Covenant Charter School Project), Series A, 7%, 5/01/35 (s) | 1,820 | 1,424,896 |
| New York City, New York, City IDA, Special Facility Revenue Bonds, AMT: | | |
| (American Airlines, Inc. - JFK International Airport), 8%, 8/01/28 | 5,000 | 4,985,100 |
| (Continental Airlines Inc. Project), 7.75%, 8/01/31 | 22,140 | 21,605,762 |
| New York Liberty Development Corporation Revenue Bonds (Goldman Sachs Headquarters), 5.25%, 10/01/35 | 6,025 | 6,239,068 |
| New York State Environmental Facilities Corporation, State Clean Water and Drinking Revenue Bonds (New York City Water Project), Series B, 5%, 6/15/31 | 5,375 | 5,450,626 |
| | | 39,705,452 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Municipal Income Trust (BFK)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **North Carolina 3.6%** | | |
| Gaston County, North Carolina, Industrial Facilities and Pollution Control Financing Authority, Revenue Bonds (National Gypsum Company Project), AMT, 5.75%, 8/01/35 | $ 12,130 | $ 9,621,395 |
| North Carolina Capital Facilities Finance Agency, Revenue Refunding Bonds (Duke University Project), Series B, 4.25%, 7/01/42 | 12,550 | 11,364,401 |
| | | 20,985,796 |
| **Ohio 4.3%** | | |
| Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Bonds, Series A-2, 6.50%, 6/01/47 | 3,120 | 3,033,701 |
| Ohio State Air Quality Development Authority, Revenue Refunding Bonds (Dayton Power and Light Company Project), Series B, 4.80%, 1/01/34 (j) | 18,820 | 18,841,455 |
| Pinnacle Community Infrastructure Financing Authority, Ohio, Revenue Bonds, Series A, 6.25%, 12/01/36 | 3,760 | 3,527,444 |
| | | 25,402,600 |
| **Oklahoma 1.8%** | | |
| Oklahoma State Development Finance Authority, Revenue Refunding Bonds (Saint John Health System), 5%, 2/15/42 | 3,505 | 3,410,014 |
| Tulsa, Oklahoma, Municipal Airport Trust, Revenue Refunding Bonds, Series A, 7.75%, 6/01/35 | 7,175 | 7,105,331 |
| | | 10,515,345 |
| **Pennsylvania 4.2%** | | |
| Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds, AMT, Series A: | | |
| (Amtrak Project), 6.375%, 11/01/41 | 6,500 | 6,598,280 |
| (Reliant Energy), 6.75%, 12/01/36 | 15,580 | 15,709,937 |
| Pennsylvania HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 97A, 4.60%, 10/01/27 | 2,500 | 2,255,550 |
| | | 24,563,767 |
| **South Carolina 6.6%** | | |
| Lexington County, South Carolina, Health Services District Inc., Hospital Revenue Refunding and Improvement Bonds (a): | | |
| 5.50%, 11/01/13 | 5,000 | 5,531,650 |
| 5.75%, 11/01/13 | 10,000 | 11,187,900 |
| Scago Education Facilities Corporation for Chesterfield County School District, South Carolina, Revenue Refunding | 6,345 | 6,442,079 |

| | | |
|---|---|---|
| Bonds, 5%, 12/01/29 (n) | | |
| South Carolina Jobs EDA, Hospital Facilities Revenue Refunding Bonds (Palmetto Health Alliance): | | |
| Series A, 6.25%, 8/01/31 | 5,075 | 5,146,811 |
| Series C, 6.875%, 8/01/13 (a) | 9,000 | 10,600,017 |
| | | 38,908,457 |
| **Tennessee 2.5%** | | |
| Knox County, Tennessee, Health, Educational and Housing Facilities Board, Hospital Facilities Revenue Refunding Bonds (Covenant Health), Series A, 5.70%, 1/01/20 (d)(f) | 20,825 | 11,203,433 |
| Shelby County, Tennessee, Health, Educational and Housing Facility Board, Hospital Revenue Refunding Bonds (Saint Jude Children s Research Hospital), 5%, 7/01/25 | 3,475 | 3,502,592 |
| | | 14,706,025 |
| **Texas 13.2%** | | |
| Harris County-Houston Sports Authority, Texas, Revenue Refunding Bonds (d)(g): | | |
| Junior Lien, Series H, 6.065%, 11/15/35 | 5,000 | 952,150 |
| Senior Lien, Series A, 5.832%, 11/15/38 | 12,580 | 1,947,133 |
| Third Lien, Series A-3, 5.97%, 11/15/37 | 26,120 | 4,426,557 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Texas (concluded)** | | |
| Lower Colorado River Authority, Texas, Revenue Refunding Bonds (g): | | |
| 5%, 5/15/13 (a) | $ 50 | $ 54,494 |
| 5%, 5/15/31 | 2,345 | 2,361,556 |
| Series A, 5%, 5/15/13 (a) | 5 | 5,449 |
| Lower Colorado River Authority, Texas, Transmission Contract Revenue Refunding Bonds (LCRA Transmission Services Corp. Project), 4.75%, 5/15/34 (e) | 13,305 | 12,842,119 |
| Montgomery County, Texas, Municipal Utility District Number 46, Waterworks and Sewer System, GO, 4.75%, 3/01/30 (g) | 1,700 | 1,672,647 |
| Pearland, Texas, GO, Refunding, 4.75%, 3/01/29 (j) | 2,060 | 1,993,668 |
| SA Energy Acquisition Public Facilities Corporation, Texas, Gas Supply Revenue Bonds, 5.50%, 8/01/25 | 6,540 | 6,496,182 |
| Texas State Affordable Housing Corporation, M/F Housing Revenue Bonds (Amern Opportunity Housing Portfolio), Series B, 8%, 3/01/32 (o)(s) | 4,435 | 443,500 |
| Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds (e): | | |
| 6.07%, 8/15/32 (d) | 35,000 | 8,391,250 |
| 6.08%, 8/15/33 (d) | 62,325 | 14,049,302 |
| 6.08%, 8/15/34 (d) | 65,040 | 13,792,382 |
| First Tier, Series A, 5%, 8/15/42 | 8,390 | 8,311,889 |
| | | 77,740,278 |
| **Virginia 1.5%** | | |
| Virginia Commonwealth Transportation Board, Transportation Contract Revenue Refunding Bonds (U.S. Route 28 Project), 5.287%, 4/01/32 (d)(g) | 8,105 | 2,250,110 |
| Virginia State, HDA, Commonwealth Mortgage Revenue Bonds, Series H, Sub-Series H-1, 5.35%, 7/01/31 (g) | 6,810 | 6,871,018 |
| | | 9,121,128 |

| | | |
|---|---|---|
| **Washington 2.4%** | | |
| Central Puget Sound Regional Transportation Authority, Washington, Sales and Use Tax Revenue Bonds, Series A, 5%, 11/01/32 (f) | 5,460 | 5,605,454 |
| King County, Washington, Sewer Revenue Refunding Bonds, 5%, 1/01/36 (f) | 3,615 | 3,681,588 |
| Washington State Health Care Facilities Authority, Revenue Refunding Bonds (Providence Health System), Series A, 4.625%, 10/01/34 (j) | 5,095 | 4,816,304 |
| | | 14,103,346 |
| **West Virginia 0.3%** | | |
| West Virginia EDA, Lease Revenue Bonds (Correctional, Juvenile and Public Safety Facilities), Series A, 5%, 6/01/29 (g) | 2,070 | 2,090,452 |
| **Wisconsin 6.7%** | | |
| Wisconsin State Health and Educational Facilities Authority Revenue Bonds (Aurora Health Care, Inc.), 6.40%, 4/15/33 | 7,500 | 7,692,525 |
| Wisconsin State Health and Educational Facilities Authority, Revenue Refunding Bonds: | | |
| (Froedtert and Community Health), 5.375%, 10/01/11 (a) | 12,545 | 13,722,348 |
| (Froedtert and Community Health), 5.375%, 10/01/30 | 1,205 | 1,234,655 |
| (Wheaton Franciscan Services, Inc.), 5.75%, 2/15/12 (a) | 15,000 | 16,611,450 |
| | | 39,260,978 |
| **Wyoming 0.8%** | | |
| Wyoming Community Development Authority, Housing Revenue Bonds, AMT, Series 3: | | |
| 4.65%, 12/01/27 | 2,765 | 2,512,970 |
| 4.70%, 12/01/32 | 2,605 | 2,322,566 |
| | | 4,835,536 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock Municipal Income Trust (BFK)**
**(Percentages shown are based on Net Assets )**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Puerto Rico 2.9%** | | |
| Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds, Series N, 5.25%, 7/01/36 (n) | $ 5,000 | $ 5,337,150 |
| Puerto Rico Electric Power Authority, Power Revenue Refunding Bonds, Series UU, 5%, 7/01/20 (f) | 11,000 | 11,582,010 |
| | | 16,919,160 |
| **Total Municipal Bonds (Cost $911,991,689) 153.9%** | | 907,675,158 |

| Corporate Bonds | Par (000) | Value |
|---|---|---|
| **Multi-State 7.7%** | | |
| Charter Mac Equity Issuer Trust (k): | | |
| 6.30%, 6/30/49 | 11,000 | 11,395,340 |
| 6.625%, 6/30/49 | 1,000 | 1,039,280 |
| 6.80%, 11/30/50 | 6,500 | 6,997,315 |
| 6.80%, 10/31/52 | 16,000 | 17,931,680 |
| | | 37,363,615 |
| MuniMae TE Bond Subsidiary LLC, 6.875%, 6/30/49 (k) | 8,000 | 8,258,000 |
| **Total Corporate Bonds (Cost $42,799,780) 7.7%** | | 45,621,615 |

| Short-Term Securities | Shares | Value |
|---|---|---|
| Merrill Lynch Institutional Tax-Exempt Fund, 2.49% (p)(q) | 4,838,909 | $ 4,838,909 |
| **Total Short-Term Securities (Cost $4,838,909) 0.8%** | | 4,838,909 |
| **Total Investments (Cost $959,630,378*) 162.4%** | | 958,135,682 |
| **Other Assets Less Liabilities 1.2%** | | 7,016,725 |
| **Preferred Shares, at Redemption Value (63.6%)** | | (375,264,208) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 589,888,199 |

* The cost and unrealized appreciation (depreciation) of investments, as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | | |
|---|---|---|
| Aggregate cost | $ | 957,041,978 |
| Gross unrealized appreciation | $ | 31,115,954 |
| Gross unrealized depreciation | | (30,022,250) |
| Net unrealized appreciation | $ | 1,093,704 |

(a) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(b) FHLMC Collateralized.
(c) GNMA Collateralized.
(d) Represents a zero coupon bond. Rate shown reflects the effective yield at the time of purchase.
(e) AMBAC Insured.
(f) FSA Insured.
(g) MBIA Insured.
(h) ACA Insured.
(i) XL Capital Insured.
(j) FGIC Insured.
(k) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. Unless otherwise indicated, these securities are not considered to be illiquid.
(l) FHA Insured.
(m) FNMA Collateralized.
(n) Assured Guaranty Insured.
(o) Issuer filed for bankruptcy or is in default of interest payments.
(p) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| **Affiliate** | **Net Activity** | | **Dividend Income** |
|---|---|---|---|
| Merrill Lynch Institutional Tax-Exempt Fund | 2,239,909 | $ | 189,425 |

(q) Represents the current yield as of report date.
(r) Non-income producing security.
(s) Illiquid securities.

Forward interest rate swaps outstanding as of April 30, 2008 were as follows:

| | | **Notional Amount (000)** | | **Unrealized Depreciation** |
|---|---|---|---|---|
| Pay a fixed rate of 4.498% and receive a floating rate based on 3-month USD LIBOR<br>Broker, JPMorgan Chase<br>Expires August 2018 | $ | 54,390 | $ | (454,156) |
| Pay a fixed rate of 3.646% and receive a floating rate based on 1-week SIFMA Municipal Swap Index Rate | | | | |

| | | | | |
|---|---|---|---|---|
| Broker, JPMorgan Chase<br>Expires July 2023 | $ | 78,800 | $ | (1,065,376) |
| Pay a fixed rate of 3.689% and receive a floating rate based on 1-week SIFMA Municipal Swap Index<br>Broker, Deutsche Bank AG<br>Expires June 2028 | $ | 17,160 | $ | (97,057) |
| **Total** | | | $ | (1,616,589) |

See Notes to Financial Statements.

## Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock Long-Term Municipal Advantage Trust (BTA)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Arizona 5.1%** | | |
| Phoenix and Pima County, Arizona, IDA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 2007-1, 5.25%, 8/01/38 (a)(b) | $ 2,043 | $ 2,039,499 |
| Pima County, Arizona, IDA, Education Revenue Bonds (American Charter Schools Foundation), Series A, 5.625%, 7/01/38 | 1,700 | 1,534,131 |
| Pima County, Arizona, IDA, Education Revenue Refunding Bonds (Arizona Charter Schools Project), Series O, 5.25%, 7/01/31 | 1,000 | 855,530 |
| Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds: | | |
| 5%, 12/01/32 | 1,850 | 1,679,763 |
| 5%, 12/01/37 | 2,590 | 2,315,175 |
| | | 8,424,098 |
| **California 3.5%** | | |
| California Statewide Communities Development Authority, Revenue Refunding Bonds (Daughters of Charity National Health System), Series A, 5%, 7/01/39 | 3,625 | 3,102,710 |
| Irvine, California, Unified School District Financing Authority, Special Tax Bonds, Series A, 5.125%, 9/01/36 | 3,000 | 2,618,490 |
| | | 5,721,200 |
| **Colorado 3.0%** | | |
| Colorado HFA, Revenue Refunding Bonds (Adventist Health System/Sunbelt Obligor Group), Series D, 5.125%, 11/15/29 | 2,500 | 2,434,750 |
| Colorado Health Facilities Authority, Revenue Refunding Bonds (Poudre Valley Health Care) (d): | | |
| 5.20%, 3/01/31 | 240 | 243,965 |
| Series B, 5.25%, 3/01/36 | 485 | 492,008 |
| Series C, 5.25%, 3/01/40 | 850 | 861,118 |
| North Range Metropolitan District Number 2, Colorado, Limited Tax, GO, 5.50%, 12/15/37 | 1,200 | 994,248 |
| | | 5,026,089 |
| **Connecticut 3.7%** | | |
| Connecticut State, HFA, Housing Mortgage Finance Program Revenue Bonds, AMT, Sub-Series A-2, 5.15%, 5/15/38 | 3,000 | 2,833,800 |
| Connecticut State Health and Educational Facilities Authority Revenue Bonds (Yale University): | | |
| Series T-1, 4.70%, 7/01/29 | 1,730 | 1,752,542 |
| Series X-3, 4.85%, 7/01/37 | 1,560 | 1,582,979 |
| | | 6,169,321 |

| | | |
|---|---|---|
| **District of Columbia 12.9%** | | |
| District of Columbia Tobacco Settlement Financing Corporation, Asset-Backed Revenue Refunding Bonds: | | |
| 6.25%, 5/15/24 | 5,940 | 5,988,173 |
| 6.50%, 5/15/33 | 15,415 | 15,245,435 |
| | | 21,233,608 |
| **Florida 5.7%** | | |
| Highlands County, Florida, Health Facilities Authority, Hospital Revenue Refunding Bonds (Adventist Health System), Series G, 5.125%, 11/15/32 | 1,000 | 964,140 |
| Hillsborough County, Florida, IDA, Hospital Revenue Bonds (Tampa General Hospital Project), 5%, 10/01/36 | 2,830 | 2,627,655 |
| Jacksonville, Florida, Health Facilities Authority, Hospital Revenue Bonds (Baptist Medical Center Project), Series A, 5%, 8/15/37 | 845 | 793,125 |
| Orange County, Florida, Health Facilities Authority, First Mortgage Revenue Bonds (Orlando Lutheran Towers), 5.50%, 7/01/38 | 1,150 | 965,655 |

| **Municipal Bonds** | **Par (000)** | **Value** |
|---|---|---|
| **Florida (concluded)** | | |
| Sarasota County, Florida, Health Facilities Authority, Retirement Facility Revenue Refunding Bonds (Village on the Isle Project): | | |
| 5.50%, 1/01/27 | $ 560 | $ 508,889 |
| 5.50%, 1/01/32 | 520 | 457,548 |
| Tolomato Community Development District, Florida, Special Assessment Bonds, 6.65%, 5/01/40 | 1,750 | 1,702,610 |
| Watergrass Community Development District, Florida, Special Assessment Revenue Bonds, Series A, 5.375%, 5/01/39 | 1,850 | 1,457,929 |
| | | 9,477,551 |
| **Georgia 1.8%** | | |
| Cobb County, Georgia, Development Authority, Solid Waste Disposal Revenue Bonds (Waste Management of Georgia Inc. Project), AMT, Series A, 5%, 4/01/33 | 1,000 | 795,320 |
| Main Street Natural Gas, Inc., Georgia, Gas Project Revenue Bonds, Series A, 6.375%, 7/15/38 | 585 | 585,322 |
| Rockdale County, Georgia, Development Authority Revenue Bonds (Visy Paper Project), AMT, Series A, 6.125%, 1/01/34 | 1,600 | 1,542,768 |
| | | 2,923,410 |
| **Illinois 4.2%** | | |
| Illinois State Finance Authority Revenue Bonds (Monarch Landing, Inc. Project), Series A, 7%, 12/01/37 | 580 | 569,305 |
| Illinois State Finance Authority, Revenue Refunding Bonds: | | |
| (Illinois Institute of Technology), Series A, 5%, 4/01/36 | 3,000 | 2,735,400 |
| (Proctor Hospital), Series A, 5.125%, 1/01/25 | 4,000 | 3,626,240 |
| | | 6,930,945 |
| **Indiana 4.0%** | | |
| Daviess County, Indiana, EDR (Daviess Community Hospital Project), Refunding, VRDN, 8%, 1/01/29 (e)(f) | 3,230 | 3,230,000 |
| Delaware County, Indiana, Hospital Authority, Hospital Revenue Bonds (Cardinal Health System Obligated Group), 5.25%, 8/01/36 | 2,000 | 1,687,340 |

| | | |
|---|---|---|
| Indiana Health and Educational Facilities Financing Authority, Hospital Revenue Bonds (Community Foundation of Northwest Indiana), 5.50%, 3/01/37 | 1,985 | 1,734,652 |
| | | 6,651,992 |
| **Kansas 1.9%** | | |
| Lenexa, Kansas, Health Care Facility, Revenue Refunding Bonds, 5.50%, 5/15/39 | 3,650 | 3,060,050 |
| **Louisiana 2.0%** | | |
| Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Westlake Chemical Corporation), 6.75%, 11/01/32 | 2,000 | 1,960,140 |
| Saint Tammany Parish, Louisiana, Financing Authority, S/F Mortgage Revenue Bonds (Home Ownership Program), Series A, 5.25%, 12/01/39 (a)(b) | 1,404 | 1,383,115 |
| | | 3,343,255 |
| **Maryland 0.6%** | | |
| Maryland State Health and Higher Educational Facilities Authority Revenue Bonds (King Farm Presbyterian Community), Series B, 5%, 1/01/17 | 1,000 | 961,810 |
| **Michigan 0.7%** | | |
| Garden City, Michigan, Hospital Finance Authority, Hospital Revenue Refunding Bonds (Garden City Hospital Obligation), Series A, 5%, 8/15/38 | 1,540 | 1,177,992 |
| **Minnesota 6.0%** | | |
| Minnesota State, HFA, Residential Housing Finance Revenue Bonds, AMT, Series M, 4.85%, 7/01/31 | 6,460 | 5,936,998 |
| Minnesota State Municipal Power Agency, Electric Revenue Bonds, 5%, 10/01/35 | 4,000 | 3,906,480 |
| | | 9,843,478 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Long-Term Municipal Advantage Trust (BTA)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Mississippi 0.5%** | | |
| Mississippi Business Finance Corporation Revenue Bonds (Northrop Grumman Ship System), 4.55%, 12/01/28 | $ 915 | $ 837,097 |
| **Missouri 1.4%** | | |
| Missouri State Housing Development Commission, S/F Mortgage Revenue Refunding Bonds (Homeownership Loan Program), AMT, Series B-1, 5.05%, 3/01/38 (a)(b) | 2,440 | 2,384,832 |
| **Montana 1.7%** | | |
| Two Rivers Authority Inc., Montana, Senior Lien Revenue Bonds (Correctional Facilities Project) (l): | | |
| 7.25%, 11/01/21 | 1,500 | 1,040,445 |
| 7.375%, 11/01/27 | 2,600 | 1,801,228 |
| | | 2,841,673 |
| **New Hampshire 2.6%** | | |
| New Hampshire State Business Financing Authority, Solid Waste Disposal Revenue Bonds (Waste Management Inc. Project), AMT, 5.20%, 5/01/27 | 5,000 | 4,286,800 |
| **New Jersey 4.8%** | | |
| New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50%, 6/15/24 | 2,670 | 2,581,196 |
| Tobacco Settlement Financing Corporation of New Jersey, Asset-Backed Revenue Bonds, 5.75%, 6/01/32 | 5,000 | 5,418,800 |
| | | 7,999,996 |
| **New York 10.3%** | | |
| Nassau County, New York, Tobacco Settlement Corporation, Senior Asset-Backed Revenue Refunding Bonds, Series A-2, 5.25%, 6/01/26 | 5,000 | 4,557,450 |
| New York City, New York, City IDA, Special Facility Revenue Bonds (American Airlines, Inc. - JFK International Airport), AMT, 7.625%, 8/01/25 | 7,600 | 7,359,840 |
| New York Liberty Development Corporation Revenue Bonds (Goldman Sachs Headquarters), 5.25%, 10/01/35 | 5,000 | 5,177,650 |
| | | 17,094,940 |
| **Oklahoma 0.6%** | | |
| Oklahoma State Development Finance Authority, Revenue Refunding Bonds (Saint John Health System), 5%, 2/15/42 | 1,015 | 987,493 |
| **Pennsylvania 1.9%** | | |
| Allegheny County, Pennsylvania, Hospital Development Authority, Revenue Refunding Bonds (West Penn Allegheny Health System), Series A, 5.375%, 11/15/40 | 2,080 | 1,716,770 |
| Harrisburg, Pennsylvania, Authority, University Revenue Bonds (Harrisburg University of Science), Series A, | 1,000 | 980,880 |

| | | |
|---|---|---|
| 5.40%, 9/01/16 | | |
| Pennsylvania HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series 97A, 4.60%, 10/01/27 | 450 | 405,999 |
| | | 3,103,649 |
| **Puerto Rico 0.8%** | | |
| Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Revenue Bonds (Ana G. Mendez University System Project), 5%, 3/01/36 | 1,500 | 1,269,585 |
| **South Carolina 3.3%** | | |
| Scago Education Facilities Corporation for Williamsburg County School District, South Carolina, Revenue Refunding Bonds, 5%, 12/01/31 (e) | 2,000 | 1,896,460 |
| South Carolina Jobs, EDA, Health Care Facilities, First Mortgage Revenue Refunding Bonds (Lutheran Homes): | | |
| 5.50%, 5/01/28 | 600 | 506,166 |
| 5.625%, 5/01/42 | 1,000 | 821,070 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **South Carolina (concluded)** | | |
| South Carolina Jobs, EDA, Senior Lien Revenue Refunding Bonds (Burroughs and Chapin Company, Inc.), Series A, 4.70%, 4/01/35 (e) | $ 2,500 | $ 2,206,625 |
| | | 5,430,321 |
| **South Dakota 0.6%** | | |
| South Dakota State Health and Educational Facilities Authority Revenue Bonds (Sanford Health), 5%, 11/01/40 | 1,040 | 984,953 |
| **Tennessee 1.0%** | | |
| Knox County, Tennessee, Health, Educational and Housing Facilities Board, Hospital Facilities Revenue Refunding Bonds (Covenant Health), Series A, 5.02%, 1/01/36 (h) | 5,000 | 925,600 |
| Shelby County, Tennessee, Health, Educational and Housing Facility Board, Hospital Revenue Refunding Bonds (Saint Jude Children s Research Hospital), 5%, 7/01/31 | 695 | 700,053 |
| | | 1,625,653 |
| **Texas 7.0%** | | |
| Brazos River Authority, Texas, PCR (TXU Energy Company LLC Project), AMT, 5%, 3/01/41 | 2,000 | 1,295,740 |
| HFDC of Central Texas, Inc., Retirement Facilities Revenue Bonds (Village at Gleannloch Farms), Series A, 5.50%, 2/15/27 | 1,150 | 980,674 |
| Leander, Texas, Independent School District, Capital Appreciation, GO, Refunding (School Building), 5.557%, 8/15/42 (h) | 34,560 | 5,161,190 |
| Mission, Texas, Economic Development Corporation, Solid Waste Disposal Revenue Bonds (Allied Waste N.A. Inc Project), Series A, 5.20%, 4/01/18 | 2,000 | 1,759,200 |
| Texas State Affordable Housing Corporation, S/F Mortgage Revenue Bonds (Professional Educators Home Loan Program), AMT, Series A-1, 5.50%, 12/01/39 (a)(b) | 1,240 | 1,197,380 |
| West Central Texas Regional Housing Finance Corporation, S/F Mortgage Revenue Bonds (Mortgage-Backed Securities Program), AMT, Series A, 5.35%, 12/01/39 (a)(b) | 1,225 | 1,168,913 |

| | | |
|---|---|---|
| | | 11,563,097 |
| **Vermont 2.6%** | | |
| Vermont HFA, S/F Housing Revenue Bonds, AMT, Series 27, 4.90%, 5/01/38 (d) | 4,670 | 4,222,614 |
| **Virginia 2.3%** | | |
| Fairfax County, Virginia, EDA, Residential Care Facilities, Mortgage Revenue Refunding Bonds (Goodwin House, Inc.), 5.125%, 10/01/42 | 850 | 729,436 |
| Peninsula Ports Authority, Virginia, Residential Care Facilities, Revenue Refunding Bonds (Baptist Homes), Series C, 5.375%, 12/01/26 | 2,600 | 2,201,784 |
| Reynolds Crossing Community Development Authority, Virginia, Special Assessment Revenue Bonds (Reynolds Crossing Project), 5.10%, 3/01/21 | 1,000 | 894,050 |
| | | 3,825,270 |
| **Wisconsin 4.0%** | | |
| Wisconsin State Health and Educational Facilities Authority Revenue Bonds (Ascension Health), Series A, 5%, 11/15/31 | 5,335 | 5,298,402 |
| Wisconsin State Health and Educational Facilities Authority, Revenue Refunding Bonds (Franciscan Sisters Healthcare), 5%, 9/01/26 | 1,535 | 1,382,943 |
| | | 6,681,345 |
| **Wyoming 0.5%** | | |
| Wyoming Community Development Authority, Housing Revenue Bonds, AMT, Series 3, 4.70%, 12/01/32 | 1,015 | 904,954 |
| **Total Municipal Bonds (Cost $179,872,730) 101.2%** | | 166,989,071 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock Long-Term Municipal Advantage Trust (BTA)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds Transferred to Tender Option Bond Trusts (i) | Par (000) | Value |
|---|---|---|
| **California 17.5%** | | |
| Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Custodial Receipts, Series 1271, 5%, 6/01/47 | $ 15,000 | $ 14,156,550 |
| University of California Revenue Bonds, Series B, 4.75%, 5/15/38 (c) | 15,000 | 14,763,750 |
| | | 28,920,300 |
| **Georgia 9.2%** | | |
| Atlanta, Georgia, Airport Passenger Facility Charge and Subordinate Lien General Revenue Refunding Bonds, Series C, 5%, 1/01/35 (d) | 15,000 | 15,213,600 |
| **Illinois 8.8%** | | |
| Chicago, Illinois, O Hare International Airport, General Airport Revenue Bonds, Custodial Receipts, Series 1284, 5%, 1/01/35 | 15,000 | 14,564,250 |
| **Indiana 8.2%** | | |
| Carmel, Indiana, Lease Rental Revenue Bonds (Performing Arts Center): | | |
| 4.75%, 2/01/33 | 7,230 | 6,964,514 |
| 5%, 2/01/33 | 6,580 | 6,570,196 |
| | | 13,534,710 |
| **Massachusetts 7.1%** | | |
| Massachusetts State, HFA, Housing Revenue Refunding Bonds, AMT, Series D, 5.45%, 6/01/38 | 11,855 | 11,667,454 |
| **Nebraska 8.2%** | | |
| Omaha Public Power District, Nebraska, Electric System Revenue Bonds, Sub-Series B, 4.75%, 2/01/36 (a) | 14,000 | 13,517,560 |

| Municipal Bonds Transferred to Tender Option Bond Trusts (i) | Par (000) | Value |
|---|---|---|
| **New York 4.6%** | | |
| New York City, New York, City Municipal Water Finance Authority, Water and Sewer System, Revenue Refunding Bonds, Series D, 5%, 6/15/41 | $ 7,500 | $ 7,609,575 |
| **North Carolina 15.7%** | | |
| Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds (Carolinas Medical Center), Series A, 5%, 1/15/17 | 10,000 | 10,851,500 |

| | | |
|---|---|---|
| University of North Carolina, University Revenue Refunding Bonds, Series A, 4.75%, 12/01/34 | 15,170 | 15,226,887 |
| | | 26,078,387 |
| **Texas 5.6%** | | |
| New Caney, Texas, Independent School District, GO, 5%, 2/15136 | 9,150 | 9,290,910 |
| **Total Municipal Bonds Transferred to Tender Option Bond Trusts (Cost $149,694,787) 84.9%** | | 140,396,746 |

| **Short-Term Securities** | **Shares** | |
|---|---|---|
| Merrill Lynch Institutional Tax-Exempt Fund, 3.09% (j)(k) | 1,810,502 | 1,810,502 |
| **Total Short-Term Securities (Cost $1,810,502) 1.1%** | | 1,810,502 |
| **Total Investments (Cost $331,378,019*) 187.2%** | | 309,196,319 |
| **Other Assets Less Liabilities 1.1%** | | 1,768,291 |
| **Liability for Trust Certificates, Including Interest Expense and Fees Payable (88.3%)** | | (145,783,380) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 165,181,230 |

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 330,538,502 |
| Gross unrealized appreciation | $ 1,561,013 |
| Gross unrealized depreciation | (22,903,196) |
| Net unrealized appreciation | $ (21,342,183) |

(a) FHLMC Collateralized.
(b) FNMA/GNMA Collateralized.
(c) MBIA Insured.
(d) FSA Insured.
(e) Radian Insured.
(f) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.
(g) FGIC Insured.
(h) Represents a zero coupon bond. Rate shown reflects the effective yield at the time of purchase.
(i) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
(j) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity (000) | Dividend Income |
|---|---|---|
| Merrill Lynch Institutional Tax-Exempt Fund | (789) | $ 51,646 |

(k) Represents the current yield as of report date.
(l) Illiquid securities.

Forward interest rate swap outstanding as of April 30, 2008 was as follows:

| Description | Notional Amount (000) | Unrealized Depreciation |
|---|---|---|
| Pay a fixed rate of 3.646% and receive a floating rate based on 1-week Securities Industry and Financial Markets Association Municipal Swap Index Broker, JPMorgan Chase Expires July 2023 | $ 10,100 | $ (136,552) |

See Notes to Financial Statements.

## Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock California Investment Quality Municipal Trust, Inc. (RAA)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **California 127.6%** | | |
| California Health Facilities Financing Authority Revenue Bonds (Sutter Health), Series A, 5.25%, 11/15/46 | $ 500 | $ 501,215 |
| California Infrastructure and Economic Development Bank, Revenue Refunding Bonds (The Salvation Army - Western Territory), 5%, 9/01/27 (a) | 500 | 516,485 |
| California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds (Waste Management Inc. Project), AMT, Series C, 5.125%, 11/01/23 | 500 | 440,590 |
| California Rural Home Mortgage Finance Authority, S/F Mortgage Revenue Bonds (Mortgage-Backed Securities Program), AMT, Series A, 5.40%, 12/01/36 (b)(c) | 500 | 496,510 |
| California State, GO, 5.75%, 3/01/19 | 40 | 40,408 |
| California State, GO, Refunding, 5%, 9/01/32 | 1,000 | 1,001,960 |
| California State Public Works Board, Lease Revenue Bonds (Department of Corrections), Series H, 5%, 11/01/31 | 500 | 497,265 |
| California State University, Systemwide Revenue Refunding Bonds, Series C, 5%, 11/01/38 (d) | 625 | 632,012 |
| California Statewide Communities Development Authority, Revenue Refunding Bonds: | | |
| (Kaiser Hospital Asset Management, Inc.), Series C, 5.25%, 8/01/31 | 500 | 496,640 |
| (Kaiser Permanente), Series A, 5%, 4/01/31 | 500 | 486,025 |
| Chabot-Las Positas, California, Community College District, GO (Election of 2004), Series B, 5%, 8/01/31 (a) | 500 | 511,155 |
| Chino Basin, California, Regional Financing Authority, Revenue Refunding Bonds (Inland Empire Utility Agency), Series A, 5%, 11/01/33 (a) | 500 | 509,470 |
| Chula Vista, California, IDR (San Diego Gas and Electric Company), AMT: | | |
| Series B, 5%, 12/01/27 | 320 | 307,245 |
| Series D, 5%, 12/01/27 | 275 | 264,038 |
| Contra Costa, California, Water District, Water Revenue Refunding Bonds, Series O, 5%, 10/01/24 (a) | 600 | 629,382 |
| Desert, California, Community College District, GO, Series C, 5%, 8/01/37 (e)(f) | 500 | 513,000 |

| | | |
|---|---|---|
| Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series B (f): | | |
| 5.50%, 6/01/13 | 600 | 656,178 |
| 5.625%, 6/01/13 | 400 | 439,764 |
| Los Angeles, California, Department of Airports, Airport Revenue Refunding Bonds (Ontario International Airport), AMT, Series A, 5%, 5/15/26 (d) | 510 | $ 495,817 |
| Los Angeles, California, Regional Airports Improvement Corporation, Lease Revenue Bonds (American Airlines Inc.), AMT, Series B, 7.50%, 12/01/24 | 945 | 901,587 |
| Los Angeles, California, Water and Power Revenue Bonds (Power System), Sub-Series A-1, 5%, 7/01/35 (e) | 500 | 511,145 |
| Los Angeles County, California, Community Facilities District Number 3, Special Tax Refunding Bonds (Improvement Area A), Series A, 5.50%, 9/01/14 (e) | 1,000 | 1,019,980 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **California (concluded)** | | |
| Poway, California, Unified School District, Special Tax Bonds (Community Facilities District Number 6), 5.60%, 9/01/33 | $ 1,000 | $ 987,910 |
| San Bernardino County, California, Special Tax Bonds (Community Facilities District Number 2002-1), 5.90%, 9/01/33 | 1,000 | 936,420 |
| Southern California HFA, S/F Mortgage Revenue Bonds, AMT, Series A, 5.80%, 12/01/49 (b)(c) | 500 | 499,660 |
| Southern California Public Power Authority, Transmission Project Revenue Refunding Bonds, 5.50%, 7/01/20 (d) | 40 | 40,070 |
| Stockton, California, Unified School District, GO (Election of 2005), 5%, 8/01/31 (e) | 500 | 515,280 |
| Tobacco Securitization Authority of Southern California, Asset-Backed Revenue Bonds, Senior Series A, 5.625%, 6/01/12 (f) | 900 | 992,088 |
| Tustin, California, Unified School District, Senior Lien Special Tax Bonds (Community Facilities District Number 97-1), Series A, 5%, 9/01/32 (e) | 750 | 759,570 |
| Vacaville, California, Unified School District, GO (Election of 2001), 5%, 8/01/30 (d) | 500 | 507,865 |
| | | 17,106,734 |
| **Puerto Rico 17.3%** | | |
| Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds, | 85 | 88,967 |

| | | |
|---|---|---|
| Series L, 5.25%, 7/01/38 (a) | | |
| Puerto Rico Commonwealth, Public Improvement, GO, Series A,: | | |
| 5%, 7/01/14 (f) | 315 | 346,503 |
| 5%, 7/01/34 | 185 | 174,435 |
| Puerto Rico Electric Power Authority, Power Revenue Bonds, Series NN, 5.125%, 7/01/13 (f) | 255 | 279,990 |
| Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Revenue Bonds (Ana G. Mendez University System Project), 5%, 3/01/26 | 700 | 626,038 |
| Puerto Rico Public Finance Corporation, Commonwealth Appropriation Revenue Bonds, Series E, 5.50%, 2/01/12 (f) | 745 | 803,952 |
| | | 2,319,885 |
| **Total Municipal Bonds (Cost $19,318,646) 144.9%** | | 19,426,619 |

| **Short-Term Securities** | **Shares** | |
|---|---|---|
| CMA California Municipal Money Fund, 1.9% (g)(h) | 1,229,203 | 1,229,203 |
| **Total Short-Term Securities (Cost $1,229,203) 9.2%** | | 1,229,203 |
| **Total Investments (Cost $20,547,849*) 154.1%** | | 20,655,822 |
| **Other Assets Less Liabilities 1.9%** | | 255,750 |
| **Preferred Shares, at Redemption Value (56.0%)** | | (7,505,017) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 13,406,555 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock California Investment Quality Municipal Trust, Inc. (RAA)**

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 20,538,732 |
| Gross unrealized appreciation | $ 630,596 |
| Gross unrealized depreciation | (513,866) |
| Net unrealized appreciation | $ 117,090 |

(a) AMBAC Insured.
(b) FHLMC Collateralized.
(c) FNMA/GNMA Collateralized.
(d) MBIA Insured.
(e) FSA Insured.
(f) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(g) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity (000) | Dividend Income |
|---|---|---|
| CMA California Municipal Money Fund | 812 | $ 12,814 |

(h) Represents the current yield as of report date.

## Schedule of Investments April 30, 2008
(Unaudited)

## BlackRock California Municipal Income Trust (BFZ)
(Percentages shown are based on Net Assets)

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **California 127.9%** | | |
| Anaheim, California, Public Financing Authority, Lease Revenue Bonds (Public Improvements Project), Sub-Series C (a)(b): | | |
| 5.67%, 9/01/31 | $ 24,500 | $ 6,782,580 |
| 5.58%, 9/01/32 | 6,070 | 1,582,935 |
| California County Tobacco Securitization Agency, Tobacco Revenue Bonds (Stanislaus County Tobacco Funding Corporation), Series A, 5.875%, 6/01/43 | 5,000 | 4,700,650 |
| California Educational Facilities Authority Revenue Bonds (Stanford University), Series Q, 5.25%, 12/01/32 | 10,000 | 10,269,200 |
| California Health Facilities Financing Authority Revenue Bonds (Sutter Health), Series A, 5.25%, 11/15/46 | 7,000 | 7,017,010 |
| California Infrastructure and Economic Development Bank Revenue Bonds: | | |
| (J. David Gladstone Institute Project), 5.25%, 10/01/34 | 15,250 | 15,261,132 |
| (Kaiser Hospital Assistance I-LLC), Series A, 5.55%, 8/01/31 | 13,500 | 13,678,875 |
| California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds (Waste Management Inc. Project), AMT, Series A-2, 5.40%, 4/01/25 | 2,290 | 2,070,641 |
| California State Department of Water Resources, Power Supply Revenue Bonds, Series A, 5.375% 5/01/12 (c) | 10,000 | 11,031,300 |
| California State University, Systemwide Revenue Bonds, Series A, 5%, 11/01/39 (a) | 2,400 | 2,465,040 |
| California State, Various Purpose, GO, 5.50%, 11/01/33 | 10,000 | 10,315,500 |
| California State, Veterans, GO, Refunding, AMT, Series BZ, 5.375%, 12/01/24 (d) | 5,000 | 5,000,200 |
| California Statewide Communities Development Authority Revenue Bonds: | | |
| (Daughters of Charity National Health System), Series A, 5.25%, 7/01/30 | 4,000 | 3,685,040 |
| (Sutter Health), Series B, 5.625%, 8/15/42 | 10,000 | 10,199,200 |
| Chula Vista, California, IDR (San Diego Gas and Electric Company), AMT: | | |

| | | | |
|---|---|---|---|
| Series B, 5%, 12/01/27 | 5,065 | | 4,863,109 |
| Series D, 5%, 12/01/27 | 4,395 | | 4,219,815 |
| Elk Grove, California, Unified School District, Special Tax Bonds (Community Facilities District Number 1) (b)(e): | | | |
| 5.6%, 12/01/29 | 7,485 | | 2,224,841 |
| 5.599%, 12/01/30 | 7,485 | | 2,089,438 |
| 5.601%, 12/01/31 | 7,485 | | 1,965,636 |
| Etiwanda School District, California, Public Financing Authority, Local Agency Revenue Refunding Bonds, 5%, 9/15/32 (f) | 1,100 | $ | 1,125,883 |
| Foothill/Eastern Corridor Agency, California, Toll Road Revenue Refunding Bonds: | | | |
| 5.374%, 7/15/26 (g) | 5,000 | | 4,684,950 |
| 6.1%, 1/15/33 (b) | 5,000 | | 1,098,100 |
| 6.106%, 1/15/34 (b) | 5,000 | | 1,032,750 |
| 6.199%, 1/15/35 (b) | 13,445 | | 2,578,213 |
| 6.101%, 1/15/38 (b) | 1,000 | | 152,560 |
| 5.75%, 1/15/40 | 10,030 | | 9,826,993 |
| Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds (c): | | | |
| Series A-1, 6.625%, 6/01/13 | 2,000 | | 2,291,320 |
| Series B, 5.50%, 6/01/13 | 8,500 | | 9,295,855 |
| Series B, 5.625%, 6/01/13 | 5,800 | | 6,376,578 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **California (continued)** | | |
| Huntington Beach, California, Union High School District, GO (Election of 2004), 5.02%, 8/01/33 (b)(h) | $ 5,000 | $ 1,219,000 |
| Irvine, California, Mobile Home Park Revenue Bonds (Meadows Mobile Home Park), Series A, 5.70%, 3/01/28 | 4,965 | 4,857,309 |
| Kaweah Delta Health Care District, California, Revenue Refunding Bonds, 6%, 8/01/12 (c) | 7,700 | 8,777,769 |
| Lathrop, California, Financing Authority Revenue Bonds (Water Supply Project): | | |
| 5.90%, 6/01/27 | 2,855 | 2,741,257 |
| 6%, 6/01/35 | 5,140 | 4,857,814 |
| Live Oak Unified School District, California, GO (Election of 2004), Series B (b)(i): | | |
| 5.589%, 8/01/35 | 985 | 236,006 |
| 5.598%, 8/01/36 | 1,030 | 232,904 |
| 5.61%, 8/01/37 | 1,080 | 230,429 |
| 5.62%, 8/01/38 | 1,125 | 226,620 |
| 5.631%, 8/01/39 | 1,175 | 223,391 |
| 5.641%, 8/01/40 | 1,230 | 220,650 |
| 5.651%, 8/01/41 | 1,285 | 217,499 |
| 5.661%, 8/01/42 | 1,340 | 213,931 |
| 5.669%, 8/01/43 | 1,400 | 210,770 |
| 5.68%, 8/01/44 | 1,465 | 207,957 |
| | 4,110 | 3,915,761 |

| | | |
|---|---|---|
| Los Angeles, California, Regional Airports Improvement Corporation, Lease Revenue Bonds (American Airlines Inc.), AMT, Series C, 7.50%, 12/01/24 | | |
| Mount San Antonio Community College District, California, GO (Election of 2001), Series C, 5%, 9/01/31 (a) | 10,770 | 11,072,314 |
| Palm Springs, California, Mobile Home Park Revenue Bonds (Sahara Mobile Home Park), Series A, 5.625%, 5/15/26 | 1,000 | 984,390 |
| Palomar Pomerado Health Care District, California, GO (Election of 2004), Series A, 5.125%, 8/01/37 (d) | 5,550 | 5,712,337 |
| Port of Oakland, California, Revenue Refunding Bonds, Intermediate Lien, AMT, Series A, 5%, 11/01/27 (d) | 5,950 | 5,720,627 |
| Rancho Cucamonga, California, Community Facilities District, Special Tax Bonds, Series A, 6.50%, 9/01/33 | 4,000 | $ 4,028,160 |
| Rancho Cucamonga, California, Redevelopment Agency, Tax Allocation Bonds (Rancho Redevelopment Project), 5.125%, 9/01/30 (d) | 15,500 | 15,579,050 |
| Redding, California, Electric System, COP, Series A, 5%, 6/01/30 (a) | 2,780 | 2,837,296 |
| Richmond, California, Wastewater Revenue Bonds, 5.619%, 8/01/31 (b)(e)(j) | 1,905 | 581,349 |
| Sacramento County, California, Airport System Revenue Bonds, AMT, Senior Series B, 5.25%, 7/01/33 (a) | 1,275 | 1,264,341 |
| San Diego, California, Community College District, GO (Election of 2006), 5%, 8/01/32 (a) | 9,000 | 9,275,040 |
| San Francisco, California, City and County Airport Commission, International Airport Revenue Refunding Bonds, AMT, Second Series, Issue 27A, 5.25%, 5/01/31 (c) | 6,500 | 6,389,240 |
| San Francisco, California, City and County Redevelopment Agency, Community Facilities District Number 1, Special Tax Bonds (Mission Bay South Public Improvements Project): | | |
| 6.25%, 8/01/33 | 7,500 | 7,433,250 |
| Series B, 6.125%, 8/01/31 | 1,775 | 1,733,962 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock California Municipal Income Trust (BFZ)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **California (concluded)** | | |
| San Jose, California, M/F Housing Revenue Bonds: | | |
| (Lenzen Affordable Housing Project), AMT, Series B, 5.45%, 2/20/43 (k)(l) | $ 2,880 | $ 2,822,515 |
| (Villages Parkway Senior Apartments Housing Project), AMT, Series D, 5.50%, 4/01/34 (m) | 3,595 | 3,597,696 |
| Santa Clara County, California, Housing Authority, M/F Housing Revenue Bonds AMT, Series A: | | |
| (John Burns Gardens Apartments Project), 5.85%, 8/01/31 | 1,715 | 1,741,068 |
| (Rivertown Apartments Project), 6%, 8/01/41 | 1,235 | 1,257,292 |
| Santa Clarita, California, Community Facilities District Number 02-1, Special Tax Refunding Bonds (Valencia Town Center Project), 5.85%, 11/15/32 | 3,075 | 2,936,379 |
| Stockton, California, Unified School District, GO (Election of 2005), 5%, 8/01/31 (a) | 2,500 | 2,576,400 |
| Upland, California, Unified School District, GO, 5.125%, 8/01/25 (a) | 2,000 | 2,089,900 |
| Val Verde, California, Unified School District Financing Authority, Special Tax Refunding Bonds, Junior Lien, 6.25%, 10/01/28 | 2,245 | 2,247,492 |
| | | 278,354,509 |
| **Puerto Rico 7.3%** | | |
| Puerto Rico Electric Power Authority, Power Revenue Bonds, Series II, 5.25%, 7/01/12 (c) | 5,000 | 5,517,000 |
| Puerto Rico Public Finance Corporation, Commonwealth Appropriation Revenue Bonds, Series E, 5.70%, 2/01/10 (c) | 10,000 | 10,499,200 |
| | | 16,016,200 |
| **Total Municipal Bonds (Cost $288,200,152) 135.2%** | | 294,370,709 |

| Corporate Bonds | Par (000) | Value |
|---|---|---|
| **Multi-State 10.0%** | | |

| | | |
|---|---|---|
| Charter Mac Equity Issuer Trust (n): | | |
| 6.30%, 6/30/49 | $ 7,000 | $ 7,251,580 |
| 6.80%, 11/30/50 | 4,000 | 4,306,040 |
| | | 11,557,620 |
| MuniMae TE Bond Subsidiary LLC (k): | | |
| 6.30%, 6/30/49 | 7,000 | 7,168,070 |
| 6.80%, 6/30/50 | 3,000 | 3,169,740 |
| | | 10,337,810 |
| **Total Corporate Bonds (Cost $21,000,000) 10.0%** | | 21,895,430 |

| **Short-Term Securities** | **Shares** | |
|---|---|---|
| CMA California Municipal Money Fund, 2.08% (o)(p) | 28,238,069 | 28,238,069 |
| **Total Short-Term Securities (Cost $28,238,069) 13.0%** | | 28,238,069 |
| **Total Investments (Cost $337,438,221*) 158.2%** | | 344,504,208 |
| **Other Assets Less Liabilities 2.4%** | | 5,200,737 |
| **Preferred Shares, at Redemption Value (60.6%)** | | (131,995,802) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 217,709,143 |

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 337,258,425 |
| Gross unrealized appreciation | $ 10,304,284 |
| Gross unrealized depreciation | (3,058,501) |
| Net unrealized appreciation | $ 7,245,783 |

(a) FSA Insured.
(b) Represents a zero coupon bond. Rate shown reflects the effective yield at the time of purchase.
(c) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(d) MBIA Insured.
(e) AMBAC Insured.
(f) Assured Guaranty Insured.
(g) Represents a step bond. Rate shown reflects the effective yield at the time of purchase.
(h) FGIC Insured.
(i) XL Capital Insured.
(j) Security is collateralized by municipal or U.S. Treasury obligations.
(k) GNMA Collateralized.
(l) FHA Insured.
(m) FNMA Collateralized.
(n)

Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. Unless otherwise indicated, these securities are not considered to be illiquid.

(o) Represents the current yield as of report date.

(p) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| **Affiliate** | **Net Activity (000)** | **Dividend Income** |
|---|---|---|
| CMA California Municipal Money Market Fund | 21,394 | $ 199,548 |

See Notes to Financial Statements.

## Schedule of Investments April 30, 2008 (Unaudited)

## BlackRock Florida Investment Quality Municipal Trust (RFA)

**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Florida 141.2%** | | |
| Arborwood Community Development District, Florida, Capital Improvement Special Assessment Bonds (Master Infrastructure Projects), Series B, 5.10%, 5/01/14 | $ 230 | $ 206,894 |
| Ave Maria Stewardship Community District, Florida, Revenue Bonds, 4.80%, 11/01/12 | 500 | 459,945 |
| Boynton Beach, Florida, Utility System Revenue Refunding Bonds, 6.25%, 11/01/20 (a)(b) | 170 | 198,637 |
| Brevard County, Florida, Health Facilities Authority, Healthcare Facilities Revenue Bonds (Health First Inc. Project), 5%, 4/01/34 | 250 | 233,812 |
| Broward County, Florida, HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series E, 5.90%, 10/01/39 (c)(d) | 500 | 506,975 |
| Broward County, Florida, School Board, COP, Series A, 5%, 7/01/30 (e) | 700 | 707,938 |
| Dade County, Florida, Special Obligation Revenue Refunding Bonds, Series B, 6.25%, 10/01/08 (f)(g)(h) | 1,000 | 713,070 |
| Escambia County, Florida, Environmental Improvement Revenue Refunding Bonds (International Paper Company Projects), AMT, Series A, 5%, 8/01/26 | 455 | 375,430 |
| Florida Higher Educational Facilities Financing Authority Revenue Bonds (Flagler College, Inc. Project), 5.25%, 11/01/36 (i) | 555 | 559,923 |
| Florida Housing Finance Corporation, Homeowner Mortgage Revenue Bonds, AMT, Series 1, 6%, 7/01/39 | 200 | 202,510 |
| Fort Myers, Florida, Utility System Revenue Refunding Bonds, 5%, 10/01/31 (j) | 700 | 707,644 |
| Halifax Hospital Medical Center, Florida, Hospital Revenue Refunding and Improvement Bonds, Series A, 5.25%, 6/01/26 | 500 | 487,440 |
| Heritage Harbour North Community Development District, Florida, Capital Improvement Bonds, 6.375%, 5/01/38 | 250 | 223,667 |
| Hillsborough County, Florida, Aviation Authority Revenue Bonds, AMT, Series A, 5.50%, 10/01/38 (k) | 500 | 503,525 |
| Hillsborough County, Florida, HFA, S/F Mortgage Revenue Bonds, AMT, Series 1, 5.375%, 10/01/49 (c)(d) | 250 | 241,170 |

| | | |
|---|---|---|
| Hillsborough County, Florida, IDA, Hospital Revenue Bonds (H. Lee Moffitt Cancer Center Project), Series A, 5.25%, 7/01/37 | 250 | 239,552 |
| Hillsborough County, Florida, IDA, PCR, Refunding (Tampa Electric Company Project), Series A, 5.65%, 5/15/18 | 150 | 151,092 |
| Jacksonville Electric Authority, Florida, Saint John s River Power Park System Revenue Bonds, Issue Three, Series 2, 5%, 10/01/37 | 200 | 202,844 |
| Jacksonville, Florida, HFA, Homeowner Mortgage Revenue Refunding Bonds, AMT, Series A-1, 5.625%, 10/01/39 (c)(d) | 250 | 248,722 |
| Jacksonville, Florida, Health Facilities Authority, Hospital Revenue Bonds (Baptist Medical Center Project), 5%, 8/15/37 (e) | 500 | 502,175 |
| Jacksonville, Florida, Port Authority Revenue Bonds, AMT, 6% due 11/01/2038 | 200 | 206,188 |
| Lee County, Florida, HFA, S/F Mortgage Revenue Bonds (Multi-County Program), AMT, Series A-2, 6%, 9/01/40 (c)(d) | 500 | 519,305 |
| Lee County, Florida, IDA, Health Care Facilities, Revenue Refunding Bonds (Shell Point/Alliance Obligor Group), 5%, 11/15/32 (l) | 400 | 336,336 |

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Florida (concluded)** | | |
| Madison County, Florida, First Mortgage Revenue Bonds (Twin Oaks Project), Series A, 6%, 7/01/25 | $ 265 | $ 251,673 |
| Manatee County, Florida, HFA, Homeowner Revenue Bonds, AMT, Series A, 5.90%, 9/01/40 (c)(d) | 250 | 249,427 |
| Miami Beach, Florida, Health Facilities Authority, Hospital Revenue Refunding Bonds (Mount Sinai Medical Center of Florida), 6.75%, 11/15/21 | 500 | 508,415 |
| Miami, Florida, Health Facilities Authority, Health System Revenue Bonds (Catholic Health East), Series C, 5.125%, 11/15/24 | 750 | 753,390 |
| Miami, Florida, Special Obligation Revenue Bonds (Street and Sidewalk Improvement Program), 5%, 1/01/37 (j) | 500 | 500,725 |
| Miami-Dade County, Florida, Aviation Revenue Bonds (Miami International Airport), Series B, 5%, 10/01/37 (a) | 750 | 733,020 |
| Miami-Dade County, Florida, HFA, Home Ownership Mortgage Revenue Bonds, AMT, Series A, 5.55%, 10/01/49 (c)(d) | 500 | 494,700 |
| Miami-Dade County, Florida, Special Obligation Revenue Bonds, Sub-Series B, 5.649%, 10/01/31 (h)(j) | 5,000 | 1,382,400 |

| | | |
|---|---|---|
| New River Community Development District, Florida, Capital Improvement Revenue Bonds, Series B, 5%, 5/01/13 | 250 | 228,213 |
| Orange County, Florida, Educational Facilities Authority, Educational Facilities Revenue Bonds (Rollins College Project), 5.25%, 12/01/37 (f) | 500 | 507,880 |
| Orange County, Florida, Health Facilities Authority, Health Care Revenue Refunding Bonds (Orlando Lutheran Towers), 5.375%, 7/01/20 | 105 | 95,779 |
| Orange County, Florida, Health Facilities Authority, Hospital Revenue Bonds (Orlando Regional Healthcare), 5.70%, 7/01/26 | 95 | 85,719 |
| Orlando, Florida, Senior Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series A, 5.25%, 11/01/38 (k) | 550 | 568,282 |
| Peace River/Manasota Regional Water Supply Authority, Florida, Utility System Revenue Bonds, Series A, 5%, 10/01/35 (e) | 750 | 762,053 |
| Pine Ridge Plantation Community Development District, Florida, Capital Improvement and Special Assessment Bonds, Series B, 5%, 5/01/11 | 395 | 370,589 |
| Pinellas County, Florida, Health Facilities Authority Revenue Bonds (BayCare Health System Inc.), 5.50%, 5/15/13 (g) | 1,000 | 1,112,100 |
| Saint Johns County, Florida, Ponte Vedra Utility System Revenue Bonds, 5%, 10/01/35 (e) | 750 | 762,053 |
| Saint Johns County, Florida, Water and Sewer Revenue Bonds, CABS, 5.393%, 6/01/32 (f)(h) | 1,000 | 257,680 |
| Stevens Plantation Improvement Project Dependent Special District, Florida, Revenue Bonds, 6.375%, 5/01/13 | 585 | 574,119 |
| Suncoast Community Development District, Florida, Capital Improvement Revenue Bonds, Series A, 5.875%, 5/01/34 | 245 | 236,927 |
| Tolomato Community Development District, Florida, Special Assessment Bonds, 6.55%, 5/01/27 | 250 | 244,428 |
| Village Center Community Development District, Florida, Recreational Revenue Bonds, Series A, 5%, 11/01/32 (j) | 750 | 759,675 |
| | | 20,174,041 |

See Notes to Financial Statements.

## Schedule of Investments
(concluded)

**BlackRock Florida Investment Quality Municipal Trust (RFA)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Puerto Rico 14.7%** | | |
| Puerto Rico Commonwealth Aqueduct and Sewer Authority, Senior Lien Revenue Bonds, Series A, 6%, 7/01/44 | $ 400 | $ 417,920 |
| Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds, Series L, 5.25%, 7/01/38 (f) | 85 | 88,967 |
| Puerto Rico Commonwealth, Public Improvement, GO, Series A: | | |
| 5%, 7/01/14 (g) | 315 | 346,503 |
| 5%, 7/01/34 | 185 | 174,435 |
| Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Revenue Bonds (Ana G. Mendez University System Project), 5%, 3/01/26 | 300 | 268,302 |
| Puerto Rico Public Finance Corporation, Commonwealth Appropriation Revenue Bonds, Series E, 5.50%, 2/01/12 (g) | 745 | 803,952 |
| | | 2,100,079 |
| **Total Municipal Bonds (Cost $22,495,059) 155.9%** | | $ 22,274,120 |

| Short-Term Securities | Shares | Value |
|---|---|---|
| CMA Florida Municipal Money Fund, 2.01% (m)(n) | 817,070 | $ 817,070 |
| **Total Short-Term Securities (Cost $817,070) 5.7%** | | 817,070 |
| **Total Investments (Cost $23,312,129*) 161.6%** | | 23,091,190 |
| **Liabilities in Excess of Other Assets (2.1%)** | | (301,364) |
| **Preferred Shares, at Redemption Value (59.5%)** | | (8,504,943) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 14,284,883 |

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 23,312,150 |

| | | |
|---|---|---|
| Gross unrealized appreciation | | 440,706 |
| Gross unrealized depreciation | | (661,666) |
| Net unrealized depreciation | $ | (220,960) |

(a) FGIC Insured.
(b) Security is collateralized by municipal or U.S. Treasury obligations.
(c) FHLMC Collateralized.
(d) FNMA/GNMA Collateralized.
(e) FSA Insured.
(f) AMBAC Insured.
(g) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(h) Represents a zero coupon bond. Rate shown reflects the effective yield at the time of purchase.
(i) XL Capital Insured.
(j) MBIA Insured.
(k) Assured Guaranty Insured.
(l) Security is illiquid.
(m) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a) (3) of the Investment Company Act of 1940, were as follows:

| **Affiliate** | **Net Activity** | **Dividend Income** |
|---|---|---|
| CMA Florida Municipal Money Fund | 606,570 | $ 6,645 |

(n) Represents the current yield as of report date.
Forward interest rate swap outstanding as of April 30, 2008 was as follows:

| | **Notional Amount (000)** | **Unrealized Depreciation** |
|---|---|---|
| Pay a fixed rate of 3.553% and receive a floating rate based on 1-week SIFMA Municipal Swap Index<br><br>Broker, Lehman Brothers Special Financing<br>Expires June 2023 | $ 2,000 | $ (4,156) |

See Notes to Financial Statements.

## Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock Florida Municipal Income Trust (BBF)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Florida 144.6%** | | |
| Ave Maria Stewardship Community District, Florida, Revenue Bonds, 4.80%, 11/01/12 | $ 1,000 | $ 919,890 |
| Beacon Tradeport Community Development District, Florida, Special Assessment Revenue Refunding Bonds (Commercial Project), Series A, 5.625%, 5/01/32 (a) | 7,705 | 7,722,490 |
| Brevard County, Florida, Health Facilities Authority, Healthcare Facilities Revenue Bonds (Health First Inc. Project), 5%, 4/01/36 | 2,000 | 1,863,440 |
| Capital Projects Finance Authority, Florida, Student Housing Revenue Bonds (Capital Projects Loan Program), Senior Series F-1, 5%, 10/01/31 (b) | 2,800 | 2,655,576 |
| Easton Park Community Development District, Florida, Capital Improvement Revenue Bonds, 5.20%, 5/01/37 | 985 | 754,293 |
| Escambia County, Florida, Health Facilities Authority, Health Facility Revenue Bonds (Florida Health Care Facility Loan), 5.95%, 7/01/20 (c) | 799 | 840,437 |
| Florida State Board of Education, Public Education Capital Outlay, GO, Series A, 5.125%, 6/01/10 (d) | 5,550 | 5,907,475 |
| Fort Myers, Florida, Utility System Revenue Refunding Bonds, 5%, 10/01/31 (b) | 1,355 | 1,369,797 |
| Gateway Services Community Development District, Florida, Special Assessment Bonds (Stoneybrook Project), 5.50%, 7/01/08 | 35 | 34,971 |
| Halifax Hospital Medical Center, Florida, Hospital Revenue Refunding and Improvement Bonds, Series A, 5.25%, 6/01/26 | 2,500 | 2,437,200 |
| Heritage Harbour North Community Development District, Florida, Capital Improvement Bonds, 6.375%, 5/01/38 | 1,500 | 1,342,005 |
| Heritage Harbour South Community Development District, Florida, Capital Improvement Special Assessment Bonds, Series A, 6.50%, 5/01/34 | 1,610 | 1,639,543 |
| Highlands County, Florida, Health Facilities Authority, Hospital Revenue Bonds (Adventist Health System): | | |
| ARS, VRDN, Series F, 4.25%, 11/15/35 (e)(f) | 1,800 | 1,800,000 |
| Series A, 6%, 11/15/11 (d) | 6,500 | 7,228,715 |

| | | | | |
|---|---|---|---|---|
| Series C, 5.25%, 11/15/36 | | 4,000 | | 3,901,680 |
| Hillsborough County, Florida, IDA, Hospital Revenue Bonds (H. Lee Moffitt Cancer Center Project), Series A, 5.25%, 7/01/37 | | 1,755 | | 1,681,659 |
| Hillsborough County, Florida, IDA, PCR, Refunding (Tampa Electric Company Project): | | | | |
| 5.50%, 10/01/23 | | 1,450 | | 1,440,995 |
| Series A, 5.65%, 5/15/18 | | 900 | | 906,552 |
| Jacksonville Electric Authority, Florida, Saint John s River Power Park System Revenue Bonds, Issue Three, Series 2, 5%, 10/01/37 | | 1,100 | | 1,115,642 |
| Jacksonville, Florida, Economic Development Commission, Health Care Facilities Revenue Bonds (Mayo Clinic-Jacksonville), Series B, 5.50%, 11/15/36 | | 7,500 | | 7,600,950 |
| Jacksonville, Florida, Health Facilities Authority, Hospital Revenue Bonds (Baptist Medical Center Project), 5%, 8/15/37 (e) | | 2,280 | | 2,289,918 |
| Jacksonville, Florida, Transit Revenue Bonds, 5%, 10/01/26 (b) | | 4,000 | | 4,049,960 |
| Laguna Lakes Community Development District, Florida, Special Assessment Revenue Refunding Bonds, Series A, 6.40%, 5/01/13 (d) | | 1,575 | | 1,802,430 |

| **Municipal Bonds** | | **Par (000)** | | **Value** |
|---|---|---|---|---|
| **Florida (continued)** | | | | |
| Lee County, Florida, IDA, Health Care Facilities, Revenue Refunding Bonds (Shell Point/Alliance Obligor Group), 5%, 11/15/32 (g) | $ | 1,430 | $ | 1,202,401 |
| Lee Memorial Health System, Florida, Hospital Revenue Bonds, Series A, 5%, 4/01/32 (c) | | 1,000 | | 1,001,380 |
| Madison County, Florida, First Mortgage Revenue Bonds (Twin Oaks Project), Series A, 6%, 7/01/25 | | 1,690 | | 1,605,010 |
| Melbourne, Florida, Water and Sewer Revenue Bonds, 5.23%, 10/01/21 (h)(i)(j) | | 2,770 | | 1,514,525 |
| Miami Beach, Florida, Health Facilities Authority, Hospital Revenue Refunding Bonds (Mount Sinai Medical Center of Florida), 6.75%, 11/15/21 | | 3,000 | | 3,050,490 |
| Miami-Dade County, Florida, Expressway Authority, Toll System Revenue Refunding Bonds, 5.125%, 7/01/25 (i) | | 1,000 | | 1,021,550 |
| Miami-Dade County, Florida, Special Obligation Revenue Bonds (b)(j): | | | | |
| Sub-Series B, 5.596%, 10/01/33 | | 9,700 | | 2,391,341 |
| Sub-Series C, 5.623%, 10/01/28 | | 25,000 | | 8,177,750 |

| | | |
|---|---|---|
| Miami-Dade County, Florida, Special Obligation Revenue Refunding Bonds, Sub-Series A, 5.535%, 10/01/19 (b)(j) | 2,595 | 1,445,311 |
| New River Community Development District, Florida, Capital Improvement Revenue Bonds, Series B, 5%, 5/01/13 | 1,500 | 1,369,275 |
| Northern Palm Beach County Improvement District, Florida, Water Control and Improvement Revenue Bonds (Unit of Development Number 43): | | |
| 6.10%, 8/01/11 (d) | 1,155 | 1,272,833 |
| 6.125%, 8/01/11 (d) | 3,500 | 3,894,345 |
| 6.10%, 8/01/21 | 295 | 297,159 |
| Orange County, Florida, Educational Facilities Authority, Educational Facilities Revenue Bonds (Rollins College Project), 5.25%, 12/01/27 (c) | 1,000 | 1,024,940 |
| Orange County, Florida, Health Facilities Authority, Health Care Revenue Refunding Bonds (Orlando Lutheran Towers), 5.375%, 7/01/20 | 655 | 597,478 |
| Orange County, Florida, Health Facilities Authority, Hospital Revenue Bonds (Orlando Regional Healthcare), 5.70%, 7/01/26 | 600 | 541,386 |
| Orange County, Florida, Tourist Development, Tax Revenue Refunding Bonds, 5%, 10/01/29 (c) | 1,300 | 1,307,150 |
| Orlando, Florida, Senior Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series A, 5.25%, 11/01/38 (k) | 1,000 | 1,033,240 |
| Orlando-Orange County Expressway Authority, Florida, Expressway Revenue Bonds, VRDN, Sub-Series D, 3.34%, 7/01/40 (c)(f) | 2,000 | 2,000,000 |
| Palm Beach County, Florida, School Board, COP, Refunding, Series B, 5%, 8/01/25 (c) | 2,500 | 2,535,150 |
| Palm Beach County, Florida, School Board, COP, Series A, 5%, 8/01/29 (b)(h) | 1,000 | 1,005,250 |
| Pine Ridge Plantation Community Development District, Florida, Capital Improvement and Special Assessment Bonds, Series B, 5%, 5/01/11 | 590 | 553,538 |
| Saint Johns County, Florida, Ponte Vedra Utility System Revenue Bonds, 5%, 10/01/35 (e) | 1,000 | 1,016,070 |
| Saint Johns County, Florida, Water and Sewer Revenue Bonds, CABS, 5.335%, 6/01/30 (c)(j) | 3,945 | 1,140,144 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock Florida Municipal Income Trust (BBF)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | | Par (000) | | Value |
|---|---|---|---|---|
| **Florida (concluded)** | | | | |
| South Miami Health Facilities Authority, Florida, Hospital Revenue Bonds (Baptist Health System Obligation Group), 5.25%, 2/01/13 (d) | $ | 12,000 | $ | 13,128,600 |
| South Miami Health Facilities Authority, Florida, Hospital Revenue Refunding Bonds (Baptist Health System Obligation Group), 5%, 8/15/32 | | 1,000 | | 985,540 |
| Sumter County, Florida, IDA, IDR (North Sumter Utility Company LLC), AMT, 6.80%, 10/01/32 | | 2,700 | | 2,708,100 |
| Suncoast Community Development District, Florida, Capital Improvement Revenue Bonds, Series A, 5.875%, 5/01/34 | | 985 | | 952,544 |
| Tampa, Florida, Revenue Bonds (University of Tampa Project), 5.625%, 4/01/32 (a) | | 5,500 | | 5,533,275 |
| Tampa, Florida, Water and Sewer Revenue Refunding Bonds, Series A, 5%, 10/01/26 | | 4,000 | | 4,077,600 |
| Tolomato Community Development District, Florida, Special Assessment Bonds, 6.55%, 5/01/27 | | 1,250 | | 1,222,138 |
| Village Center Community Development District, Florida, Recreational Revenue Bonds, Series A, 5%, 11/01/32 (b) | | 1,795 | | 1,818,156 |
| Village Community Development District Number 5, Florida, Special Assessment Bonds, Series A: | | | | |
| 6%, 5/01/22 | | 2,845 | | 2,866,338 |
| 6.50%, 5/01/33 | | 1,395 | | 1,419,204 |
| Volusia County, Florida, Educational Facility Authority, Educational Facilities Revenue Bonds (Embry-Riddle Aeronautical University Project), Series A, 5.75%, 10/15/29 | | 2,000 | | 1,990,180 |
| Watergrass Community Development District, Florida, Special Assessment Revenue Bonds, Series B, 5.125%, 11/01/14 | | 1,000 | | 904,350 |
| | | | | 139,909,359 |

| Municipal Bonds | | Par (000) | | Value |
|---|---|---|---|---|
| **Puerto Rico 11.5%** | | | | |

| | | |
|---|---|---|
| Puerto Rico Commonwealth Aqueduct and Sewer Authority, Senior Lien Revenue Bonds, Series A, 6%, 7/01/44 | $ 2,100 | $ 2,194,080 |
| Puerto Rico Commonwealth, Public Improvement, GO, Series A, 5.125%, 7/01/31 | 4,980 | 4,749,177 |
| Puerto Rico Public Finance Corporation, Commonwealth Appropriation Revenue Bonds, Series E, 5.70%, 2/01/10 (d) | 4,000 | 4,199,680 |
| | | 11,142,937 |
| **Total Municipal Bonds (Cost $148,355,909) 156.1%** | | 151,052,296 |

| **Short-Term Securities** | **Shares** | |
|---|---|---|
| CMA Florida Municipal Money Fund, 2.01% (l)(m) | 1,291,137 | 1,291,137 |
| **Total Short-Term Securities (Cost $1,291,137) 1.3%** | | 1,291,137 |
| **Total Investments (Cost $149,647,046*) 157.4%** | | 152,343,433 |
| **Other Assets Less Liabilities 2.1%** | | 2,003,904 |
| **Preferred Shares, at Redemption Value (59.5%)** | | (57,555,953) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 96,791,384 |

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 149,646,807 |
| Gross unrealized appreciation | $ 4,948,993 |
| Gross unrealized depreciation | (2,252,367) |
| Net unrealized appreciation | $ 2,696,626 |

(a) Radian Insured.
(b) MBIA Insured.
(c) AMBAC Insured.
(d) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(e) FSA Insured.
(f) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.
(g) Security is illiquid.
(h) Security is collateralized by municipal or U.S. Treasury obligations.
(i) FGIC Insured.

(j) Represents a zero coupon bond. Rate shown reflects the effective yield at the time of purchase.
(k) Assured Guaranty Insured.
(l) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(c) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Dividend Income |
|---|---|---|
| CMA Florida Municipal Money Fund | (471,860) | $ 27,544 |

(m) Represents the current yield as of report date.

See Notes to Financial Statements.

# Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock New Jersey Investment Quality Municipal Trust (RNJ)**

**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **New Jersey 129.0%** | | |
| Burlington County, New Jersey, Bridge Commission, EDR, Refunding (The Evergreens Project), 5.625%, 1/01/38 | $ 150 | $ 136,410 |
| Delaware River Port Authority of Pennsylvania and New Jersey Revenue Bonds, 5.75%, 1/01/26 (a) | 1,000 | 1,031,520 |
| Essex County, New Jersey, Improvement Authority, Airport Revenue Refunding Bonds, AMT, 5%, 11/01/25 (b) | 250 | 242,900 |
| Hudson County, New Jersey, Improvement Authority, Capital Appreciation Revenue Bonds, Series A-1, 4.46%, 12/15/32 (b) | 1,000 | 270,280 |
| Middlesex County, New Jersey, Improvement Authority Revenue Bonds (George Street Student Housing Project), Series A, 5%, 8/15/35 | 1,000 | 911,310 |
| Middlesex County, New Jersey, Improvement Authority, Subordinate Revenue Bonds (Heldrich Center Hotel/ Conference Project), Series B, 6.25%, 1/01/37 | 200 | 171,176 |
| New Jersey EDA, Cigarette Tax Revenue Bonds, 5.75%, 6/15/34 | 1,000 | 956,990 |
| New Jersey EDA, First Mortgage Revenue Bonds (Lions Gate Project), Series A: | | |
| 5.75%, 1/01/25 | 60 | 54,998 |
| 5.875%, 1/01/37 | 110 | 95,898 |
| New Jersey EDA, First Mortgage Revenue Refunding Bonds (The Winchester Gardens at Ward Homestead Project), Series A, 5.80%, 11/01/31 | 1,000 | 974,230 |
| New Jersey EDA, Retirement Community Revenue Refunding Bonds (Seabrook Village, Inc.), 5.25%, 11/15/26 | 140 | 123,007 |
| New Jersey EDA, Revenue Bonds (Newark Downtown District Management Corporation), 5.125%, 6/15/37 | 100 | 87,645 |
| New Jersey EDA, School Facilities Construction Revenue Bonds, Series U, 5%, 9/01/37 (c) | 300 | 305,811 |
| New Jersey EDA, Solid Waste Disposal Facilities Revenue Bonds (Waste Management Inc.), AMT, Series A, 5.30%, 6/01/15 | 500 | 499,720 |
| New Jersey EDA, Special Facility Revenue Bonds (Continental Airlines Inc. Project), AMT, 7%, 11/15/30 | 925 | 844,257 |

| | | |
|---|---|---|
| New Jersey EDA, Transportation Project Sublease Revenue Bonds, Series A, 5.75%, 5/01/10 (a) | 900 | 955,701 |
| New Jersey EDA, Water Facilities Revenue Bonds (New Jersey-American Water Company, Inc. Project), AMT, Series A, 5.25%, 11/01/32 (c) | 250 | 242,297 |
| New Jersey Health Care Facilities Financing Authority Revenue Bonds: | | |
| (Hackensack University Medical Center), 6%, 1/01/25 | 1,000 | 1,024,870 |
| (Meridian Health), Series I, 5%, 7/01/38 (d) | 100 | 100,707 |
| New Jersey Health Care Facilities Financing Authority, Revenue Refunding Bonds: | | |
| (Hackensack University Medical Center), 5.25%, 1/01/36 (d) | 250 | 257,240 |
| (Saint Barnabas Health Care System), Series A, 5%, 7/01/29 | 250 | 231,222 |
| (Saint Barnabas Health Care System), Series B, 5.92%, 7/01/30 | 500 | 107,480 |
| (Saint Barnabas Health Care System), Series B, 5.72%, 7/01/36 | 840 | 115,786 |
| (Saint Barnabas Health Care System), Series B, 5.79%, 7/01/37 | 900 | 114,651 |
| (Saint Joseph s Hospital and Medical Center), Series A, 5.75%, 7/01/16 (e) | 1,000 | 1,003,300 |

| **Municipal Bonds** | **Par (000)** | **Value** |
|---|---|---|
| **New Jersey (concluded)** | | |
| New Jersey State Educational Facilities Authority, Revenue Refunding Bonds, Series D: | | |
| (College of New Jersey), 5%, 7/01/35 (a) | $ 380 | $ 389,728 |
| (Georgian Court University), 5%, 7/01/33 | 100 | 94,391 |
| New Jersey State Educational Facilities Authority, Revenue Refunding Bonds: | | |
| (Ramapo College), Series I, 4.25%, 7/01/31 (c) | 250 | 226,980 |
| (Rowan University), Series B, 5%, 7/01/24 | 255 | 268,918 |
| New Jersey State Turnpike Authority, Turnpike Revenue Refunding Bonds, Series C, 6.50%, 1/01/16 (f) | 1,000 | 1,147,421 |
| Newark, New Jersey, Housing Authority, Port Authority-Port Newark Marine Terminal, Additional Rent-Backed Revenue Refunding Bonds (City of Newark Redevelopment Projects), 4.375%, 1/01/37 (b) | 375 | 349,912 |
| Old Bridge Township, New Jersey, Board of Education, GO, Refunding, 4.375%, 7/15/32 (b) | 500 | 478,575 |
| Passaic Valley, New Jersey, Sewer Commissioner s Revenue Refunding Bonds (Sewer System), Series E, 5.75%, 12/01/21 (c) | 1,000 | 1,043,850 |
| Perth Amboy, New Jersey, GO (Convertible CABS), Refunding, 4.499%, 7/01/34 (a) | 100 | 81,873 |

| | | |
|---|---|---|
| Salem County, New Jersey, Improvement Authority Revenue Bonds (Finlaw State Office Building Project), 5.25%, 8/15/38 (a) | 100 | 104,478 |
| South Jersey Transportation Authority, New Jersey, Transportation System Revenue Bonds, Series A, 4.50%, 11/01/35 (g) | 490 | 446,111 |
| Tobacco Settlement Financing Corporation of New Jersey, Asset-Backed Revenue Refunding Bonds: | | |
| 6.125%, 6/01/12 (h) | 750 | 836,175 |
| Series 1B, 5.65%, 6/01/41 | 600 | 53,010 |
| | | 16,380,828 |
| **Puerto Rico 11.9%** | | |
| Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds, Series L, 5.25%, 7/01/38 (c) | 80 | 83,734 |
| Puerto Rico Commonwealth Infrastructure Financing Authority, Special Tax and Capital Appreciation Revenue Bonds, Series A, 4.34%, 7/01/37 (c) | 795 | 155,271 |
| Puerto Rico Commonwealth, Public Improvement, GO, Series A, 5.25%, 7/01/16 (h) | 310 | 347,774 |
| Puerto Rico Electric Power Authority, Power Revenue Bonds, Series RR, 5%, 7/01/15 (g)(h) | 350 | 386,757 |
| Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Revenue Bonds (Ana G. Mendez University System Project), 5%, 3/01/26 | 600 | 536,604 |
| | | 1,510,140 |
| **Total Municipal Bonds (Cost $18,253,577) 140.9%** | | 17,890,968 |
| **Corporate Bonds** | | |
| Charter Mac Equity Issuer Trust, 6.625%, 6/30/49 (i) | 1,000 | 1,039,280 |
| **Total Corporate Bonds (Cost $1,019,780) 8.2%** | | 1,039,280 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock New Jersey Investment Quality Municipal Trust (RNJ)**
**(Percentages shown are based on Net Assets)**

| Short-Term Securities | Shares | Value |
|---|---|---|
| CMA New Jersey Municipal Money Fund, 2.12% (j)(k) | 1,009,496 | $ 1,009,496 |
| **Total Short-Term Securities (Cost $1,009,496) 7.9%** | | 1,009,496 |
| **Total Investments (Cost $20,282,853*) 157.0%** | | 19,939,744 |
| **Other Assets Less Liabilities 2.1%** | | 262,573 |
| **Preferred Shares, at Redemption Value (59.1%)** | | (7,500,776) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 12,701,541 |

* The cost and unrealized appreciation (depreciation) of investments, as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 20,222,117 |
| Gross unrealized appreciation | $ 573,797 |
| Gross unrealized depreciation | (856,170) |
| Net unrealized depreciation | $ (282,373) |

(a) FSA Insured.
(b) MBIA Insured.
(c) AMBAC Insured.
(d) Assured Guaranty Insured.
(e) Connie Lee Insured.
(f) Security is collateralized by municipal or U.S. Treasury obligations.
(g) FGIC Insured.
(h) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(i) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. Unless otherwise indicated, these securities are not considered to be illiquid.
(j) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Dividend Income |
|---|---|---|
| CMA New Jersey Municipal Money Fund | 1,005,072 | $ 5,498 |

(k) Represents the current yield as of report date.

See Notes to Financial Statements.

## Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock New Jersey Municipal Income Trust (BNJ)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **New Jersey 120.7%** | | |
| Burlington County, New Jersey, Bridge Commission, EDR, Refunding (The Evergreens Project), 5.625%, 1/01/38 | $ 1,000 | $ 909,400 |
| Cherry Hill Township, New Jersey, GO, 5%, 7/15/11 (a) | 2,775 | 2,971,026 |
| Garden State Preservation Trust, New Jersey, Revenue Bonds, Series B, 5.22%, 11/01/26 (b)(j) | 12,600 | 5,034,582 |
| Middlesex County, New Jersey, Improvement Authority AMT (c): | | |
| (Administration Building Residential Project), 5.35%, 7/01/34 | 1,400 | 1,401,708 |
| (New Brunswick Apartments Rental Housing), 5.30%, 8/01/35 | 4,390 | 4,284,508 |
| Middlesex County, New Jersey, Improvement Authority, Subordinate Revenue Bonds (Heldrich Center Hotel/ Conference Project), Series B, 6.25%, 1/01/37 | 1,790 | 1,532,025 |
| Middlesex County, New Jersey, Pollution Control Financing Authority, Revenue Refunding Bonds (Amerada Hess Corporation), 6.05%, 9/15/34 | 2,500 | 2,491,625 |
| New Jersey EDA Cigarette Tax Revenue Bonds: | | |
| 5.75%, 6/15/29 (d) | 500 | 527,360 |
| 5.75%, 6/15/34 | 5,000 | 4,784,950 |
| New Jersey EDA, EDR: | | |
| (Kapkowski Road Landfill Reclamation Improvement District Project), AMT, Series B, 6.50%, 4/01/31 | 5,000 | 5,083,500 |
| (Masonic Charity Foundation Project), 5.50%, 6/01/31 | 2,000 | 2,041,620 |
| New Jersey EDA, EDR Refunding (Kapkowski Road Landfill Reclamation Improvement District Project), 6.50%, 4/01/28 | 2,500 | 2,574,800 |
| New Jersey EDA, First Mortgage Revenue Bonds: | | |
| (Fellowship Village Project), Series C, 5.50%, 1/01/18 | 2,630 | 2,639,468 |
| (Lions Gate Project), Series A, 5.75%, 1/01/25 | 500 | 458,315 |
| (Lions Gate Project), Series A, 5.875%, 1/01/37 | 855 | 745,389 |
| New Jersey EDA, First Mortgage Revenue Refunding Bonds (The Winchester Gardens at Ward Homestead Project), Series A, 5.75%, 11/01/24 | 4,050 | 4,071,789 |
| New Jersey EDA, Mortgage Revenue Refunding Bonds | | |

| | | |
|---|---|---|
| (Victoria Health Corporation Project), Series A, 5.20%, 12/20/36 (e) | 1,885 | 1,918,949 |
| New Jersey EDA, Retirement Community Revenue Refunding Bonds (Seabrook Village, Inc.), 5.25%, 11/15/26 | 1,790 | 1,572,729 |
| New Jersey EDA, School Facilities Construction Revenue Bonds, Series U, 5%, 9/01/37(f) | 700 | 713,559 |
| New Jersey EDA, Solid Waste Disposal Facilities Revenue Bonds (Waste Management Inc.), AMT, Series A, 5.30%, 6/01/15 | 2,000 | 1,998,880 |
| New Jersey EDA, Special Facility Revenue Bonds (Continental Airlines Inc. Project) AMT: | | |
| 7%, 11/15/30 | 3,450 | 3,148,849 |
| 7.20%, 11/15/30 | 2,000 | 1,867,460 |
| New Jersey Health Care Facilities Financing Authority: | | |
| Revenue Bonds: | | |
| (Kennedy Health System), 5.625%, 7/01/31 | 10,000 | 10,075,500 |
| (Meridian Health), Series I, 5%, 7/01/38 (d) | 750 | 755,303 |
| (South Jersey Hospital System), 6%, 7/01/12 (a) | 5,500 | 6,128,210 |
| (South Jersey Hospital), 6%, 7/01/12 (a) | 1,960 | 2,183,871 |
| New Jersey Health Care Facilities Financing Authority Health System Revenue Bonds (Catholic Health East), Series A, 5.375%, 11/15/12 (a) | 3,000 | 3,309,750 |

| **Municipal Bonds** | **Par (000)** | **Value** |
|---|---|---|
| **New Jersey (concluded)** | | |
| New Jersey Health Care Facilities Financing Authority Revenue Refunding Bonds: | | |
| (Atlantic City Medical Center), 5.75%, 7/01/12 (a) | $ 1,995 | $ 2,203,478 |
| (Atlantic City Medical Center), 5.75%, 7/01/25 | 2,505 | 2,569,980 |
| (Saint Barnabas Health Care System), Series A, 5%, 7/01/29 | 750 | 693,667 |
| (Saint Barnabas Health Care System), Series B, 5.798%, 7/01/30 (j) | 2,500 | 537,400 |
| (Saint Barnabas Health Care System), Series B, 5.721%, 7/01/36 (j) | 7,700 | 1,061,368 |
| (Saint Barnabas Health Care System), Series B, 5.791%, 7/01/37 (j) | 7,250 | 923,577 |
| (South Jersey Hospital System), 5%, 7/01/46 | 1,650 | 1,571,493 |
| New Jersey State Educational Facilities Authority: | | |
| (Fairleigh Dickinson University), Series D, 6%, 7/01/25 | 3,000 | 3,054,300 |
| (Georgian Court College Project), Series C, 6.50%, 7/01/13 (a) | 2,120 | 2,467,235 |
| New Jersey State Educational Facilities Authority Revenue Refunding Bonds: | | |
| (College of New Jersey), Series D, 5%, 7/01/35 (b) | 3,230 | 3,312,688 |
| (Fairleigh Dickinson University), Series C, 5.50%, 7/01/23 | 1,000 | 1,002,510 |
| (Fairleigh Dickinson University), Series C, 6%, 7/01/20 | 2,000 | 2,074,820 |
| (Georgian Court University), Series D, 5%, 7/01/33 | 250 | 235,978 |
| (Ramapo College), Series I, 4.25%, 7/01/31 (f) | 500 | 453,960 |
| (Rowan University), Series B, 5%, 7/01/24 (d) | 1,500 | 1,581,870 |
| New Jersey State Housing and Mortgage Finance Agency, | | |

| | | |
|---|---|---|
| S/F Housing Revenue Refunding Bonds, AMT, Series T, 4.70%, 10/01/37 | 700 | 616,014 |
| New Jersey State Transportation Trust Fund Authority, Transportation System Revenue Bonds, Series C, 4.83%, 12/15/32 (b)(j) | 4,000 | 1,104,720 |
| Newark, New Jersey, Health Care Facility Revenue Refunding Bonds (New Community Urban Renewal), Series A, 5.20%, 6/01/30 (e)(g) | 1,875 | 1,912,313 |
| Newark, New Jersey, Housing Authority, Port Authority-Port Newark Marine Terminal, Additional Rent-Backed Revenue Refunding Bonds (City of Newark Redevelopment Projects), 4.375%, 1/01/37 (h) | 3,000 | 2,799,300 |
| Perth Amboy, New Jersey GO (Convertible CABS), Refunding (b)(j): | | |
| 5%, 7/01/34 | 1,075 | 880,135 |
| 5%, 7/01/35 | 175 | 143,157 |
| Port Authority of New York and New Jersey, Special Obligation Revenue Bonds (JFK International Air Terminal), AMT, Series 6, 5.75%, 12/01/22 (h) | 6,000 | 6,017,640 |
| Rahway Valley Sewerage Authority, New Jersey, Sewer Revenue Bonds, CABS, Series A, 4.36%, 9/01/33 (h)(j) | 2,000 | 524,920 |
| Salem County, New Jersey, Improvement Authority Revenue Bonds (Finlaw State Office Building Project), 5.25%, 8/15/38 (b) | 225 | 235,076 |
| Tobacco Settlement Financing Corporation of New Jersey: | | |
| Asset-Backed Revenue Refunding Bonds: | | |
| 6.125%, 6/01/12 (a) | 10,500 | 11,706,450 |
| Series 1B, 5.65%, 6/01/41 (j) | 3,300 | 291,555 |
| Trenton, New Jersey, Parking Authority Parking Revenue Refunding Bonds (i): | | |
| 5%, 4/01/25 | 3,465 | 3,507,065 |
| 5%, 4/01/30 | 1,500 | 1,510,455 |
| Vineland, New Jersey, Electric Utility GO, Refunding, AMT (h): | | |
| 5.30%, 5/15/30 | 1,500 | 1,476,960 |
| 5.375%, 5/15/31 | 1,500 | 1,489,185 |
| | | 133,184,394 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock New Jersey Municipal Income Trust (BNJ)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **Puerto Rico 15.9%** | | |
| Puerto Rico Commonwealth Highway and Transportation Authority, Transportation Revenue Refunding Bonds, Series D, 5.25%, 7/01/12 (a) | $ 1,000 | $ 1,077,350 |
| Puerto Rico Commonwealth Infrastructure Financing Authority, Special Tax and Capital Appreciation Revenue Bonds, Series A, 4.34%, 7/01/37 (f)(j) | 6,000 | 1,171,860 |
| Puerto Rico Housing Financing Corporation: Home Mortgage Revenue Bonds (Mortgage-Backed Securities), AMT, Series B, 5.30%, 12/01/28 (k)(l) | 2,545 | 2,549,886 |
| Puerto Rico Housing Financing Corporation: Home Mortgage Revenue Refunding Bonds (Mortgage-Backed Securities), Series A, 5.20%, 12/01/33 (k)(l) | 2,550 | 2,563,566 |
| Puerto Rico Public Buildings Authority Revenue Bonds, CABS, Series D (f)(j): | | |
| 5.45%, 7/01/12 | 1,335 | 1,112,629 |
| 5.45%, 7/01/17 | 3,665 | 3,308,615 |
| Puerto Rico Public Buildings Authority: Government Facilities Revenue Refunding Bonds, Series D: | | |
| 5.25%, 7/01/12 (a) | 3,765 | 4,039,506 |
| 5.25%, 7/01/36 | 1,735 | 1,675,507 |
| | | 17,498,919 |
| **Total Municipal Bonds (Cost $148,570,021) 136.6%** | | 150,683,313 |

| Corporate Bonds | Par (000) | Value |
|---|---|---|
| **Multi-State 13.7%** | | |
| Charter Mac Equity Issuer Trust: | | |
| 6.30%, 6/30/49 | $ 7,000 | $ 7,251,580 |
| 6.80%, 11/30/50 | 2,500 | 2,691,275 |
| MuniMae TE Bond Subsidiary LLC: | | |
| 6.30%, 6/30/49 (m) | 3,000 | 3,072,030 |
| 6.80%, 6/30/50 (j) | 2,000 | 2,113,160 |
| **Total Corporate Bonds (Cost $14,503,750) 13.7%** | | 15,128,045 |

| Short-Term Securities | Shares | |
|---|---|---|
| CMA New Jersey Municipal Money Fund, 2.12% (n)(o) | 6,557,212 | 6,557,212 |
| **Total Short-Term Securities (Cost $6,557,212) 5.9%** | | 6,557,212 |
| **Total Investments (Cost $169,630,983*) 156.2%** | | 172,368,570 |
| **Other Assets Less Liabilities 1.6%** | | 1,826,554 |
| **Preferred Shares, at Redemption Value (57.8%)** | | (63,837,693) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 110,357,431 |

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 168,746,183 |
| Gross unrealized appreciation | $ 7,342,187 |
| Gross unrealized depreciation | (3,719,800) |
| Net unrealized appreciation | $ 3,622,387 |

(a) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(b) FSA Insured.
(c) FNMA Collateralized.
(d) Assured Guaranty Insured.
(e) GNMA Collateralized.
(f) AMBAC Insured.
(g) FHA Insured.
(h) MBIA Insured.
(i) FGIC Insured.
(j) Represents a zero coupon bond; the interest rate shown is the effective yield at the time of purchase.
(k) FHLMC Collateralized.
(l) FNMA/GNMA Collateralized.
(m) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. Unless otherwise indicated, these securities are not considered to be illiquid.
(n) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Dividend Income |
|---|---|---|
| CMA New Jersey Municipal Money Fund | 6,334,031 | $ 36,363 |

(o) Represents the current yield as of report date.

See Notes to Financial Statements.

Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock New York Investment Quality Municipal Trust (RNY)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **New York 134.3%** | | |
| Albany, New York, IDA, Civic Facility Revenue Bonds (New Covenant Charter School Project) Series A (m): | | |
| 7%, 5/01/25 | $ 95 | $ 75,832 |
| 7%, 5/01/35 | 60 | 46,975 |
| Albany, New York, Municipal Water Finance Authority, Second Resolution Revenue Bonds, Series B, 5%, 12/01/33 (i) | 1,000 | 1,000,070 |
| Genesee County, New York, IDA, Civic Facility Revenue Refunding Bonds (United Memorial Medical Center Project), 5%, 12/01/27 | 100 | 85,283 |
| Hudson Yards Infrastructure Corporation, New York, Revenue Bonds Series A: | | |
| 4.50%, 2/15/47 (i) | 75 | 69,601 |
| 5%, 2/15/47 (b) | 100 | 97,370 |
| Madison County, New York, IDA, Civic Facility Revenue Bonds (Colgate University Project), Series B, 5%, 7/01/23 | 2,000 | 2,064,440 |
| Metropolitan Transportation Authority, New York, Transportation Revenue Refunding Bonds, Series F, 5%, 11/15/35 | 250 | 251,085 |
| New York City, New York, City Housing Development Corporation, M/F Housing Revenue Bonds: | | |
| AMT, Series B-1, 5.15%, 11/01/37 | 250 | 241,365 |
| AMT, Series J-2, 4.75%, 11/01/27 | 500 | 462,810 |
| Series A, 5.25%, 5/01/30 (c)(e) | 1,000 | 1,010,240 |
| New York City, New York, City IDA, PILOT Revenue Bonds: | | |
| (Queens Baseball Stadium Project), 5%, 1/01/39 (h) | 250 | 251,030 |
| (Queens Baseball Stadium Project), 5%, 1/01/46 (h) | 400 | 398,624 |
| (Yankee Stadium Project), 5%, 3/01/46 (b) | 100 | 94,943 |
| New York City, New York, City IDA, Revenue Bonds (IAC/InterActiveCorp Project), 5%, 9/01/35 | 500 | 427,475 |
| New York City, New York, City IDA, Special Facility Revenue Bonds, AMT: | | |
| (American Airlines, Inc. - JFK International Airport), 7.625%, 8/01/25 | 950 | 919,980 |
| (Continental Airlines Inc. Project), 7.75%, 8/01/31 | 300 | 292,761 |
| New York City, New York, City Municipal Water Finance Authority, Water and Sewer System Revenue Bonds: | | |
| Series A, 4.25%, 6/15/33 | 250 | 230,935 |
| Series C, 5.125%, 6/15/33 | 1,000 | 1,017,960 |

| | | |
|---|---|---|
| New York City, New York, City Municipal Water Finance Authority, Water and Sewer System, Revenue Refunding Bonds, Series B, 5%, 6/15/36 (a) | 1,000 | 1,018,560 |
| New York City, New York, City Transitional Finance Authority, Future Tax Secured Revenue Bonds Series B, 6%, 5/15/10 (j) | 1,815 | 1,964,157 |
| New York City, New York, GO, Refunding Series A (j): | | |
| 6%, 5/15/10 | 990 | 1,071,358 |
| 6%, 5/15/30 | 10 | 10,598 |
| New York City, New York, Sales Tax Asset Receivable Corporation Revenue Bonds, Series A, 5%, 10/15/32 (h) | 2,000 | 2,038,620 |
| New York Convention Center Development Corporation, New York, Revenue Bonds (Hotel Unit Fee Secured), 5%, 11/15/44 (h) | 850 | 847,994 |
| New York Liberty Development Corporation Revenue Bonds (National Sports Museum Project), Series A, 6.125%, 2/15/19 | 175 | 168,047 |

| **Municipal Bonds** | **Par (000)** | **Value** |
|---|---|---|
| **New York (concluded)** | | |
| New York State Dormitory Authority, Hospital Revenue Bonds (Lutheran Medical Center), 5%, 8/01/31 (c)(i) | $ 750 | $ 756,255 |
| New York State Dormitory Authority, Non-State Supported Debt Revenue Bonds: | | |
| (Manhattan College), Series B, 5.30%, 7/01/37 (l) | 150 | 151,508 |
| (New York University Hospitals Center), Series B, 5.625%, 7/01/37 | 150 | 142,223 |
| New York State Dormitory Authority Revenue Bonds (University of Rochester), Series B, 5.625%, 7/01/09 (j) | 500 | 524,820 |
| New York State Dormitory Authority, Revenue Refunding Bonds: | | |
| (Kateri Residence), 5%, 7/01/22 | 1,000 | 1,032,080 |
| (Mount Sinai Health), Series A, 6.50%, 7/01/25 | 1,000 | 1,033,740 |
| (State University Educational Facilities), Series A, 5.25%, 5/15/15 (h) | 1,005 | 1,091,400 |
| New York State, HFA, Housing Revenue Bonds AMT: | | |
| (Kensico Terrace Apartments), Series B, 4.95%, 2/15/38 (d) | 150 | 137,761 |
| (Tri-Senior Development Project), Series A, 5.40%, 11/15/42 (f) | 100 | 97,104 |
| New York State Mortgage Agency, Homeowner Mortgage Revenue Bonds, AMT, Series 143, 4.90%, 10/01/37 | 100 | 91,162 |
| Port Authority of New York and New Jersey, Special Obligation Revenue Bonds (Continental Airlines, Inc. LaGuardia Project), AMT, 9.125%, 12/01/15 | 955 | 969,133 |
| | 250 | 219,515 |

| | | |
|---|---|---|
| Rochester, New York, Housing Authority, Mortgage Revenue Bonds (Andrews Terrace Apartments Project), AMT, 4.70%, 12/20/38 (e) | | |
| Saratoga County, New York, IDA, Civic Facility Revenue Bonds (The Saratoga Hospital Project), Series B, 5.25%, 12/01/32 | 100 | 95,352 |
| Schenectady, New York, IDA, Civic Facility Revenue Refunding Bonds (Union College Project), 5%, 7/01/31 | 500 | 510,385 |
| Suffolk County, New York, IDA, Continuing Care and Retirement, Revenue Refunding Bonds (Jeffersons Ferry Project), 5%, 11/01/28 | 115 | 103,540 |
| Triborough Bridge and Tunnel Authority, New York, Revenue Refunding Bonds Series A (i): | | |
| 5%, 1/01/12 (j) | 845 | 906,617 |
| 5%, 1/01/32 | 155 | 156,697 |
| | | 24,177,405 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock New York Investment Quality Municipal Trust (RNY)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | | Par (000) | | Value |
|---|---|---|---|---|
| **Guam 0.5%** | | | | |
| Guam Economic Development and Commerce Authority, Tobacco Settlement Asset Backed Revenue Refunding Bonds, 5.625%, 6/01/47 | $ | 100 | $ | 96,701 |
| **Puerto Rico - 13.3%** | | | | |
| Children s Trust Fund Project of Puerto Rico, Tobacco Settlement Revenue Refunding Bonds, 5.625%, 5/15/43 | | 500 | | 489,870 |
| Puerto Rico Commonwealth Infrastructure Financing Authority, Special Tax and Capital Appreciation Revenue Bonds, Series A, 5.16%, 7/01/44 (h) | | 395 | | 50,686 |
| Puerto Rico Commonwealth, Public Improvement, GO, Series A: | | | | |
| 5%, 7/01/14 (j) | | 195 | | 214,502 |
| 5%, 7/01/34 | | 120 | | 113,147 |
| Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Revenue Bonds (Ana G. Mendez University System Project), 5%, 3/01/26 | | 800 | | 715,472 |
| Puerto Rico Public Finance Corporation, Commonwealth Appropriation Revenue Bonds, Series E, 5.50%, 2/01/12 (j) | | 745 | | 803,952 |
| | | | | 2,387,629 |
| **Total Municipal Bonds (Cost $26,394,795) 148.0%** | | | | 26,661,735 |

| Short-Term Securities | Shares | | Value |
|---|---|---|---|
| CMA New York Municipal Money Fund, 1.93% (g)(k) | 711,154 | $ | 711,154 |
| **Total Short-Term Securities (Cost $711,154) 3.9%** | | | 711,154 |
| **Total Investments (Cost $27,105,949*) 152.0%** | | | 27,372,889 |
| **Other Assets Less Liabilities 2.4%** | | | 439,160 |
| **Preferred Shares, at Redemption Value (54.4%)** | | | (9,802,896) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ | 18,009,153 |

* The cost and unrealized appreciation (depreciation) of investments, as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | | |
|---|---|---|
| Aggregate cost | $ | 27,105,993 |
| Gross unrealized appreciation | | 807,067 |
| Gross unrealized depreciation | | (540,171) |
| Net unrealized appreciation | $ | 266,896 |

(a) FSA Insured.
(b) FGIC Insured.
(c) FHA Insured.
(d) SONYMA Insured.
(e) GNMA Collateralized.
(f) FNMA Collateralized.
(g) Represents the current yield as of report date.
(h) AMBAC Insured.
(i) MBIA Insured.
(j) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(k) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| **Affiliate** | **Net Activity** | **Dividend Income** |
|---|---|---|
| CMA New York Municipal Money Fund | $ 603,713 | $ 3,922 |

(l) Radian Insured.
(m) Illiquid security.

See Notes to Financial Statements.

## Schedule of Investments April 30, 2008 (Unaudited)

**BlackRock New York Municipal Income Trust (BNY)**

**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **New York 129.3%** | | |
| Albany, New York, IDA, Civic Facility Revenue Bonds (New Covenant Charter School Project), Series A (a) (m): | | |
| 7%, 5/01/25 | $ 910 | $ 726,389 |
| 7%, 5/01/35 | 590 | 461,917 |
| Dutchess County, New York, IDA, Civic Facility Revenue Refunding Bonds (Bard College), Series A-2, 4.50%, 8/01/36 | 7,000 | 6,335,700 |
| Genesee County, New York, IDA, Civic Facility Revenue Refunding Bonds (United Memorial Medical Center Project), 5%, 12/01/27 | 500 | 426,415 |
| Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series A: | | |
| 4.50%, 2/15/47 (b) | 2,900 | 2,691,229 |
| 5%, 2/15/47 | 1,000 | 976,980 |
| Long Island Power Authority, New York, Electric System Revenue Refunding Bonds, Series B: | | |
| 5%, 12/01/35 | 5,000 | 5,046,150 |
| 5%, 12/01/35 (c) | 2,500 | 2,513,100 |
| Madison County, New York, IDA, Civic Facility Revenue Bonds: | | |
| (Colgate University Project), Series B, 5%, 7/01/33 | 2,000 | 2,032,620 |
| (Commons II LLC - Student Housing), Series A, 5%, 6/01/33 (c) | 400 | 397,720 |
| Metropolitan Transportation Authority, New York, Dedicated Tax Fund Revenue Refunding Bonds, Series A, 5%, 11/15/30 | 12,000 | 12,150,360 |
| Metropolitan Transportation Authority, New York, Revenue Refunding Bonds, Series A, 5.125%, 11/15/31 | 12,000 | 12,106,080 |
| Metropolitan Transportation Authority, New York, Transportation Revenue Refunding Bonds, Series F, 5%, 11/15/35 | 3,000 | 3,013,020 |
| New York City, New York, City IDA, PILOT Revenue Bonds: | | |
| (Queens Baseball Stadium Project), 5%, 1/01/36 (d) | 4,900 | 4,913,328 |
| (Queens Baseball Stadium Project), 5%, 1/01/39 (d) | 1,500 | 1,506,180 |
| (Queens Baseball Stadium Project), 5%, 1/01/46 (d) | 250 | 249,140 |
| (Yankee Stadium Project), 5%, 3/01/36 (b) | 700 | 705,649 |
| New York City, New York, City IDA, Parking Facility Revenue Bonds (Royal Charter Properties Inc.-The New York and Pennsylvania Hospital Leasehold Project), 5.25%, 12/15/32 (e) | 1,550 | 1,603,320 |

| | | |
|---|---|---|
| New York City, New York, City IDA, Revenue Bonds (IAC/InterActiveCorp Project), 5%, 9/01/35 | 2,000 | 1,709,900 |
| New York City, New York, City IDA, Special Facility Revenue Bonds (American Airlines, Inc. - JFK International Airport), AMT, 7.625%, 8/01/25 | 3,200 | 3,098,880 |
| New York City, New York, City IDA, Special Facility Revenue Bonds (Continental Airlines Inc. Project), AMT, 7.75%, 8/01/31 | 4,000 | 3,903,480 |
| New York City, New York, City Municipal Water Finance Authority, Second General Resolution, Water and Sewer System Revenue Bonds, Series AA, 4.50%, 6/15/37 (b) | 2,650 | 2,549,989 |
| New York City, New York, City Municipal Water Finance Authority, Water and Sewer System Revenue Bonds: | | |
| Series A, 4.25%, 6/15/39 (e) | 1,250 | 1,145,275 |
| Series A, 5%, 6/15/32 (f) | 4,000 | 4,035,440 |
| Series D, 5%, 6/15/38 | 1,500 | 1,524,960 |
| New York City, New York, City Municipal Water Finance Authority, Water and Sewer System, Revenue Refunding Bonds: | | |
| Series C, 5%, 6/15/32 | 6,500 | 6,568,900 |
| Series D, 5%, 6/15/39 | 5,000 | 5,073,050 |
| New York City, New York, City Transitional Finance Authority, Building Aid Revenue Bonds, Series S-2, 4.25%, 1/15/34 (f) | 1,700 | 1,543,974 |

| **Municipal Bonds** | **Par (000)** | **Value** |
|---|---|---|
| **New York (continued)** | | |
| New York City, New York, City Transitional Finance Authority, Future Tax Secured Revenue Bonds, Series C, 5%, 5/01/09 (g) | $ 1,495 | $ 1,552,139 |
| New York City, New York, GO: | | |
| Series C, 5.375%, 3/15/12 (g) | 6,000 | 6,541,740 |
| Series D, 5.375%, 6/01/12 (g) | 2,200 | 2,408,516 |
| Series D, 5.375%, 6/01/32 | 4,000 | 4,092,280 |
| New York City, New York, IDA, Civic Facility Revenue Bonds (Marymount School of New York Project) (h): | | |
| 5.125%, 9/01/21 | 750 | 687,697 |
| 5.25%, 9/01/31 | 2,000 | 1,699,520 |
| New York City, New York, IDA, Civic Facility Revenue Refunding Bonds (Polytechnic University), 5.25%, 11/01/37 (h) | 2,400 | 2,134,320 |
| New York City, New York, IDA, Special Airport Facility Revenue Bonds (Aero JFK I, LLC Project), AMT, Series A, 5.50%, 7/01/28 | 14,850 | 13,207,887 |
| New York Convention Center Development Corporation, New York, Revenue Bonds (Hotel Unit Fee Secured), 5%, 11/15/44 (d) | 8,410 | 8,390,152 |
| New York Counties Tobacco Trust III, Tobacco Settlement Pass-Through Bonds, 6%, 6/01/43 | 6,700 | 6,781,405 |

| | | |
|---|---|---|
| New York Liberty Development Corporation Revenue Bonds: | | |
| (Goldman Sachs Headquarters), 5.25%, 10/01/35 | 7,000 | 7,248,710 |
| (National Sports Museum Project), Series A, 6.125%, 2/15/19 | 1,740 | 1,670,870 |
| New York State Dormitory Authority, Mental Health Services Facilities Improvement, Revenue Bonds, Series B, 5%, 2/15/35 (d) | 4,855 | 4,882,382 |
| New York State Dormitory Authority, Non-State Supported Debt Revenue Bonds: | | |
| (Manhattan College), Series B, 5.30%, 7/01/37 (i) | 500 | 505,025 |
| (New York University Hospitals Center), Series B, 5.625%, 7/01/37 | 530 | 502,520 |
| New York State Dormitory Authority, Non-State Supported Debt, Revenue Refunding Bonds: | | |
| (Mount Sinai School of Medicine of New York University), 5%, 7/01/35 (b) | 1,000 | 1,012,410 |
| (Mount Sinai-NYU Medical Center Health System), Series C, 5.50%, 7/01/26 | 3,000 | 2,999,910 |
| New York State Dormitory Authority Revenue Bonds: | | |
| (New School University), 5%, 7/01/41 (b) | 9,000 | 9,027,090 |
| (New York University), Series 2, 5%, 7/01/41 (d) | 5,000 | 5,036,050 |
| (North Shore - Long Island Jewish Health System), 5.50%, 5/01/13 (g) | 2,000 | 2,226,740 |
| New York State, HFA, M/F Housing Revenue Bonds (Kensico Terrace Apartments), AMT, Series B, 4.95%, 2/15/38 | 850 | 780,649 |
| New York State Mortgage Agency, Homeowner Mortgage Revenue Bonds, AMT, 31st Series A, 5.30%, 10/01/31 | 15,500 | 15,254,170 |
| New York State Mortgage Agency Revenue Bonds, AMT, Series 101, 5.40%, 4/01/32 | 5,335 | 5,306,351 |
| Port Authority of New York and New Jersey, Special Obligation Revenue Bonds: | | |
| (Continental Airlines, Inc. - LaGuardia Project), AMT, 9.125%, 12/01/15 | 8,815 | 8,945,462 |
| (JFK International Air Terminal), AMT, Series 6, 5.75%, 12/01/22 (b) | 7,000 | 7,020,580 |
| Rensselaer Tobacco Asset Securitization Corporation, New York, Tobacco Settlement Asset-Backed Revenue Bonds, Series A, 5.75%, 6/01/43 | 2,500 | 2,502,550 |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

**BlackRock New York Municipal Income Trust (BNY)**
**(Percentages shown are based on Net Assets)**

| Municipal Bonds | Par (000) | Value |
|---|---|---|
| **New York (concluded)** | | |
| Rockland Tobacco Asset Securitization Corporation, New York, Tobacco Settlement Asset-Backed Revenue Bonds, 5.75%, 8/15/43 | $ 5,000 | $ 5,005,150 |
| Suffolk County, New York, IDA, Continuing Care and Retirement, Revenue Refunding Bonds (Jeffersons Ferry Project), 5%, 11/01/28 | 1,175 | 1,057,911 |
| Suffolk County, New York, IDA, IDR (Keyspan-Port Jefferson), AMT, 5.25%, 6/01/27 | 7,000 | 6,675,200 |
| TSASC, Inc., New York, TFABS, Series 1 (g): | | |
| 5.75%, 7/15/12 | 5,000 | 5,550,000 |
| 6.375%, 7/15/09 | 2,000 | 2,118,300 |
| Westchester County, New York, IDA, Civic Facilities Revenue Bonds (Windward School Civic Facility), 5.25%, 10/01/31 (i) | 2,500 | 2,460,175 |
| Westchester Tobacco Asset Securitization Corporation, New York, Revenue Bonds, 6.75%, 7/15/10 (g) | 2,000 | 2,205,320 |
| | | $ 236,498,326 |
| **Puerto Rico 12.7%** | | |
| Puerto Rico Commonwealth Aqueduct and Sewer Authority, Senior Lien Revenue Bonds, Series A, 6%, 7/01/38 | 2,000 | 2,091,200 |
| Puerto Rico Electric Power Authority, Power Revenue Refunding Bonds, Series VV, 5.25%, 7/01/29 (b) | 500 | 525,570 |
| Puerto Rico Public Buildings Authority, Government Facilities Revenue Refunding Bonds, Series D: | | |
| 5.25%, 7/01/12 (g) | 4,400 | 4,720,804 |
| 5.25%, 7/01/36 | 1,600 | 1,545,136 |
| Puerto Rico Public Finance Corporation, Commonwealth Appropriation Revenue Bonds, Series E (g): | | |
| 5.50%, 2/01/12 | 7,475 | 8,066,497 |
| 5.70%, 2/01/10 | 6,000 | 6,299,520 |
| | | 23,248,727 |
| **Total Municipal Bonds (Cost $259,598,512) 142.0%** | | 259,747,053 |

| Corporate Bonds | Par (000) | Value |
|---|---|---|
| **Multi-State 10.0%** | | |
| Charter Mac Equity Issuer Trust (j): | | |
| 6.30%, 6/30/49 | $ 6,000 | $ 6,215,640 |
| 6.80%, 11/30/50 | 5,500 | 5,920,805 |
| MuniMae TE Bond Subsidiary LLC (j): | | |
| 6.30%, 6/30/49 | 6,000 | 6,144,060 |
| 6.80%, 6/30/50 | 3,000 | 3,169,740 |
| **Total Corporate Bonds (Cost $20,502,500) 11.7%** | | 21,450,245 |

| Short-Term Securities | Shares | |
|---|---|---|
| CMA New York Municipal Money Fund, 1.93% (k)(l) | 7,882,541 | 7,882,541 |
| **Total Short-Term Securities (Cost $7,882,541) 4.3%** | | 7,882,541 |
| **Total Investments (Cost $287,983,553*) 158.0%** | | 289,079,839 |
| **Other Assets Less Liabilities 2.0%** | | 3,586,322 |
| **Preferred Shares, at Redemption Value (60.0%)** | | (109,802,918) |
| **Net Assets Applicable to Common Shares 100.0%** | | $ 182,863,243 |

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|---|---|
| Aggregate cost | $ 287,297,059 |
| Gross unrealized appreciation | $ 7,969,708 |
| Gross unrealized depreciation | (6,186,928) |
| Net unrealized appreciation | $ 1,782,780 |

(a) Illiquid security.
(b) MBIA Insured.
(c) CIFG Insured.
(d) AMBAC Insured.
(e) FSA Insured.
(f) FGIC Insured.
(g) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
(h) ACA Insured.
(i) Radian Insured.
(j) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. Unless otherwise indicated, these securities are not considered to be illiquid.
(k) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Dividend Income |
| --- | --- | --- |
| CMA New York Municipal Money Fund | 7,835,658 | $ 37,210 |

(l) Represents the current yield as of report date.
(m) Illiquid securities.

Forward interest rate swap outstanding as of April 30, 2008 was as follows:

| | Notional Amount (000) | Unrealized Depreciation |
| --- | --- | --- |
| Pay a fixed rate of 3.798% and receive a floating rate based on 1-week SIFMA Municipal Swap Index | | |
| Broker, Citibank NA<br>Expires June 2033 | $ 6,000 | $ (88,392) |

See Notes to Financial Statements.

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## Statements of Assets and Liabilities

| April 30, 2008 (Unaudited) | BlackRock Investment Quality Municipal Trust (BKN) | BlackRock Municipal Income Trust (BFK) | BlackRock Long-Term Municipal Advantage Trust (BTA) | BlackRock California Investment Quality Municipal Trust (RAA) | BlackRock California Municipal Income Trust (BFZ) |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Investments at value unaffiliated[1] | $ 364,686,977 | $ 953,296,773 | $ 307,385,817 | $ 19,426,619 | $ 316,266,139 |
| Investments at value affiliated[2] | 19,300,000 | 4,838,909 | 1,810,502 | 1,229,203 | 28,238,069 |
| Cash | 40,147 | 11,952 | 64,263 | 59,725 | 97,837 |
| Investments sold receivable | 3,465,401 | 34,391,740 | 590,587 | | 6,120,455 |
| Interest receivable | 5,204,108 | 14,474,274 | 5,331,149 | 295,231 | 4,427,194 |
| Swaps receivable | 118,219 | | | | |
| Dividends receivable | 183 | 333 | | | |
| Prepaid expenses | 6,569 | | 94,125 | 3,449 | |
| Other assets | 54,512 | 458,227 | 13,082 | 5,152 | 36,635 |
| Total assets | 392,876,116 | 1,007,472,208 | 315,289,525 | 21,019,379 | 355,186,329 |
| **Liabilities** | | | | | |
| Unrealized depreciation on forward interest rate swaps | 575,472 | 1,616,589 | 136,552 | | |
| Bank overdraft | | | | | |
| Investments purchased payable | 12,668,810 | 36,711,053 | 3,290,000 | | 4,070,156 |
| Income dividends payable common shares | 1,350,230 | 3,421,177 | 733,983 | 48,344 | 1,150,874 |
| Investment advisory fees payable | 151,003 | 358,323 | 79,820 | 5,623 | 118,321 |
| Administration fees payable | | | | 1,710 | |
| Officer s and Trustees fees payable | 55,503 | 128,658 | 13,604 | 5,391 | 35,104 |
| Other accrued expenses payable | 132,517 | 84,001 | 66,070 | 46,739 | 106,929 |
| Other liabilities | | | 4,886 | | |
| Interest expense payable | | | 1,313,380 | | |
| Total accrued liabilities | 14,933,535 | 41,319,801 | 5,638,295 | 107,807 | 5,481,384 |
| **Other Libilities** | | | | | |
| Trust certificates payable[3] | | | 144,470,000 | | |
| **Total Liabilities** | 14,933,535 | 41,319,801 | 150,108,295 | 107,807 | 5,481,384 |
| **Preferred Shares at Redemption Value** | | | | | |
| $0.001 par value per share[4] at $25,000 per share liquidation preference | 146,636,542 | 375,264,208 | | 7,505,017 | 131,995,802 |
| **Net Assets Applicable to Common Shares** | $ 231,306,039 | $ 589,888,199 | $ 165,181,230 | $ 13,406,555 | $ 217,709,143 |
| **Net Assets Applicable to Common Shareholders Consist of** | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Common Shares, par value[5] | $ | 168,779 | $ | 44,144 | $ | 13,345 | $ | 10,072 | $ | 15,128 |
| Paid-in capital in excess of par | | 234,412,917 | | 627,167,124 | | 190,776,233 | | 13,393,656 | | 214,843,313 |
| Accumulated (distribuitions in excess of) net investment income | | 2,188,706 | | 5,021,791 | | 703,958 | | (9,250) | | 2,821,975 |
| Accumulated net realized losses | | (4,556,282) | | (39,233,575) | | (4,007,136) | | (101,048) | | (7,073,895) |
| Net unrealized appreciation/depreciation | | (908,081) | | (3,111,285) | | (22,305,170) | | 113,125 | | 7,102,622 |
| **Net Assets applicable to common shareholders** | $ | 231,306,039 | $ | 589,888,199 | $ | 165,181,230 | $ | 13,406,555 | $ | 217,709,143 |
| Net asset value per common share[6] | $ | 13.70 | $ | 13.36 | $ | 12.38 | $ | 13.31 | $ | 14.39 |
| [1]Investments at cost unaffiliated | $ | 365,019,586 | $ | 954,791,469 | $ | 329,567,517 | $ | 19,318,646 | $ | 309,200,152 |
| 2Investments at cost affiliated | $ | 19,300,000 | $ | 4,838,909 | $ | 1,810,502 | $ | 1,229,203 | $ | 28,238,069 |
| 3Represents short-term floating rate certificates issued by tender option bond trusts. | | | | | | | | | | |
| 4Preferred Shares outstanding | | | | | | | | | | |
| M7 | | | | 3,001 | | | | | | |
| T7 | | 3,262 | | 3,001 | | | | | | 2,639 |
| T28 | | 2,600 | | | | | | | | |
| W7 | | | | 3,001 | | | | 300 | | |
| R7 | | | | 3,001 | | | | | | 2,639 |
| F7 | | | | 3,001 | | | | | | |
| 5Par value per share | $ | 0.01 | $ | 0.001 | $ | 0.001 | $ | 0.01 | $ | 0.001 |
| 6Common Shares outstanding | | 16,877,877 | | 44,144,225 | | 13,345,152 | | 1,007,166 | | 15,128,360 |

See Notes to Financial Statements.

| April 30, 2008 (Unaudited) | BlackRock Florida Investment Quality Municipal Trust (RFA) | BlackRock Florida Municipal Income Trust (BBF) | BlackRock New Jersey Investment Quality Municipal Trust (RNJ) | BlackRock New Jersey Municipal Income Trust (BNJ) | BlackRock New York Investment Quality Municipal Trust (RNY) | BlackRock New York Municipal Income Trust (BNY) |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Investments at value unaffiliated[1] | $ 22,274,120 | $ 151,052,296 | $ 18,930,248 | $ 165,811,358 | $ 26,661,735 | $ 281,197,298 |
| Investments at value affiliated[2] | 817,070 | 1,291,137 | 1,009,496 | 6,557,212 | 711,154 | 7,882,541 |
| Cash | | | 34,520 | 32,048 | 72,746 | 93,560 |
| Investments sold receivable | 15,000 | 225,000 | | | | 99,250 |
| Interest receivable | 309,598 | 2,412,495 | 339,879 | 2,515,780 | 498,549 | 4,632,044 |
| Swaps receivable | | | | | | |
| Dividends receivable | 18 | 46 | 26 | 53 | 18 | 89 |
| Prepaid expenses | 3,449 | | 3,449 | | 3,449 | |
| Other assets | 5,403 | 13,689 | 7,597 | 15,668 | 5,255 | 25,862 |
| Total assets | 23,424,658 | 154,994,663 | 20,325,215 | 174,932,119 | 27,952,906 | 293,930,644 |
| **Liabilities** | | | | | | |
| Unrealized depreciation on forward interest rate swaps | 4,156 | | | | | 88,392 |
| Bank overdraft | 19,809 | 20,080 | | | | |
| Investments purchased payable | 500,000 | | | | | |
| Income dividends payable common shares | 50,156 | 487,177 | 68,762 | 598,980 | 87,846 | 954,208 |
| Investment advisory fees payable | 6,028 | 55,889 | 5,245 | 60,646 | 7,713 | 105,219 |
| Administration fees payable | 1,864 | | 1,659 | | 2,278 | |
| Officer s and Trustees fees payable | 5,214 | 14,065 | 7,268 | 15,113 | 5,093 | 24,762 |
| Other accrued expenses payable | 47,605 | 70,115 | 39,964 | 62,256 | 37,927 | 91,902 |
| Other liabilities | | | | | | |
| Interest expense payable | | | | | | |
| Total accrued liabilities | 634,832 | 647,326 | 122,898 | 736,995 | 140,857 | 1,264,483 |
| **Other Libilities** | | | | | | |
| Trust certificates payable[3] | | | | | | |
| **Total Liabilities** | 634,832 | 647,326 | 122,898 | 736,995 | 140,857 | 1,264,483 |
| **Preferred Shares at Redemption Value** | | | | | | |
| $0.001 par value per share[4] at $25,000 per share liquidation preference | 8,504,943 | 57,555,953 | 7,500,776 | 63,837,693 | 9,802,896 | 109,802,918 |
| **Net Assets Applicable to Common Shares** | $ 14,284,883 | $ 96,791,384 | $ 12,701,541 | $ 110,357,431 | $ 18,009,153 | $ 182,863,243 |
| **Net Assets Applicable to Common Shareholders Consist of** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Common Shares, par value[5] | $ 11,271 | $ 6,685 | $ 10,112 | $ 7,523 | $ 13,111 | $ 12,666 |
| Paid-in capital in excess of par | 15,001,008 | 94,857,182 | 13,139,333 | 106,947,504 | 17,711,073 | 179,894,075 |
| Accumulated (distribuitions in excess of) net investment income | 1,806 | 812,598 | 119,252 | 2,094,700 | 80,150 | 3,861,248 |
| Accumulated net realized losses | (504,107) | (1,581,468) | (224,047) | (1,429,883) | (62,121) | (1,912,640) |
| Net unrealized appreciation/depreciation | (225,095) | 2,696,387 | (343,109) | 2,737,587 | 266,940 | 1,007,894 |
| **Net Assets applicable to common shareholders** | $ 14,284,883 | $ 96,791,384 | $ 12,701,541 | $ 110,357,431 | $ 18,009,153 | $ 182,863,243 |
| Net asset value per common share[6] | $ 12.67 | $ 14.48 | $ 12.56 | $ 14.67 | $ 13.74 | $ 14.44 |
| 1Investments at cost unaffiliated | $ 22,495,059 | $ 148,355,909 | $ 19,273,357 | $ 163,073,771 | $ 26,394,795 | $ 280,101,012 |
| 2Investments at cost affiliated | $ 817,070 | $ 1,291,137 | $ 1,009,496 | $ 6,557,212 | $ 711,154 | $ 7,882,541 |
| 3Represents short-term floating rate certificates issued by tender option bond trusts. | | | | | | |
| 4Preferred Shares outstanding | | | | | | |
| M7 | | | | | | |
| T7 | | 2,302 | 300 | | | |
| T28 | | | | | | |
| W7 | | | | | | 2,195 |
| R7 | 340 | | | 2,552 | | |
| F7 | | | | | 392 | 2,195 |
| 5Par value per share | $ 0.01 | $ 0.001 | $ 0.01 | $ 0.001 | $ 0.01 | $ 0.001 |
| 6Common Shares outstanding | 1,127,093 | 6,685,098 | 1,011,203 | 7,522,511 | 1,311,140 | 12,665,522 |

## Statements of Operations

| Six Months Ended April 30, 2008 (Unaudited) | BlackRock Investment Quality Municipal Trust (BKN) | BlackRock Municipal Income Trust (BFK) | BlackRock Long-Term Municipal Advantage Trust (BTA) | BlackRock California Investment Quality Municipal Trust (RAA) | BlackRock California Municipal Income Trust (BFZ) |
|---|---|---|---|---|---|
| **Investment Income** | | | | | |
| Interest | $ 9,692,968 | $ 26,926,201 | $ 8,860,716 | $ 502,218 | $ 8,774,113 |
| Dividends from affiliates | 364,012 | 189,425 | 51,646 | 12,814 | 199,548 |
| Income from affiliates | 883 | 1,661 | 212 | 84 | 593 |
| Total income | 10,057,863 | 27,117,287 | 8,912,574 | 515,116 | 8,974,254 |
| **Expenses** | | | | | |
| Investment advisory | 668,612 | 2,946,909 | 855,815 | 36,809 | 1,054,480 |
| Commissions for preferred shares | 178,291 | 478,540 | | 10,104 | 174,898 |
| Accounting services | 13,062 | 29,297 | 19,336 | 3,197 | 10,105 |
| Professional | 36,051 | 35,794 | 53,316 | 23,209 | 25,720 |
| Transfer agent | 16,443 | 20,372 | 5,329 | 3,636 | 10,792 |
| Printing | 16,749 | 37,003 | 11,948 | 3,782 | 8,330 |
| Custodian | 10,912 | 26,156 | 9,746 | 1,939 | 10,879 |
| Administration | 286,548 | | | 10,517 | |
| Registration | 2,134 | 3,518 | 2,260 | 1,992 | 2,028 |
| Officer and Trustees | 12,128 | 38,545 | 8,789 | 326 | 7,906 |
| Miscellaneous | 28,295 | 35,729 | 68,337 | 11,528 | 10,927 |
| Total expenses excluding interest expense and fees | 1,269,225 | 3,651,863 | 1,034,876 | 107,039 | 1,316,065 |
| Interest expense and fees[1] | | | 2,578,555 | | |
| Total Expenses | 1,269,225 | 3,651,863 | 3,613,431 | 107,039 | 1,316,065 |
| Less fees waived by advisor | (16,544) | (749,935) | (345,251) | (2,012) | (301,076) |
| Less fees paid indirectly | (57) | (136) | (66) | | (35) |
| Total expenses after fees waived and paid indirectly | 1,252,624 | 2,901,792 | 3,268,114 | 105,027 | 1,014,954 |
| Net investment income | 8,805,239 | 24,215,495 | 5,644,460 | 410,089 | 7,959,300 |
| **Realized and Unrealized Gain (Loss)** | | | | | |
| Realized gain (loss) from: | | | | | |
| Investments | (934,215) | 843,154 | (2,848,506) | (95,875) | 772,674 |
| Futures and swaps | (2,560,247) | (5,537,911) | (1,109,910) | | |
| | (3,494,462) | (4,694,757) | (3,958,416) | (95,875) | 772,674 |
| Net change in unrealized appreciation/depreciation on: | | | | | |
| Investments | (11,243,404) | (42,044,567) | (15,236,721) | (449,246) | (7,825,063) |
| Swaps | (245,532) | (1,374,921) | (25,523) | | |
| | (11,488,936) | (43,419,488) | (15,262,244) | (449,246) | (7,825,063) |

| | | | | | |
|---|---|---|---|---|---|
| Total realized and unrealized loss | (14,983,398) | (48,114,245) | (19,220,660) | (545,121) | (7,052,389) |
| **Dividends and Distributions to Preferred Shareholders From** | | | | | |
| Net investment income | (2,699,675) | (6,516,118) | | (125,463) | (2,276,420) |
| Net realized gain | (50,339) | (423,677) | | | (136,878) |
| Total dividends and distributions to Preferred Shareholders | (2,750,014) | (6,939,795) | | (125,463) | (2,413,298) |
| **Net Decrease in Net Assets Resulting from Operations** | $ (8,928,173) | $ (30,838,545) | $ (13,576,200) | $ (260,495) | $ (1,506,387) |

[1] Related to tender option bond trusts.
See Notes to Financial Statements.

| Six Months Ended April 30, 2008 (Unaudited) | BlackRock Florida Investment Quality Municipal Trust (RFA) | BlackRock Florida Municipal Income Trust (BBF) | BlackRock New Jersey Investment Quality Municipal Trust (RNJ) | BlackRock New Jersey Municipal Income Trust (BNJ) | BlackRock New York Investment Quality Municipal Trust (RNY) | BlackRock New York Municipal Income Trust (BNY) |
|---|---|---|---|---|---|---|
| **Investment Income** | | | | | | |
| Interest | $ 574,646 | $ 4,041,168 | $ 537,382 | $ 4,646,608 | $ 723,722 | $ 7,777,041 |
| Dividends from affiliates | 6,645 | 27,544 | 5,498 | 36,363 | 3,922 | 37,210 |
| Income from affiliates | 87 | 222 | 123 | 254 | 85 | 421 |
| Total income | 581,378 | 4,068,934 | 543,003 | 4,683,225 | 727,729 | 7,814,672 |
| **Expenses** | | | | | | |
| Investment advisory | 40,194 | 464,224 | 36,002 | 527,838 | 49,039 | 883,788 |
| Commissions for preferred shares | 11,952 | 77,014 | 9,431 | 81,032 | 12,626 | 142,749 |
| Accounting services | 3,458 | 8,523 | 3,167 | 16,358 | 3,337 | 23,313 |
| Professional | 22,928 | 25,031 | 22,497 | 31,462 | 23,152 | 22,388 |
| Transfer agent | 6,354 | 9,417 | 6,874 | 8,032 | 6,970 | 7,812 |
| Printing | 3,527 | 2,971 | 5,791 | 10,542 | 4,735 | 14,446 |
| Custodian | 1,805 | 6,698 | 1,838 | 6,663 | 3,681 | 10,875 |
| Administration | 11,484 | | 10,286 | | 14,011 | |
| Registration | 66 | 2,138 | 39 | 2,072 | 64 | 2,148 |
| Officer and Trustees | 374 | 6,056 | | 4,473 | 226 | 10,977 |
| Miscellaneous | 10,257 | 11,828 | 19,851 | 11,765 | 15,875 | 3,204 |
| Total expenses excluding interest expense and fees | 112,399 | 613,900 | 115,776 | 700,237 | 133,716 | 1,121,700 |
| Interest expense and fees[1] | | | | | | |
| Total Expenses | 112,399 | 613,900 | 115,776 | 700,237 | 133,716 | 1,121,700 |
| Less fees waived by advisor | (1,567) | (122,867) | (1,298) | (140,580) | (788) | (228,370) |
| Less fees paid indirectly | (21) | (192) | (25) | (46) | | (14) |
| Total expenses after fees waived and paid indirectly | 110,811 | 490,841 | 114,453 | 559,611 | 132,928 | 893,316 |
| Net investment income | 470,567 | 3,578,093 | 428,550 | 4,123,614 | 594,801 | 6,921,356 |
| **Realized and Unrealized Gain (Loss)** | | | | | | |
| Realized gain (loss) from: | | | | | | |
| Investments | (207,705) | (358,475) | (92,850) | 262,076 | (60,583) | 87,668 |
| Futures and swaps | (159,135) | | (36,212) | (49,288) | (1,539) | (763,535) |
| | (366,840) | (358,475) | (129,062) | 212,788 | (62,122) | (675,867) |
| Net change in unrealized appreciation/depreciation on: | | | | | | |
| Investments | (497,150) | (3,068,232) | (748,802) | (5,395,220) | (562,543) | (6,703,799) |
| Swaps | 15,102 | | | 729 | | (85,566) |
| | (482,048) | (3,068,232) | (748,802) | (5,394,491) | (562,543) | (6,789,365) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total realized and unrealized loss | (848,888) | (3,426,707) | (877,864) | (5,181,703) | (624,665) | (7,465,232) |
| **Dividends and Distributions to Preferred Shareholders From** | | | | | | |
| Net investment income | (165,797) | (1,057,260) | (121,514) | (1,079,230) | (130,118) | (1,788,554) |
| Net realized gain | | | (10,479) | (108,292) | (48,505) | (121,547) |
| Total dividends and distributions to Preferred Shareholders | (165,797) | (1,057,260) | (131,993) | (1,187,522) | (178,623) | (1,910,101) |
| **Net Decrease in Net Assets Resulting from Operations** | $ (544,118) | $ (905,874) | $ (581,307) | $ (2,245,611) | $ (208,487) | $ (2,453,977) |

## Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets | BlackRock Investment Quality Municipal Trust (BKN) Six Months Ended April 30, 2008 (Unaudited) | BlackRock Investment Quality Municipal Trust (BKN) Year Ended October 31, 2007 | BlackRock Municipal Income Trust (BFK) Six Months Ended April 30, 2008 (Unaudited) | BlackRock Municipal Income Trust (BFK) Year Ended October 31, 2007 |
|---|---|---|---|---|
| **Operations** | | | | |
| Net investment income | $ 8,805,239 | $ 18,111,477 | $ 24,215,495 | $ 49,131,354 |
| Net realized gain (loss) | (3,494,462) | 288,808 | (4,694,757) | (674,035) |
| Net change in unrealized appreciation/depreciation | (11,488,936) | (13,839,313) | (43,419,488) | (27,798,820) |
| Dividends and distributions to Preferred Shareholders from: | | | | |
| Net investment income | (2,699,675) | (5,316,266) | (6,516,118) | (13,506,034) |
| Net realized gain | (50,339) | | (423,677) | (18,029) |
| Net increase (decrease) in net assets applicable to common shareholders resulting from operations | (8,928,173) | (755,294) | (30,838,545) | 7,134,436 |
| **Dividends and Distributions to Common Shareholders From** | | | | |
| Net investment income | (8,126,328) | (17,197,915) | (20,617,131) | (43,341,822) |
| Net realized gain | (212,385) | | (1,114,972) | (57,432) |
| Decrease in net assets resulting from dividends and distributions to Common Shareholders | (8,338,713) | (17,197,915) | (21,732,103) | (43,399,254) |
| **Capital Share Transactions** | | | | |
| Reinvestment of common dividends | 1,300,536 | 1,347,346 | 1,478,108 | 3,165,968 |
| **Net Assets Applicable to Common Shares** | | | | |
| Total decrease in net assets applicable to Common Shares | (15,966,350) | (16,605,863) | (51,092,540) | (33,098,850) |
| Beginning of period | 247,272,389 | 263,878,252 | 640,980,739 | 674,079,589 |
| End of period | $ 231,306,039 | $ 247,272,389 | $ 589,888,199 | $ 640,980,739 |
| End of period undistributed net (distributions in excess of) investment income | $ 2,188,706 | $ 4,209,470 | $ 5,021,791 | $ 7,939,545 |

| Increase (Decrease) in Net Assets | BlackRock Florida Municipal Income Trust (BBF) Six Months Ended April 30, 2008 (Unaudited) | BlackRock Florida Municipal Income Trust (BBF) Year Ended October 31, 2007 | BlackRock New Jersey Investment Quality Municipal Trust (RNJ) Six Months Ended April 30, 2008 (Unaudited) | BlackRock New Jersey Investment Quality Municipal Trust (RNJ) Year Ended October 31, 2007 |
|---|---|---|---|---|
| **Operations** | | | | |
| Net investment income | $ 3,578,093 | $ 7,189,178 | $ 428,550 | $ 917,642 |
| Net realized gain (loss) | (358,475) | (426,708) | (129,062) | (55,198) |
| Net change in unrealized appreciation/depreciation | (3,068,232) | (2,783,039) | (748,802) | (650,877) |
| Dividends and distributions to Preferred Shareholders from: | | | | |
| Net investment income | (1,057,260) | (2,093,225) | (121,514) | (236,547) |
| Net realized gain | | | (10,479) | (17,621) |
| Net increase (decrease) in net assets applicable to common shareholders resulting from operations | (905,874) | 1,886,206 | (581,307) | (42,601) |
| **Dividends and Distributions to Common Shareholders From** | | | | |
| Net investment income | (2,938,927) | (6,035,745) | (412,179) | (830,797) |
| Net realized gain | | | (29,440) | (38,111) |
| Decrease in net assets resulting from dividends and distributions to Common Shareholders | (2,938,927) | (6,035,745) | (441,619) | (868,908) |
| **Capital Share Transactions** | | | | |
| Reinvestment of common dividends | 72,406 | 262,307 | 30,245 | 29,674 |
| **Net Assets Applicable to Common Shares** | | | | |
| Total decrease in net assets applicable to Common Shares | (3,772,395) | (3,887,232) | (992,681) | (881,835) |
| Beginning of period | 100,563,779 | 104,451,011 | 13,694,222 | 14,576,057 |
| End of period | $ 96,791,384 | $ 100,563,779 | $ 12,701,541 | $ 13,694,222 |
| End of period undistributed net investment income | $ 812,598 | $ 1,230,692 | $ 119,252 | $ 224,395 |

See Notes to Financial Statements.

| | BlackRock Long-Term Municipal Advantage Trust (BTA) | | BlackRock California Investment Quality Municipal Trust (RAA) | | BlackRock California Municipal Income Trust (BFZ) | | BlackRock Florida Investment Quality Municipal Trust (RFA) | |
|---|---|---|---|---|---|---|---|---|
| **Increase (Decrease) in Net Assets** | **Six Months Ended April 30, 2008 (Unaudited)** | **Year Ended October 31, 2007** | **Six Months Ended April 30, 2008 (Unaudited)** | **Year Ended October 31, 2007** | **Six Months Ended April 30, 2008 (Unaudited)** | **Year Ended October 31, 2007** | **Six Months Ended April 30, 2008 (Unaudited)** | **Year Ended October 31, 2007** |
| **Operations** | | | | | | | | |
| Net investment income | [illegible] | [illegible] | [illegible] | [illegible] | $ 7,959,300 | $ 16,381,853 | $ 470,567 | $ 940,777 |
| Net realized gain (loss) | [illegible] | [illegible] | [illegible] | [illegible] | 772,674 | 506,163 | (366,840) | (137,267) |
| Net change in unrealized appreciation/depreciation | [illegible] | [illegible] | [illegible] | [illegible] | (7,825,063) | (10,163,939) | (482,048) | (659,452) |
| Dividends and distributions to Preferred Shareholders from: | | | | | | | | |
| Net investment income | | [illegible] | [illegible] | [illegible] | (2,276,420) | (4,587,525) | (165,797) | (292,680) |
| Net realized gain | | | | (16,752) | (136,878) | | | (42,977) |
| Net increase (decrease) in net assets applicable to common shareholders resulting from operations | [illegible] | [illegible] | [illegible] | [illegible] | (1,506,387) | 2,136,552 | (544,118) | (191,599) |
| **Dividends and Distributions to Common Shareholders From** | | | | | | | | |
| Net investment income | [illegible] | [illegible] | [illegible] | [illegible] | (6,898,659) | (13,751,528) | (304,879) | (674,882) |
| Net realized gain | | | | (51,877) | (348,819) | | | (53,470) |
| Decrease in net assets resulting from dividends and distributions to Common Shareholders | [illegible] | [illegible] | [illegible] | [illegible] | (7,247,478) | (13,751,528) | (304,879) | (728,352) |

## Capital Share Transactions

| | | | | | |
|---|---|---|---|---|---|
| Reinvestment of common dividends | 538,721943 | 523,721 | 981,552 | | |

## Net Assets Applicable to Common Shares

| | | | | | |
|---|---|---|---|---|---|
| Total decrease in net assets applicable to Common Shares | (17,9(80,9705749(4652)127) | (8,230,144) | (10,633,424) | (848,997) | (919,951) |
| Beginning of period | 183,198,337,946,157,284 | 225,939,287 | 236,572,711 | 15,133,880 | 16,053,831 |
| End of period | 165,183,280,436,995,157 $ | 217,709,143 | $ 225,939,287 | $ 14,284,883 | $ 15,133,880 |
| End of period undistributed net (distributions in excess of) investment income | 703(956,602,253,826)$ | 2,821,975 | $ 4,037,754 | $ 1,806 | $ 1,915 |

| Increase (Decrease) in Net Assets | BlackRock New Jersey Municipal Income Trust (BNJ) Six Months Ended April 30, 2008 (Unaudited) | BlackRock New Jersey Municipal Income Trust (BNJ) Year Ended October 31, 2007 | BlackRock New York Investment Quality Municipal Trust (RNY) Six Months Ended April 30, 2008 (Unaudited) | BlackRock New York Investment Quality Municipal Trust (RNY) Year Ended October 31, 2007 | BlackRock New York Municipal Income Trust (BNY) Six Months Ended April 30, 2008 (Unaudited) | BlackRock New York Municipal Income Trust (BNY) Year Ended October 31, 2007 |
|---|---|---|---|---|---|---|
| **Operations** | | | | | | |
| Net investment income | $ 4,123,614 | $ 8,571,202 | $ 594,801 | $ 1,241,769 | $ 6,921,356 | $ 14,157,520 |
| Net realized gain (loss) | 212,788 | (615,269) | (62,122) | 174,369 | (675,867) | (532,770) |
| Net change in unrealized appreciation/depreciation | (5,394,491) | (5,097,663) | (562,543) | (959,807) | (6,789,365) | (8,294,012) |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (1,079,230) | (2,223,503) | (130,118) | (332,059) | (1,788,554) | (3,596,912) |
| Net realized gain | (108,292) | | (48,505) | (8,495) | (121,547) | |
| Net increase (decrease) in net assets applicable to common shareholders resulting from operations | (2,245,611) | 634,767 | (208,487) | 115,777 | (2,453,977) | 1,733,826 |
| **Dividends and Distributions to Common Shareholders From** | | | | | | |
| Net investment income | (3,589,575) | (7,148,582) | (530,640) | (1,114,664) | (5,719,662) | (11,399,449) |
| Net realized gain | (309,067) | | (133,307) | (17,872) | (386,153) | |
| Decrease in net assets resulting from dividends and distributions to Common Shareholders | (3,898,642) | (7,148,582) | (663,947) | (1,132,536) | (6,105,815) | (11,399,449) |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Capital Share Transactions** | | | | | | |
| Reinvestment of common dividends | 349,477 | 679,024 | 33,172 | 26,224 | 461,476 | 910,003 |
| **Net Assets Applicable to Common Shares** | | | | | | |
| Total decrease in net assets applicable to Common Shares | (5,794,776) | (5,834,791) | (839,262) | (990,535) | (8,098,316) | (8,755,620) |
| Beginning of period | 116,152,207 | 121,986,998 | 18,848,415 | 19,838,950 | 190,961,559 | 199,717,179 |
| End of period | $ 110,357,431 | $ 116,152,207 | $ 18,009,153 | $ 18,848,415 | $ 182,863,243 | $ 190,961,559 |
| End of period undistributed net investment income | $ 2,094,700 | $ 2,639,891 | $ 80,150 | $ 146,107 | $ 3,861,248 | $ 4,448,108 |

## Statement of Cash Flows

| Six Months Ended April 30, 2008 | | BlackRock Long-Term Municipal Advantage Trust (BTA) |
|---|---|---|
| **Cash Provided by Operating Activities** | | |
| Net decrease in net assets resulting from operations | $ | (13,576,200) |
| **Adjustments to Reconcile Net Decrease in Net Assets Resulting from Operations to Net Cash Provided by Operating Activities** | | |
| Increase in receivables | | 583,327 |
| Decrease in other liabilities | | (1,143,971) |
| Net realized and unrealized loss | | 16,988,087 |
| Amortization of premium and discount on investments | | (210,999) |
| Proceeds from sales and paydowns of long-term securities | | 77,992,701 |
| Purchases of long-term securities | | (38,164,363) |
| Net purchases of short-term investments | | (4,940,501) |
| Cash provided by operating activities | $ | 37,528,081 |
| **Cash Provided by Financing Activities:** | | |
| Repayments from trust certificates | | (33,057,503) |
| Cash dividends paid to shareholders | | (4,403,900) |
| Decrease in custodian bank payable | | (2,415) |
| Cash used for financing activities | $ | (37,463,818) |
| **Cash:** | | |
| Net increase in cash | | 64,263 |
| Cash at beginning of period | | |
| Cash at end of period | $ | 64,263 |
| **Cash Flow Information:** | | |
| Cash paid for interest | $ | (1,195,810) |

See Notes to Financial Statements.

## Financial Highlights

**BlackRock Investment Quality Municipal Trust (BKN)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 14.73 | $ 15.79 | $ 15.59 | $ 15.71 | $ 15.28 | $ 15.19 |
| Net investment income | 0.52[1] | 1.08 | 1.10 | 1.14 | 1.17 | 1.16 |
| Net realized and unrealized gain (loss) | (0.90) | (0.79) | 0.44 | (0.11) | 0.26 | (0.09) |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.16) | (0.32) | (0.28) | (0.19) | (0.09) | (0.09) |
| Net realized gain | [2] | | | | | |
| Net increase (decrease) from investment operations | (0.54) | (0.03) | 1.26 | 0.84 | 1.34 | 0.98 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.48) | (1.03) | (1.06) | (0.96) | (0.91) | (0.89) |
| Net realized gain | (0.01) | | | | | |
| Total dividends and distributions | (0.49) | (1.03) | (1.06) | (0.96) | (0.91) | (0.89) |
| Net asset value, end of period | $ 13.70 | $ 14.73 | $ 15.79 | $ 15.59 | $ 15.71 | $ 15.28 |
| Market price, end of period | $ 15.81 | $ 16.35 | $ 18.97 | $ 16.62 | $ 15.12 | $ 14.26 |
| **Total Investment Return[3]** | | | | | | |
| Based on net asset value | (3.85)%[4] | (0.95)% | 7.38% | 5.34% | 9.48% | 7.14% |
| Based on market price | (0.03)%[4] | (8.49)% | 21.06% | 16.68% | 12.91% | 12.67% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[5] | 1.06%[6] | 1.07% | 1.09% | 1.08% | 1.08% | 1.10% |
| Total expenses after waiver[5] | 1.06%[6] | 1.08% | 1.09% | 1.08% | 1.08% | 1.10% |
| Total expenses[5] | 1.07%[6] | 1.08% | 1.09% | 1.08% | 1.08% | 1.10% |
| Net investment income[5] | 7.43%[6] | 7.06% | 7.09% | 7.21% | 7.59% | 7.62% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Dividends to Preferred Shareholders | 2.28%[6] | 2.07% | 1.81% | 1.17% | 0.60% | 0.59% |
| Net investment income to Common Shareholders | 5.15%[6] | 4.99% | 5.28% | 6.04% | 9.66% | 7.03% |

**Supplemental Data**

| | | | | | | |
|---|---|---|---|---|---|---|
| Net assets applicable to Common Shares, end of period (000) | $ 231,306 | $ 247,272 | $ 263,878 | $ 260,494 | $ 262,474 | $ 255,315 |
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 146,550 | $ 146,550 | $ 146,550 | $ 146,550 | $ 146,550 | $ 146,550 |
| Portfolio turnover | 7% | 17% | 82% | 77% | 52% | 36% |
| Asset coverage per $1,000 | $ 64,473 | $ 67,185 | $ 70,054 | $ 69,465 | $ 69,790 | $ 68,561 |

1 Based on average shares outstanding.
2 Amount is less than $(0.01) per share.
3 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
4 Aggregate total investment return.
5 Do not reflect the effect of dividends to Preferred Shareholders.
6 Annualized.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock Municipal Income Trust (BFK)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 14.55 | $ 15.37 | $ 14.71 | $ 14.26 | $ 13.87 | $ 13.33 |
| Net investment income | 0.55[1] | 1.11 | 1.14 | 1.18 | 1.19 | 1.23 |
| Net realized and unrealized gain (loss) | (1.08) | (0.63) | 0.78 | 0.43 | 0.26 | 0.35 |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.15) | (0.31) | (0.27) | (0.18) | (0.09) | (0.09) |
| Net realized gain | (0.01) | [2] | | | | |
| Net increase (decrease) from investment operations | (0.69) | 0.17 | 1.65 | 1.43 | 1.36 | 1.49 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.47) | (0.99) | (0.99) | (0.98) | (0.97) | (0.95) |
| Net realized gain | (0.03) | [2] | | | | |
| Total dividends and distributions | (0.50) | (0.99) | (0.99) | (0.98) | (0.97) | (0.95) |
| Net asset value, end of period | $ 13.36 | $ 14.55 | $ 15.37 | $ 14.71 | $ 14.26 | $ 13.87 |
| Market price per share, end of period | $ 15.01 | $ 15.92 | $ 17.30 | $ 15.69 | $ 14.05 | $ 13.70 |
| **Total Investment Return[3]** | | | | | | |
| Based on net asset value | (4.94)%[4] | 0.70% | 11.24% | 10.21% | 10.29% | 11.63% |
| Based on market price | (2.40)%[4] | (2.11)% | 17.39% | 19.31% | 10.01% | 9.21% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[5] | 0.95%[6] | 0.88% | 0.83% | 0.83% | 0.83% | 0.84% |
| Total expenses after waiver[5] | 0.95%[6] | 0.88% | 0.83% | 0.83% | 0.83% | 0.84% |
| Total expenses[5] | 1.20%[6] | 1.18% | 1.21% | 1.22% | 1.23% | 1.25% |
| Total net investment income[5] | 7.93%[6] | 7.43% | 7.65% | 7.97% | 8.44% | 8.96% |
| Dividends to Preferred Shareholders | 2.13%[6] | 2.04% | 1.83% | 1.23% | 0.63% | 0.65% |
| Net investment income to Common Shareholders | 5.80%[6] | 5.39% | 5.82% | 6.74% | 7.81% | 0.31% |

**Supplemental Data**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net assets applicable to Common Shares, end of period (000) | $ | 589,888 | $ 640,981 | $ 674,080 | $ 642,047 | $ 621,648 | $ 603,943 |
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ | 375,125 | $ 375,125 | $ 375,125 | $ 375,125 | $ 375,125 | $ 375,125 |
| Portfolio turnover | | 9% | 17% | 77% | 68% | 59% | 56% |
| Asset coverage per $1,000 | $ | 64,322 | $ 67,727 | $ 69,933 | $ 67,797 | $ 66,435 | $ 65,251 |

1 Based on average shares outstanding.
2 Amount is less than $(0.01) per share.
3 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
4 Aggregate total investment return.
5 Do not reflect the effect of dividends to Preferred Shareholders.
6 Annualized.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock Long-Term Municipal Advantage Trust (BTA)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | Period February 28, 2006[1] through October 31, 2006 |
|---|---|---|---|
| **Per Share Operating Performance** | | | |
| Net asset value, beginning of period | $ 13.72 | $ 14.89 | $ 14.33[2] |
| Net investment income | 0.42[3] | 0.70 | 0.45 |
| Net realized and unrealized gain (loss) | (1.43) | (1.15) | 0.62 |
| Net increase (decrease) from investment operations | (1.01) | (0.45) | 1.07 |
| Dividends and distributions from net investment income | (0.33) | (0.72) | (0.48) |
| Capital charges with respect to issuance of Common Shares | | | (0.03) |
| Net asset value, end of period | $ 12.38 | $ 13.72 | $ 14.89 |
| Market price, end of period | $ 11.63 | $ 12.14 | $ 14.70 |
| **Total Investment Return[4]** | | | |
| Based on net asset value | (7.21)%[5] | (2.93)% | 7.48%[5] |
| Based on market price | (1.49)%[5] | (13.00)% | 1.40%[5] |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | |
| Total expenses after fees waived and paid indirectly | 3.87%[6] | 4.29% | 4.11%[6] |
| Total expenses after fees waived and before fees paid indirectly | 3.87%[6] | 4.29% | 4.14%[6] |
| Total expenses before fees waived and paid indirectly | 4.28%[6] | 4.69% | 4.55%[6] |
| Total expenses after fees waived and paid indirectly excluding interest expense and fees[7] | 0.82%[6] | 0.89% | 0.97%[6] |
| Net investment income | 6.69%[6] | 4.87% | 4.79%[6] |
| **Supplemental Data** | | | |

| | | | |
|---|---|---|---|
| Net assets applicable, end of period (000) | $ 165,181 | $ 183,161 | $ 198,137 |
| Portfolio turnover | 25% | 39% | 20% |

1 Commencement of operations.
2 Net asset value, beginning of period reflects a deduction of $0.675 per sales charge from the initial offering price of $15.00 per share.
3 Based on average shares outstanding.
4 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
5 Aggregate total investment return.
6 Annualized.
7 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock California Investment Quality Municipal Trust (RAA)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 13.86 | $ 14.51 | $ 14.20 | $ 14.43 | $ 14.56 | $ 14.81 |
| Net investment income | 0.41[1] | 0.84 | 0.87 | 0.78 | 0.92 | 1.05 |
| Net realized and unrealized gain (loss) | (0.57) | (0.58) | 0.50 | (0.03) | (0.09) | (0.41) |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.10) | (0.24) | (0.21) | (0.13) | (0.06) | (0.06) |
| Net realized gain | | (0.02) | | | | |
| Net increase (decrease) from investment operations | (0.26) | | 1.16 | 0.62 | 0.77 | 0.58 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.29) | (0.60) | (0.85) | (0.85) | (0.85) | (0.83) |
| Net realized gains | | (0.05) | | | (0.05) | |
| Total dividends and distributions | (0.29) | (0.65) | (0.85) | (0.85) | (0.90) | (0.83) |
| Net asset value, end of period | $ 13.31 | $ 13.86 | $ 14.51 | $ 14.20 | $ 14.43 | $ 14.56 |
| Market price, end of period | $ 12.80 | $ 12.57 | $ 15.80 | $ 15.75 | $ 14.30 | $ 14.03 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (1.77)%[3] | 0.01% | 7.87% | 4.32% | 5.77% | 4.43% |
| Based on market price | 4.16%[3] | (16.71)% | 5.90% | 16.76% | 8.78% | 11.38% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly | 1.54%[4] | 1.39% | 1.41% | 1.35% | 1.35% | 1.40% |
| Total expenses net of reimbursement | 1.54%[4] | 1.46% | 1.50% | 1.39% | 1.40% | 1.40% |
| Total expenses | 1.57%[4] | 1.47% | 1.50% | 1.39% | 1.40% | 1.40% |
| Net investment income | 6.02%[4] | 5.90% | 6.11% | 5.38% | 6.37% | 7.17% |
| Dividends to Preferred Shareholders | 1.84%[4] | 1.68% | 1.50% | 0.88% | 0.42% | 0.44% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net investment income to Common Shareholders | 4.18%[4] | 4.22% | 4.61% | 4.50% | 5.95% | 6.73% |
| **Supplemental Data** | | | | | | |
| Net assets applicable to Common Shares, end of period (000) | $ 13,407 | $ 13,956 | $ 14,615 | $ 14,299 | $ 14,529 | $ 14,665 |
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 |
| Portfolio turnover | 10% | 38% | 49% | 20% | 15% | 6% |
| Asset coverage per $1,000 | $ 69,689 | $ 71,534 | $ 73,731 | $ 72,671 | $ 73,433 | $ 73,886 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Annualized.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock California Municipal Income Trust (BFZ)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 14.97 | $ 15.74 | $ 15.18 | $ 14.77 | $ 13.97 | $ 14.16 |
| Net investment income | 0.53[1] | 1.08 | 1.11 | 1.12 | 1.15 | 1.12 |
| Net realized and unrealized gain (loss) | (0.48) | (0.64) | 0.62 | 0.36 | 0.65 | (0.34) |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.14) | (0.30) | (0.26) | (0.16) | (0.09) | (0.08) |
| Net realized gain | (0.03) | | | | | |
| Net increase (decrease) from investment operations | (0.12) | 0.14 | 1.47 | 1.32 | 1.71 | 0.70 |
| Dividends and distributions to Common Shareholders from net investment income | (0.46) | (0.91) | (0.91) | (0.91) | (0.91) | (0.89) |
| Net asset value, end of period | $ 14.39 | $ 14.97 | $ 15.74 | $ 15.18 | $ 14.77 | $ 13.97 |
| Market price, end of period | $ 15.91 | $ 15.82 | $ 17.12 | $ 14.92 | $ 13.65 | $ 13.21 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (0.72)%[3] | 0.77% | 9.93% | 9.47% | 13.14% | 5.49% |
| Based on market price | 3.87%[3] | (2.09)% | 21.65% | 16.42% | 10.58% | 7.92% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly | 0.92%[4] | 0.91% | 0.87% | 0.85% | 0.87% | 0.89% |
| Total expenses after waiver | 0.92%[4] | 0.91% | 0.87% | 0.86% | 0.88% | 0.89% |
| Total expenses | 1.19%[4] | 1.21% | 1.25% | 1.25% | 1.28% | 1.30% |
| Net investment income | 7.23%[4] | 7.09% | 7.26% | 7.35% | 7.96% | 8.01% |
| Dividends to Preferred Shareholders | 2.06%[4] | 1.98% | 1.71% | 1.04% | 0.59% | 0.57% |
| | 5.17%[4] | 5.11% | 5.55% | 6.31% | 7.37% | 7.44% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net investment income to Common Shareholders | | | | | | |
| **Supplemental Data** | | | | | | |
| Net assets applicable to Common Shares, end of period (000) | $ 217,709 | $ 225,939 | $ 236,573 | $ 227,472 | $ 221,371 | $ 209,397 |
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 131,950 | $ 131,950 | $ 131,950 | $ 131,950 | $ 131,950 | $ 131,950 |
| Portfolio turnover | 14% | 26% | 17% | 28% | 15% | 34% |
| Asset coverage per $1,000 | $ 66,248 | $ 67,816 | $ 69,836 | $ 68,107 | $ 66,945 | $ 64,675 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Annualized.
See Notes to Financial Statements.

# Financial Highlights

**BlackRock Florida Investment Quality Municipal Trust (RFA)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 13.43 | $ 14.24 | $ 14.39 | $ 15.02 | $ 15.39 | $ 15.65 |
| Net investment income | 0.42[1] | 0.83 | 0.82 | 0.84 | 0.98 | 1.04 |
| Net realized and unrealized gain (loss) | (0.76) | (0.69) | 0.40 | (0.35) | (0.18) | (0.39) |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.15) | (0.26) | (0.21) | (0.15) | (0.07) | (0.08) |
| Net realized gain | | (0.04) | (0.05) | (0.01) | (0.02) | |
| Net increase (decrease) from investment operations | (0.49) | (0.16) | 0.96 | 0.33 | 0.71 | 0.57 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.27) | (0.60) | (0.85) | (0.85) | (0.85) | (0.83) |
| Net realized gain | | (0.05) | (0.26) | (0.11) | (0.23) | |
| Total dividends and distributions | (0.27) | (0.65) | (1.11) | (0.96) | (1.08) | (0.83) |
| Net asset value, end of period | $ 12.67 | $ 13.43 | $ 14.24 | $ 14.39 | $ 15.02 | $ 15.39 |
| Market price, end of period | $ 11.28 | $ 11.86 | $ 16.00 | $ 14.85 | $ 14.30 | $ 14.47 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (3.41)%[3] | (1.02)% | 6.46% | 2.19% | 5.00% | 3.98% |
| Based on market price | (2.62)%[3] | (22.21)% | 15.91% | 10.76% | 6.32% | 5.52% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[4] | 1.52%[5] | 1.39% | 1.37% | 1.29% | 1.27% | 1.29% |
| Total expenses after waiver[4] | 1.52%[5] | 1.43% | 1.43% | 1.32% | 1.31% | 1.29% |
| Total expenses[4] | 1.54%[5] | 1.44% | 1.43% | 1.32% | 1.31% | 1.29% |
| Net investment income[4] | 6.47%[5] | 6.03% | 5.80% | 5.69% | 6.48% | 6.69% |
| Dividends to Preferred Shareholders | 2.28%[5] | 1.88% | 1.49% | 1.05% | 0.46% | 0.51% |
| Net investment income to Common Shareholders | 4.19%[5] | 4.15% | 4.31% | 4.64% | 6.02% | 6.18% |

| Supplemental Data | | | | | | |
|---|---|---|---|---|---|---|
| Net assets applicable to Common Shares, end of period (000) | $ 14,285 | $ 15,134 | $ 16,054 | $ 16,214 | $ 16,929 | $ 17,347 |
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 8,500 | $ 8,500 | $ 8,500 | $ 8,500 | $ 8,500 | $ 8,500 |
| Portfolio turnover | 24% | 40% | 57% | 15% | 13% | 17% |
| Asset coverage end of period (000) | $ 67,015 | $ 69,526 | $ 72,229 | $ 72,696 | $ 74,795 | $ 76,021 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Do not reflect the effect of dividends to Preferred Shareholders.
5 Annualized.

See Notes to Financial Statements.

## Financial Highlights

**BlackRock Florida Municipal Income Trust (BBF)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 15.05 | $ 15.68 | $ 15.48 | $ 15.27 | $ 14.68 | $ 14.57 |
| Net investment income | 0.54[1] | 1.07 | 1.11 | 1.11 | 1.12 | 1.11 |
| Net realized and unrealized gain (loss) | (0.51) | (0.49) | 0.26 | 0.17 | 0.45 | (0.03) |
| Dividends to Preferred Shareholders from net investment income | (0.16) | (0.31) | (0.27) | (0.17) | (0.08) | (0.08) |
| Net increase from investment operations | (0.13) | 0.27 | 1.10 | 1.11 | 1.49 | 1.00 |
| Dividends to Common Shareholders from net investment income | (0.44) | (0.90) | (0.90) | (0.90) | (0.90) | (0.89) |
| Net asset value, end of period | $ 14.48 | $ 15.05 | $ 15.68 | $ 15.48 | $ 15.27 | $ 14.68 |
| Market price, end of period | $ 14.64 | $ 15.10 | $ 16.30 | $ 15.25 | $ 14.40 | $ 13.36 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (0.80)%[3] | 1.78% | 7.34% | 7.63% | 11.02% | 7.39% |
| Based on market price | (0.04)%[3] | (1.76)% | 13.26% | 12.44% | 15.04% | 4.30% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[4] | 1.00%[5] | 0.96% | 0.92% | 0.90% | 0.93% | 0.94% |
| Total expenses after waiver[4] | 1.00%[5] | 0.97% | 0.93% | 0.91% | 0.93% | 0.95% |
| Total expenses[4] | 1.26%[5] | 1.28% | 1.30% | 1.30% | 1.32% | 1.35% |
| Net investment income[4] | 7.32%[5] | 7.02% | 7.12% | 7.16% | 7.49% | 7.50% |
| Dividends to Preferred Shareholders | 2.16%[5] | 2.04% | 1.75% | 1.11% | 0.55% | 0.53% |
| Net investment income to Common Shareholders | 5.16%[5] | 4.98% | 5.37% | 6.05% | 6.94% | 6.97% |
| **Supplemental Data** | | | | | | |
| Net assets applicable to Common Shares, end of period (000) | $ 96,791 | $ 100,564 | $ 104,451 | $ 102,944 | $ 101,512 | $ 97,589 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 57,550 | $ 57,550 | $ 57,550 | $ 57,550 | $ 57,550 | $ 57,550 |
| Portfolio turnover | 9% | 25% | 20% | 10% | 10% | 19% |
| Asset coverage end of period (000) | $ 67,046 | $ 68,688 | $ 70,391 | $ 69,729 | $ 69,101 | $ 67,394 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Do not reflect the effect of dividends to Preferred Shareholders.
5 Annualized.

See Notes to Financial Statements.

## Financial Highlights

**BlackRock New Jersey Investment Quality Municipal Trust (RNJ)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 13.57 | $ 14.47 | $ 14.48 | $ 14.79 | $ 14.90 | $ 14.64 |
| Net investment income | 0.42[1] | 0.91 | 0.85 | 0.87 | 0.97 | 1.00 |
| Net realized and unrealized gain (loss) | (0.87) | (0.70) | 0.34 | (0.21) | (0.20) | 0.12 |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.11) | (0.23) | (0.20) | (0.15) | (0.07) | (0.06) |
| Net realized gain | (0.01) | (0.02) | (0.03) | | | |
| Net increase (decrease) from investment operations | (0.57) | (0.04) | 0.96 | 0.51 | 0.70 | 1.06 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.41) | (0.82) | (0.84) | (0.82) | (0.81) | (0.80) |
| Net realized gain | (0.03) | (0.04) | (0.13) | | | |
| Total dividends and distributions | (0.44) | (0.86) | (0.97) | (0.82) | (0.81) | (0.80) |
| Net asset value, end of period | $ 12.56 | $ 13.57 | $ 14.47 | $ 14.48 | $ 14.79 | $ 14.90 |
| Market price, end of period | $ 15.51 | $ 14.96 | $ 15.95 | $ 14.70 | $ 15.00 | $ 14.80 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (4.56)%[3] | (1.03)% | 6.14% | 3.43% | 5.00% | 7.48% |
| Based on market price | 6.91%[3] | (1.02)% | 15.25% | 3.53% | 7.14% | 17.59% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[4] | 1.74%[5] | 1.40% | 1.41% | 1.34% | 1.34% | 1.39% |
| Total expenses after waiver[4] | 1.74%[5] | 1.47% | 1.51% | 1.37% | 1.37% | 1.39% |
| Total expenses[4] | 1.76%[5] | 1.48% | 1.51% | 1.37% | 1.37% | 1.39% |
| Net investment income[4] | 6.52%[5] | 6.49% | 5.91% | 5.89% | 6.50% | 6.72% |
| Dividends to Preferred Shareholders | 1.85%[5] | 1.67% | 1.41% | 1.00% | 0.47% | 0.41% |
| Net investment income to Common Shareholders | 4.67%[5] | 4.82% | 4.50% | 4.89% | 6.03% | 6.31% |

| Supplemental Data | | | | | | |
|---|---|---|---|---|---|---|
| Net assets applicable to Common Shares, end of period (000) | $ 12,702 | $ 13,694 | $ 14,576 | $ 14,581 | $ 14,900 | $ 15,007 |
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 | $ 7,500 |
| Portfolio turnover | 6% | 31% | 27% | 19% | 12% | 4% |
| Asset coverage end of period (000) | $ 67,340 | $ 70,649 | $ 73,603 | $ 73,612 | $ 74,670 | $ 75,026 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Do not reflect the effect of dividends to Preferred Stock Shareholders.
5 Annualized.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock New Jersey Municipal Income Trust (BNJ)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 15.49 | $ 16.35 | $ 15.87 | $ 15.38 | $ 14.59 | $ 14.29 |
| Net investment income | 0.55[1] | 1.14 | 1.17 | 1.17 | 1.16 | 1.15 |
| Net realized and unrealized gain (loss) | (0.66) | (0.74) | 0.52 | 0.42 | 0.61 | 0.11 |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.18) | (0.30) | (0.26) | (0.18) | (0.08) | (0.08) |
| Net realized gain | (0.01) | | | | | |
| Net increase (decrease) from investment operations | (0.30) | 0.10 | 1.43 | 1.41 | 1.69 | 1.18 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.48) | (0.96) | (0.95) | (0.92) | (0.90) | (0.88) |
| Net realized gain | (0.04) | | | | | |
| Total dividends and distributions | (0.52) | (0.96) | (0.95) | (0.92) | (0.90) | (0.88) |
| Net asset value, end of period | $ 14.67 | $ 15.49 | $ 16.35 | $ 15.87 | $ 15.38 | $ 14.59 |
| Market price, end of period | $ 16.66 | $ 16.90 | $ 18.40 | $ 15.91 | $ 14.45 | $ 14.04 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (2.14)%[3] | 0.17% | 9.18% | 9.60% | 12.29% | 8.68% |
| Based on market price | 1.87%[3] | (2.89)% | 22.56% | 16.95% | 9.63% | 9.59% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[4] | 0.99%[5] | 0.93% | 0.89% | 0.89% | 0.91% | 0.93% |
| Total expenses after waiver[4] | 0.99%[5] | 0.94% | 0.91% | 0.90% | 0.91% | 0.94% |
| Total expenses[4] | 1.24%[5] | 1.24% | 1.27% | 1.28% | 1.30% | 1.34% |
| Net investment income[4] | 7.31%[5] | 7.18% | 7.31% | 7.37% | 7.74% | 7.85% |
| Dividends to Preferred Shareholders | 1.91%[5] | 1.86% | 1.63% | 1.12% | 0.56% | 0.57% |
| Net investment income to Common Shareholders | 5.40%[5] | 5.32% | 5.68% | 6.25% | 7.18% | 7.28% |

| Supplemental Data | | | | | | |
|---|---|---|---|---|---|---|
| Net assets applicable to Common Shares, end of period (000) | $ 110,357 | $ 116,152 | $ 121,987 | $ 117,739 | $ 114,019 | $ 108,172 |
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 63,800 | $ 63,800 | $ 63,800 | $ 63,800 | $ 63,800 | $ 63,800 |
| Portfolio turnover | 5% | 23% | 2% | 6% | 16% | 13% |
| Asset coverage, end of period (000) | $ 68,243 | $ 70,528 | $ 72,812 | $ 71,142 | $ 69,682 | $ 67,387 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Do not reflect the effect of dividends to Preferred Stock Shareholders.
5 Annualized.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock New York Investment Quality Municipal Trust (RNY)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 14.40 | $ 15.18 | $ 15.03 | $ 15.35 | $ 15.34 | $ 15.47 |
| Net investment income | 0.45[1] | 0.95 | 0.97 | 0.96 | 0.96 | 1.03 |
| Net realized and unrealized gain (loss) | (0.47) | (0.61) | 0.37 | (0.26) | | (0.21) |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.10) | (0.25) | (0.21) | (0.14) | (0.07) | (0.07) |
| Net realized gain | (0.04) | (0.01) | (0.02) | | | |
| Net increase (decrease) from investment operations | (0.16) | 0.08 | 1.11 | 0.56 | 0.89 | 0.75 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.40) | (0.85) | (0.88) | (0.88) | (0.88) | (0.88) |
| Net realized gain | (0.10) | (0.01) | (0.08) | | | |
| Total dividends and distributions | (0.50) | (0.86) | (0.96) | (0.88) | (0.88) | (0.88) |
| Net asset value, end of period | $ 13.74 | $ 14.40 | $ 15.18 | $ 15.03 | $ 15.35 | $ 15.34 |
| Market price, end of period | $ 14.28 | $ 15.39 | $ 16.65 | $ 14.75 | $ 14.50 | $ 14.18 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (1.12)%[3] | 0.10% | 7.32% | 3.97% | 6.48% | 5.42% |
| Based on market price | (3.85)%[3] | (2.46)% | 19.95% | 8.01% | 8.81% | 4.69% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[4] | 1.45%[5] | 1.24% | 1.25% | 1.20% | 1.21% | 1.24% |
| Total expenses after waiver[4] | 1.45%[5] | 1.29% | 1.33% | 1.24% | 1.24% | 1.24% |
| Total expenses[4] | 1.46%[5] | 1.29% | 1.33% | 1.24% | 1.24% | 1.24% |
| Net investment income[4] | 6.49%[5] | 6.42% | 6.48% | 6.30% | 6.29% | 6.68% |
| Dividends to Preferred Shareholders | 1.42%[5] | 1.72% | 1.42% | 0.91% | 0.46% | 0.44% |
| Net investment income to Common Shareholders | 5.07%[5] | 4.70% | 5.06% | 5.39% | 5.83% | 6.24% |
| **Supplemental Data** | | | | | | |
| Net assets applicable to Common Shares, end of period (000) | $ 18,009 | $ 18,848 | $ 19,839 | $ 19,643 | $ 20,066 | $ 20,053 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 9,800 | $ 9,800 | $ 9,800 | $ 9,800 | $ 9,800 | $ 9,800 |
| Portfolio turnover | 5% | 37% | 24% | 10% | 23% | 36% |
| Asset coverage, end of period (000) | $ 70,942 | $ 73,090 | $ 75,614 | $ 75,111 | $ 76,195 | $ 76,159 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Do not reflect the effect of dividends to Preferred Stock Shareholders.
5 Annualized.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock New York Municipal Income Trust (BNY)**

| | Six Months Ended April 30, 2008 (Unaudited) | Year Ended October 31, 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | |
| Net asset value, beginning of period | $ 15.11 | $ 15.88 | $ 15.44 | $ 15.28 | $ 14.76 | $ 14.47 |
| Net investment income | 0.55[1] | 1.11 | 1.13 | 1.14 | 1.14 | 1.14 |
| Net realized and unrealized gain (loss) | (0.59) | (0.70) | 0.47 | 0.09 | 0.36 | 0.13 |
| Dividends and distributions to Preferred Shareholders from: | | | | | | |
| Net investment income | (0.14) | (0.28) | (0.26) | (0.17) | (0.08) | (0.09) |
| Net realized gain | (0.01) | | | | | |
| Net increase (decrease) from investment operations | (0.19) | 0.13 | 1.34 | 1.06 | 1.42 | 1.18 |
| Dividends and distributions to Common Shareholders from: | | | | | | |
| Net investment income | (0.45) | (0.90) | (0.90) | (0.90) | (0.90) | (0.89) |
| Net realized gain | (0.03) | | | | | |
| Total dividends and distributions | (0.48) | (0.90) | (0.90) | (0.90) | (0.90) | (0.89) |
| Net asset value, end of period | $ 14.44 | $ 15.11 | $ 15.88 | $ 15.44 | $ 15.28 | $ 14.76 |
| Market price, end of period | $ 16.12 | $ 15.55 | $ 17.35 | $ 15.19 | $ 13.99 | $ 13.45 |
| **Total Investment Return[2]** | | | | | | |
| Based on net asset value | (1.36)%[3] | 0.64% | 8.91% | 7.38% | 10.46% | 8.84% |
| Based on market price | 7.00%[3] | (5.20)% | 20.95% | 15.38% | 10.99% | 6.95% |
| **Ratios to Average Net Assets Applicable to Common Shares** | | | | | | |
| Total expenses after fees waived and paid indirectly[4] | 0.96%[5] | 0.92% | 0.87% | 0.86% | 0.87% | 0.88% |
| Total expenses after waiver[4] | 0.96%[5] | 0.92% | 0.88% | 0.87% | 0.87% | 0.89% |
| Total expenses[4] | 1.21%[5] | 1.22% | 1.25% | 1.26% | 1.27% | 1.29% |
| Net investment income[4] | 7.44%[5] | 7.23% | 7.30% | 7.35% | 7.62% | 7.73% |
| Dividends to Preferred Shareholders | 1.92%[5] | 1.84% | 1.69% | 1.08% | 0.56% | 0.62% |
| Net investment income to Common Shareholders | 5.52%[5] | 5.39% | 5.61% | 6.27% | 7.06% | 7.11% |
| **Supplemental Data** | | | | | | |
| Net assets applicable to Common Shares, end of period (000) | $ 182,863 | $ 190,962 | $ 199,717 | $ 193,457 | $ 191,274 | $ 184,874 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Preferred Shares outstanding at liquidation preference, end of period (000) | $ 109,750 | $ 109,750 | $ 109,750 | $ 109,750 | $ 109,750 | $ 109,750 |
| Portfolio turnover | 3% | 23% | 27% | 24% | 13% | 14% |
| Asset coverage, end of period (000) | $ 66,655 | $ 68,509 | $ 70,502 | $ 69,073 | $ 68,575 | $ 67,115 |

1 Based on average shares outstanding.
2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
3 Aggregate total investment return.
4 Do not reflect the effect of dividends to Preferred Stock Shareholders.
5 Annualized.

See Notes to Financial Statements.

## Notes to Financial Statements (Unaudited)

**1. Significant Accounting Policies:**

BlackRock Investment Quality Municipal Trust Inc. ( Investment Quality Municipal ), BlackRock California Investment Quality Municipal Trust Inc. ( California Investment Quality ), BlackRock New Jersey Investment Quality Municipal Trust Inc. ( New Jersey Investment Quality ) and BlackRock New York Investment Quality Municipal Trust Inc. ( New York Investment Quality ) were organized as Maryland corporations. BlackRock Florida Investment Quality Municipal Trust ( Florida Investment Quality ) was organized as a Massachusetts business trust. Investment Quality Municipal, California Investment Quality, Florida Investment Quality, New Jersey Investment Quality and New York Investment Quality are herein referred to as the Investment Quality Trusts. BlackRock Municipal Income Trust ( Municipal Income ), BlackRock California Municipal Income Trust ( California Income ), BlackRock Florida Municipal Income Trust ( Florida Income ), BlackRock New Jersey Municipal Income Trust ( New Jersey Income ), BlackRock New York Municipal Income Trust ( New York Income ) (collectively the Income Trusts ) and BlackRock Long-Term Municipal Advantage Trust ( Long-Term Municipal ) were organized as Delaware statutory trusts. The Investment Quality Trusts, Income Trusts and Long-Term Municipal are referred to herein collectively as the Trusts. Investment Quality Municipal and Municipal Income are registered under the Investment Company Act of 1940, as amended (the 1940 Act ), as diversified, closed-end management investment companies. California Investment Quality, California Income, Florida Investment Quality, Florida Income, Long-Term Municipal, New Jersey Investment Quality, New Jersey Income, New York Investment Quality and New York Income are registered under the 1940 Act, as non-diversified, closed-end management investment companies. The Trusts financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. Actual results may differ from these estimates. Each Trust determines, and makes available for publication, the net asset value of its Common Shares on a daily basis.

The following is a summary of significant accounting policies followed by the Trusts:

**Valuation of investments:** Municipal investments (including commitments to purchase such investments on a when-issued basis) are valued on the basis of prices provided by dealers or pricing services selected under the supervision of each Trust s Board of Trustees (the Board ). In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and various relationships between investments. Swaps are valued by quoted fair values received daily by the Trusts pricing service. Short-term securities are valued at amortized cost. Investments in open-end investment companies are valued at net asset value each business day.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment, the investment will be valued by a method approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the investment advisor and/or sub-advisor seek to determine the price that each Trust might reasonably expect to receive from the current sale of that asset in an arm s-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deem relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

**Derivative Financial Instruments:** Each Trust may engage in various portfolio investment strategies to increase the return of the Trust and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security, or if the counterparty does not perform under the contract.

**Financial Futures Contracts:** The Trusts may purchase or sell financial futures contracts and options on such financial futures contracts. Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Trust deposits, and maintains as collateral, such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Trust agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Trust as unrealized gains or losses. When the contract is closed, the Trust records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

**Forward Interest Rate Swaps:** The Trusts may enter into forward interest rate swaps. In a forward interest rate swap, the Trust and the counterparty agree to make periodic net payments on a specified notional contract amount, commencing on a specified future effective date, unless terminated earlier. These periodic payments received or made by the Trust are recorded in the accompanying Statements of Operations as realized gains or losses, respectively. Gains or losses are also realized upon termination of the swap agreements. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When a swap is terminated, the Trusts will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trust s basis in the contract, if any. The Trusts generally intend to close each forward interest rate swap before the accrual date specified in the agreement and therefore avoid entering into the interest rate swap underlying each forward interest rate swap.

**Forward Commitments and When-Issued Delayed Delivery Securities:** The Trusts may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Trusts may purchase securities under such conditions only with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Trusts may be required to pay more at settlement than the security is

## Notes to Financial Statements (continued)

worth. In addition, the purchaser is not entitled to any of the interest earned prior to settlement. Upon making a commitment to purchase a security on a when-issued basis, the Trust will hold liquid assets worth at least the equivalent of the amount due.

**Municipal Bonds Transferred to Tender Option Bond Trusts:** Long-Term Municipal leverages its assets through the use of tender option bond trusts ( TOBs ). A TOB is established by a third party sponsor forming a special purpose entity, into which one or more funds, or an agent on behalf of the funds, transfers municipal securities. Other funds managed by the investment advisor may also contribute municipal securities to a TOB into which Long-Term Municipal has contributed securities. A TOB typically issues two classes of beneficial interests: short-term floating rate certificates, which are sold to third party investors, and residual certificates ( TOB Residuals ), which are generally issued to the participating funds that made the transfer. The TOB Residuals held by Long-Term Municipal include the right of Long-Term Municipal (1) to cause the holders of a proportional share of the floating rate certificates to tender their certificates at par, and (2) to transfer, within seven days, a corresponding share of the municipal securities from the TOB to Long-Term Municipal. The cash received by the TOB from the sale of the short-term floating rate certificates, less transaction expenses, is paid to Long-Term Municipal, which typically invests the cash in additional municipal securities. Long-Term Municipal s transfer of the municipal securities to a TOB is accounted for as a secured borrowing, therefore the municipal securities deposited into a TOB are presented in Long-Term Municipal s Schedule of Investments and the proceeds from the transaction are reported as a liability of Long-Term Municipal.

Interest income from the underlying securities is recorded by Long-Term Municipal on an accrual basis. Interest expense incurred on the secured borrowing and other expenses related to remarketing, administration and trustee services to a TOB are reported as expenses of Long-Term Municipal. The floating rate certificates have interest rates that generally reset weekly and their holders have the option to tender certificates to the TOB for redemption at par at each reset date. At April 30, 2008, the aggregate value of the underlying municipal securities transferred to TOBs was $140,396,746, the related liability for trust certificates was $144,470,000 and the range of interest rates on the liability for trust certificates was 2.41% to 3.84%.

Financial transactions executed through TOBs generally will underperform the market for fixed rate municipal bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Should short-term interest rates rise, Long-Term Municipal s investment in TOBs likely will adversely affect Long-Term Municipal s net investment income and distributions to shareholders. Fluctuations in the market value of municipal securities deposited into the TOB may adversely affect Long-Term Municipal s net asset value per share.

**Zero-Coupon Bonds:** The Trusts may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

**Segregation:** In cases in which the 1940 Act, and the interpretive positions of the Securities and Exchange Commission (the SEC ) require that each Trust segregate assets in connection with certain investments (e.g., when-issued securities, futures or forward starting swaps), each Trust will, consistent with certain interpretive letters issued by the SEC, designate on its books and records cash or other liquid debt securities having a market value at least equal to the amount that would otherwise be required to be physically segregated.

**Investment Transactions and Investment Income:** Investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual method. The Trusts amortize all premiums and discounts on debt securities.

**Dividends and Distributions:** Dividends from net investment income are declared daily and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. Dividends and distributions to holders of Preferred Shares are accrued and determined as described in Note 4.

**Income Taxes:** It is each of the Trust s policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Effective April 30, 2008, the Fund implemented Financial Accounting Standards Board ( FASB ) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 ( FIN 48 ). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. The investment advisor has evaluated the application of FIN 48 to each Trust, and has determined that the adoption of FIN 48 does not have a material impact on each Trust s financial statements. Each Trust files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Trusts U.S. federal tax returns remains open for the years ended October 31, 2004 through October 31, 2006. The statutes of limitations on the Trusts state and local tax returns may remain open for an additional year depending upon the jurisdiction.

**Bank Overdraft:** Florida Investment Quality recorded a bank overdraft which resulted from a bank error. Florida Income recorded a bank overdraft which resulted from management estimates of available cash.

**Recent Accounting Pronouncements:** In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( FAS 157 ), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The impact on the Trusts financial statements disclosures, if any, is currently being assessed.

## Notes to Financial Statements (continued)

In addition, in February 2007, Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( FAS 159 ), was issued and is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FAS 157. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The impact on the Trusts financial statement disclosures, if any, is currently being assessed.

In March 2008, Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 ( FAS 161 ) was issued and is effective for fiscal years beginning after November 15, 2008. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity s results of operations and financial position. The investment advisor is currently evaluating the implications of FAS 161 and the impact on the Trusts financial statement disclosures, if any, is currently being assessed.

**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by the Trusts Board, non-interested Trustees ( Independent Trustees ) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts have been invested in common shares of other certain BlackRock Closed-End Funds selected by the Independent Trustees. This has approximately the same economic effect for the Independent Trustees as if the Independent Trustees had invested the deferred amounts directly in other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Trust. Each Trust may, however, elect to invest in common shares of other certain BlackRock Closed-End Funds selected by the Independent Trustees in order to match its deferred compensation obligations. Investments to cover each Trust s deferred compensation liability, are included in other assets on the Statement of Assets and Liabilities.

**Other:** Expenses directly related to each Trust are charged to that Trust. Other operating expenses shared by several funds are pro-rated among those funds on the basis of relative net assets or other appropriate methods.

**2. Investment Advisory Agreement and Other Transactions with Affiliates:**

Each Trust entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Advisor ), an indirect, wholly owned subsidiary of BlackRock, Inc., to provide investment advisory and administration services. Merrill Lynch & Co., Inc. ( Merrill Lynch ) and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc.

The Advisor is responsible for the management of each Trust s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Trust. For such services, each Trust pays the Advisor a monthly fee at an annual rate of 0.35% for the Investment Quality Trusts and 0.60% for the Income Trusts of the average weekly value of the Trust s net assets including proceeds from the issuance of preferred shares and TOBs. The Advisor has voluntarily agreed to waive a portion of the investment advisory fee on the Income Trusts as a percentage of net assets including proceeds from the issuance of preferred shares and TOBs as follows: 0.25% for the first five years of each of the Trust s operations from 2001 through July 31, 2006, 0.20% through July 31, 2007, 0.15% through July 31, 2008, 0.10% through July 31, 2009 and 0.05% through July 31, 2010.

Long-Term Municipal pays the Advisor a monthly fee at an annual rate of 1.00% of the average weekly value of the Trust s net assets. The Advisor has voluntarily agreed to waive a portion of the investment advisory fee on Long-Term Municipal as a percentage of the average weekly value of the net assets of 0.40% for the first five years of the Trust s operations from 2006 through 2011 and for declining amounts for the following three years, 0.30% in 2012, 0.20% in 2013 and 0.10% in 2014.

For the six months ended April 30, 2008, the advisor waived the fees, which is shown on the Statements of Operations as fees waived by advisor, as follows:

| | Waived by the Advisor |
|---|---|
| Municipal Income | $ 736,727 |
| Long-Term Municipal | $ 342,326 |
| California Income | $ 263,620 |
| Florida Income | $ 116,056 |
| New Jersey Income | $ 131,960 |
| New York Income | $ 220,947 |

The administration fee to the Advisor is computed weekly and payable monthly based on an annual rate of 0.15% for Investment Quality Municipal and 0.10% for California Investment Quality, Florida Investment Quality, New Jersey Investment Quality and New York Investment Quality of the Trusts average weekly value of the net assets including proceeds from the issuance of Preferred Shares and TOBs.

The Advisor has agreed to waive its advisory fees by the amount of investment advisory fees each Trust pays to the Advisor indirectly through its investment in affiliated money market funds. This amount is shown on the Statements of Operations as fees waived by advisor. For the six months ended April 30, 2008, the amounts were as follows:

## Notes to Financial Statements (continued)

| | Waived by the Advisor |
|---|---|
| Investment Quality Municipal | $ 16,544 |
| Municipal Income | $ 13,208 |
| Long-Term Municipal | $ 2,925 |
| California Investment Quality | $ 2,012 |
| California Income | $ 37,456 |
| Florida Investment Quality | $ 1,567 |
| Florida Income | $ 6,811 |
| New Jersey Investment Quality | $ 1,298 |
| New Jersey Income | $ 8,620 |
| New York Investment Quality | $ 788 |
| New York Income | $ 7,423 |

In addition, the Advisor has entered into a separate sub-advisory agreement with BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Advisor, with respect to each Trust, under which the Advisor pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fee paid by each Trust to the Advisor.

Pursuant to the terms of their custody agreement, each Trust received earnings credits from its custodian for positive cash balances maintained, which are used to offset custody fees. These credits are shown on the Statements of Operations as fees paid indirectly.

Certain officers and/or trustees of the Trusts are officers and/or directors of BlackRock, Inc. or its affiliates.

**3. Investments:**

Purchases and sales of investments, excluding short-term securities, for the six months ended April 30, 2008 were as follows:

| | Purchases | Sales |
|---|---|---|
| Investment Quality Municipal | $ 39,818,803 | $ 28,411,616 |
| Municipal Income | 86,791,651 | 98,497,154 |
| Long-Term Municipal | 41,454,363 | 74,905,887 |
| California Investment Quality | 2,008,232 | 2,722,622 |
| California Income | 46,085,598 | 70,237,413 |
| Florida Investment Quality | 5,294,866 | 6,368,514 |
| Florida Income | 12,756,335 | 18,602,450 |
| New Jersey Investment Quality | 1,261,399 | 2,321,297 |
| New Jersey Income | 8,237,035 | 14,829,560 |
| New York Investment Quality | 1,382,751 | 2,158,870 |
| New York Income | 8,028,297 | 15,909,610 |

**4. Capital Share Transactions:**

Each Investment Quality Trust is authorized to issue 200,000,000 shares of shares, including Preferred Shares, par value $0.01 per share, all of which were initially classified as Common Shares. There are an unlimited number of $0.001 par value common shares authorized for the Income Trusts and Long-Term Municipal. The Board is authorized, however, to reclassify any unissued shares without the approval of the Common Shareholders. As of April 30, 2008, the shares owned by an affiliate of the Advisor of

Long-Term Municipal were 9,704.

Shares issued and outstanding for the six months ended April 30, 2008 and the year ended October 31, 2007 increased by the following amounts as a result of dividend reinvestment:

| | Six Months Ended April 30, 2008 | Year Ended October 31, 2007 |
|---|---|---|
| Investment Quality Municipal | 87,230 | 83,554 |
| Municipal Income | 103,240 | 197,269 |
| Long-Term Municipal | | 36,210 |
| California Investment Quality | 73 | |
| California Income | 35,320 | 61,958 |
| Florida Income | 4,954 | 16,959 |
| New Jersey Investment Quality | 2,138 | 1,972 |
| New Jersey Income | 21,965 | 39,482 |
| New York Investment Quality | 2,323 | 1,724 |
| New York Income | 30,415 | 56,191 |

**Preferred Shares:** Preferred Shares of the Trusts have a par value of $0.001 per share and a liquidation preference of $25,000 per share, plus accrued and unpaid dividends, that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at April 30, 2008 were as follows:

| | Series | Yield |
|---|---|---|
| Investment Quality Municipal | T7 | 3.777% |
| | T28 | 2.924% |
| Municipal Income | M7 | 3.594% |
| | T7 | 3.777% |
| | W7 | 3.488% |
| | R7 | 3.594% |
| | F7 | 3.594% |
| California Investment Quality | W7 | 3.488% |
| California Income | T7 | 3.777% |
| | R7 | 3.594% |
| Florida Investment Quality | R7 | 3.595% |
| Florida Income | T7 | 3.777% |
| New Jersey Investment Quality | T7 | 3.777% |
| New Jersey Income | R7 | 3.594% |
| New York Investment Quality | F7 | 3.595% |
| New York Income | W7 | 3.488% |
| | F7 | 3.594% |

Each Trust pays commissions to certain broker-dealers at the end of each auction at an annual rate of 0.25%, calculated on the aggregate principal amount. For the six months ended April 30, 2008, Merrill Lynch, Pierce, Fenner & Smith Incorporated earned commissions as follows:

| | Commissions |
|---|---|
| Investment Quality Municipal | $ 65,679 |
| Municipal Income | 78,338 |
| California Income | 27,699 |
| Florida Income | 22,469 |
| New Jersey Income | 10,888 |
| New York Income | 34,877 |

Preferred Shares issued and outstanding for each of the Trusts during the six months ended April 30, 2008 and the year ended October 31, 2007 remained constant.

Dividends on seven-day Preferred Shares are cumulative at a rate which is reset every seven days based on the results of an auction. If the Preferred Shares fail to clear the auction on an auction date, each Trust is required to

## Notes to Financial Statements (continued)

pay the maximum applicable rate on the Preferred Shares to holders of such shares for each successive dividend period until such time as the shares are successfully auctioned. The maximum applicable rate on the Preferred Shares is the higher of 110% of the AA commercial paper rate or 110% of 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate. During the six months ended April 30, 2008, the Preferred Shares of each Trust was successfully auctioned at each auction date until February 13, 2008. The low, high and average dividend rates on the Preferred Shares for each Trust for the six months ended April 30, 2008 were as follows:

| | Series | Low | High | Average |
|---|---|---|---|---|
| Investment Quality Municipal | T7 | 2.833% | 4.600% | 3.624% |
| | T28 | 3.300% | 4.751% | 3.928% |
| Municipal Income | M7 | 2.600% | 4.810% | 3.721% |
| | T7 | 2.924% | 4.600% | 3.715% |
| | W7 | 3.031% | 4.590% | 3.755% |
| | R7 | 3.010% | 4.508% | 3.735% |
| | F7 | 2.800% | 4.508% | 3.646% |
| California Investment Quality | W7 | 2.350% | 4.356% | 3.352% |
| California Income | T7 | 2.924% | 4.810% | 3.764% |
| | R7 | 3.000% | 4.810% | 3.498% |
| Florida Investment Quality | R7 | 2.818% | 5.000% | 3.912% |
| Florida Income | T7 | 3.016% | 4.600% | 3.683% |
| New Jersey Investment Quality | T7 | 2.853% | 4.356% | 3.555% |
| New Jersey Income | R7 | 2.990% | 4.910% | 3.724% |
| New York Investment Quality | F7 | 2.190% | 5.750% | 3.649% |
| New York Income | W7 | 2.190% | 4.780% | 2.804% |
| | F7 | 2.390% | 4.508% | 3.371% |

Since February 13, 2008 the Preferred Shares of the Trusts failed to clear any of it auctions. As a result, the Preferred Shares dividend rates were reset to the maximum applicable rate which ranged from 2.40% to 4.508%. A failed auction is not an event of default for the Trusts but it is a liquidity event for the holders of the Preferred Shares. A failed auction occurs when there are more sellers of a fund s auction rate preferred shares than buyers. It is impossible to predict how long this imbalance will last. An auction for the Trusts Preferred Shares may not occur for some time, if ever, and even if liquidity does resume, holders of the Preferred Shares may not have the ability to sell the Preferred Shares at its liquidation preference.

A Trust may not declare dividends or make other distributions on Common Shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares is less than 200%.

The Preferred Shares are redeemable at the option of each Trust, in whole or in part, on any dividend payment date at $25,000 per share plus any accumulated unpaid dividends whether or not declared. The Preferred Shares are also subject to mandatory redemption at $25,000 per share plus any accumulated or unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of a Trust, as set forth in each Trust s Statement of Preferences/Certificate of Designation/Articles Supplementary, are not satisfied.

The holders of Preferred Shares have voting rights equal to the holders of Common Shares (one vote per share) and will vote together with holders of Common Shares (one vote per share) as a single class. However, holders of Preferred Shares, voting as a separate class, are also entitled to elect two Trustees for each Trust. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares, (b) change a Trust s sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

**5. Capital Loss Carryforward:**

As of October 31, 2007, the following Trusts had a capital loss carryforward available to offset future realized capital gains through the indicated expiration dates:

| | | Capital Loss Carryforward Amount | Expires |
|---|---|---|---|
| Investment Quality Municipal | $ | 728,359 | 2014 |
| Municipal Income | $ | 11,431,206 | 2011 |
| | | 15,767,388 | 2012 |
| | | 4,991,782 | 2014 |
| | | 688,471 | 2015 |
| | $ | 32,878,847 | |
| Long-Term Municipal | $ | 701,315 | 2014 |
| California Investment Quality | $ | 5,173 | 2015 |
| California Income | $ | 7,607 | 2011 |
| | | 4,943,577 | 2012 |
| | | 1,350,312 | 2014 |
| | $ | 6,301,496 | |
| Florida Investment Quality | $ | 137,267 | 2015 |
| Florida Income | $ | 796,318 | 2012 |
| | | 426,674 | 2015 |
| | $ | 1,222,992 | |
| New Jersey Investment Quality | $ | 55,066 | 2015 |
| New Jersey Income | $ | 610,058 | 2012 |
| | | 615,254 | 2015 |

| | | | |
|---|---|---|---|
| | $ | 1,225,312 | |
| New York Income | $ | 151,220 | 2012 |

**6. Concentration Risk:**

Each Trust s investments are concentrated in certain states, which may be affected by adverse financial, social, environmental, economic, regulatory and political factors.

Many municipalities insure repayment of their bonds, which reduces the risk of loss due to issuer default. The market value of these bonds may fluctuate for other reasons and there is no assurance that the insurer will meet its obligation.

## Notes to Financial Statements (concluded)

**7. Subsequent Events:**

The Trusts paid an ordinary income dividend in the following amounts per share on June 2, 2008 to shareholders of record on May 15, 2008:

| | Common Dividend Per Share |
|---|---|
| Investment Quality Municipal | $ 0.080000 |
| Municipal Income | 0.077500 |
| Long-Term Municipal | 0.055000 |
| California Investment Quality | 0.048000 |
| California Income | 0.076074 |
| Florida Investment Quality | 0.044500 |
| Florida Income | 0.072875 |
| New Jersey Investment Quality | 0.068000 |
| New Jersey Income | 0.079625 |
| New York Investment Quality | 0.067000 |
| New York Income | 0.075339 |

The dividends declared on preferred shares for the period May 1, 2008 to May 31, 2008 for the Trusts were as follows:

| | Series | Dividends Declared |
|---|---|---|
| Investment Quality Municipal | T7 | 228,929 |
| | T28 | 143,525 |
| Municipal Income | M7 | 302,189 |
| | T7 | 296,992 |
| | W7 | 292,844 |
| | R7 | 292,680 |
| | F7 | 299,510 |
| California Investment Quality | W7 | 20,876 |
| California Income | T7 | 255,156 |
| | R7 | 250,062 |
| Florida Investment Quality | R7 | 25,072 |
| Florida Income | T7 | 133,953 |
| New Jersey Investment Quality | T7 | 10,575 |
| New Jersey Income | R7 | 285,415 |
| New York Investment Quality | F7 | 28,170 |
| New York Income | W7 | 213,789 |
| | F7 | 218,224 |

On June 2, 2008, the Trusts announced the following redemptions of Preferred Shares at a price of $25,000 per share plus any accrued and unpaid dividends through the redemption date:

| | Series | Redemption Date | Shares to be Redeemed | | Aggregate Price |
|---|---|---|---|---|---|
| Investment Quality Municipal | T7 | 6/25/2008 | 436 | $ | 10,900,000 |
| | T28 | 7/9/2008 | 348 | $ | 8,700,000 |
| Municipal Income | M7 | 6/24/2008 | 656 | $ | 16,400,000 |
| | T7 | 6/25/2008 | 656 | $ | 16,400,000 |
| | W7 | 6/26/2008 | 656 | $ | 16,400,000 |
| | R7 | 6/27/2008 | 656 | $ | 16,400,000 |
| | F7 | 6/30/2008 | 656 | $ | 16,400,000 |
| California Investment Quality | W7 | 6/26/2008 | 27 | $ | 675,000 |
| California Income | T7 | 6/25/2008 | 621 | $ | 15,525,000 |
| | R7 | 6/27/2008 | 621 | $ | 15,525,000 |
| Florida Investment Quality | R7 | 6/27/2008 | 55 | $ | 1,375,000 |
| Florida Income | T7 | 6/25/2008 | 320 | $ | 8,000,000 |
| New Jersey Investment Quality | T7 | 6/25/2008 | 17 | $ | 425,000 |
| New Jersey Income | R7 | 6/27/2008 | 133 | $ | 3,325,000 |
| New York Income | W7 | 6/26/2008 | 278 | $ | 6,950,000 |
| | F7 | 6/30/2008 | 278 | $ | 6,950,000 |

The Trusts will finance the Preferred Share redemptions with cash received from TOB transactions.

## Officers and Trustees



**Custodian**
State Street Bank and Trust Company
Boston, MA 02101

**Transfer Agents**
**Common Shares:**
Computershare Trust Companies, N.A.
Canton, MA 02021
**Preferred Shares:**
For the Income Trusts
BNY Mellon Shareowner Services
Jersey City, N.J. 07310
For the Investment Quality Trusts
Deutsche Bank Trust Company Americas
New York, NY 10005

**Accounting Agent**
State Street Bank and Trust Company
Princeton, NJ 08540

**Independent Registered Public Accounting Firm**
Deloitte & Touche LLP
Princeton, NJ 08540

**Legal Counsel**
Skadden, Arps, Slate, Meagher & Flom LLP
New York, NY 10036

**Fund Address**
BlackRock Closed-End Funds
c/o BlackRock Advisors, LLC
100 Bellevue Parkway

Wilmington, DE 19809

We are pleased to announce that, effective March 1, 2008, Timothy T. Browse, CFA assumed responsibility for the day-to-day management of BlackRock Investment Quality Municipal Trust s portfolio. Mr. Browse is a Director of BlackRock, Inc. He joined the firm following the merger with Merrill Lynch Investment Managers (MLIM) in 2006. Previously, he was a Vice President in the Municipal Tax-Exempt Fund Management group of MLIM from 2004 to 2006. Prior to joining MLIM, Mr. Browse was a Vice President, Portfolio Manager and Team Leader of the Municipal Investments Team with Lord Abbett & Co. from 2000 to 2003, and Vice President and Portfolio Manager in the Municipal Fund Management group of Eaton Vance Management, Inc. from 1992 to 2000.

We are pleased to announce that, effective March 1, 2008, Fred Stuebe assumed responsibility for the day-to-day management of BlackRock New Jersey Investment Quality Municipal Trust s portfolio and BlackRock New Jersey Municipal Income Trust s portfolio. Mr. Stuebe is a Director of BlackRock, Inc. He joined the firm following the merger with Merrill Lynch Investment Managers (MLIM) in 2006. Previously, he was a Director and Portfolio Manager in the Municipal Tax-Exempt Fund Management group of MLIM from 1989 to 2006. Prior to joining MLIM, Mr. Stuebe was a Portfolio Manager in the Municipal Tax-Exempt Investments group of Old Republic Insurance Company in Chicago from 1984 to 1989.

# Additional Information

## Availability of Quarterly Schedule of Investments

Each Trust files their complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of each fiscal year on Form N-Q. Each Trust s Forms N-Q are available on the SEC s website at http://www.sec.gov and may also be reviewed and copied at the SEC s Public Reference Room in Washington, DC.

Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Trust s Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

## Electronic Delivery

Electronic copies of most financial reports are available on the Trusts website or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports and prospectuses by enrolling in the Trusts electronic delivery program.

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

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

## General Information

The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Trusts at (800) 441-7762

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

## Section 19 Notices

These amounts are sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and source for tax reporting purposes will depend upon the Trust s investment experience during the remainder of its fiscal year end and may be subject to changes based on the tax regulations. The Trust will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

| | Total Fiscal Year to Date Cumulative Distributions by Character | | | | Percentage of Fiscal Year to Date Cumulative Distributions by Character | | | |
|---|---|---|---|---|---|---|---|---|
| | Net Investment | Net Realized | Return of | Total Per Comman | Net Investment | Net Realized | Return of | Total Per Common |

| | Income | Capital Gains | Capital | Share | Income | Capital Gains | Capital | Share |
|---|---|---|---|---|---|---|---|---|
| New York Investment Quality Municipal Trust | $ 0.067 | $ 0.101803 | $ | $ 0.168803 | 40% | 60% | | 100% |

# Additional Information (concluded)

## Deposit Securities

Effective May 30, 2008, following approval by the Trusts Board and the applicable ratings agencies, the definition of Deposited Securities in the Trusts Statement of Preference/Certificate of Designation/Articles Supplementary was amended in order to facilitate the redemption of the Trusts Preferred Shares. The following phrase was added to the definition of Deposit Securities found in the Trusts Statement of Preference/Certificate of Designation/Articles Supplementary:

; provided, however, that solely in connection with any redemption of AMPS, the term Deposit Securities shall include (i) any committed financing pursuant to a credit agreement, reverse repurchase agreement facility or similar credit arrangement, in each case which makes available to the Corporation, no later than the day preceding the applicable redemption date, cash in an amount not less than the aggregate amount due to Holders by reason of the redemption of their shares of AMPS on such redemption date; and (ii) cash amounts due and payable to the Corporation out of a sale of its securities if such cash amount is not less than the aggregate amount due to Holders by reason of the redemption of their shares of AMPS on such redemption date and such sale will be settled not later than the day preceding the applicable redemption date.

## BlackRock Privacy Principles

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

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

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

BlackRock does not sell or disclose to nonaffiliated third parties any nonpublic information about its Clients, except as permitted by law or as necessary to service Client accounts. These nonaffiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

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

This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Trusts have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares and the risk that fluctuations in the short-term dividend rates of the Preferred Shares, currently set at the maximum reset rate as a result of failed auctions, may affect the yield to Common Shareholders. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Trusts use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free (800) 411-7762; (2) at www.blackrock.com; and (3) on the Securities and Exchange Commission s website at http://www.sec.gov. Information about how each Trust voted proxies relating to securities held in each Trust s portfolio during the most recent 12-month period ended June 30 is available upon request and without charge (1) at www.blackrock.com or by calling (800) 441-7762 and (2) on the Securities and Exchange Commission s website at http://www.sec.gov.

#CEF-SEMI-2-0408

Item 2 – Code of Ethics – Not Applicable to this semi-annual report

Item 3 – Audit Committee Financial Expert – Not Applicable to this semi-annual report

Item 4 – Principal Accountant Fees and Services – Not Applicable to this semi-annual report

Item 5 – Audit Committee of Listed Registrants – Not Applicable to this semi-annual report

Item 6 – Investments

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

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

Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – Not Applicable to this semi-annual report

Item 8 – Portfolio Managers of Closed-End Management Investment Companies – Not Applicable to this semi-annual report

Item 9 – Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers – Not Applicable

Item 10 – Submission of Matters to a Vote of Security Holders – The registrant's Nominating and Governance Committee will consider nominees to the Board recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations which include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

Item 11 – Controls and Procedures

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

11(b) – There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 – Exhibits attached hereto

12(a)(1) – Code of Ethics – Not Applicable to this semi-annual report

12(a)(2) – Certifications – Attached hereto

12(a)(3) – Not Applicable

12(b) – Certifications – Attached hereto

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

BlackRock Municipal Income Trust

By: /s/ Donald C. Burke
Donald C. Burke
Chief Executive Officer of BlackRock Municipal Income Trust

Date: June 23, 2008

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/ Donald C. Burke
Donald C. Burke
Chief Executive Officer (principal executive officer) of
BlackRock Municipal Income Trust

Date: June 23, 2008

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock Municipal Income Trust

Date: June 23, 2008