

JAKKS PACIFIC INC
Form PRE 14A
October 24, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ..

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

JAKKS Pacific, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

JAKKS PACIFIC, INC.

22619 PACIFIC COAST HIGHWAY

MALIBU, CA 90265

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 19, 2014

The Annual Meeting of Stockholders of JAKKS Pacific, Inc. (the “Company”) will be held at Sherwood Country Club 320 West Stafford Road, Thousand Oaks, California 91361, on December 19, 2014 at 8:00 a.m. local time, to consider and act upon the following matters:

- (1) To elect six(6) directors to serve for the ensuing year.
- (2) To ratify the selection by the Board of Directors of the firm of BDO USA, LLP, as the Company’s independent auditors for the current fiscal year.
- (3) To consider and approve an amendment to the Company’s By-Laws.
- (4) To conduct an advisory vote on executive compensation.
- (5) To transact such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record as of the close of business on October 22, 2014 will be entitled to notice of and to vote at the meeting or any adjournment thereof. The stock transfer books of the Company will remain open.

By Order of the Board of Directors,

Stephen G. Berman,

Secretary

Malibu, California

November __, 2014

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES. YOU MAY REVOKE THE PROXY AT ANY TIME BEFORE THE AUTHORITY GRANTED THEREIN IS EXERCISED.

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JAKKS PACIFIC, INC.

22619 PACIFIC COAST HIGHWAY

MALIBU, CA 90265

PROXY STATEMENT FOR THE 2014 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 19, 2014

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of JAKKS Pacific, Inc. (the “Company”) for use at the 2014 Annual Meeting of Stockholders to be held on December 19, 2014, and at any adjournment of that meeting (the “Annual Meeting”). Throughout this Proxy Statement, “we,” “us” and “our” are used to refer to the Company.

The shares of our common stock represented by each proxy will be voted in accordance with the stockholder’s instructions as to each matter specified thereon, unless no instruction is given, in which case, the proxy will be voted in favor of such matter. A proxy may be revoked by the stockholder at any time before it is exercised by delivery of written revocation or a subsequently dated proxy to our corporate Secretary or by voting in person at the Annual Meeting.

We are mailing this Proxy Statement to our stockholders on or about November __, 2014, accompanied by our Annual Report to Stockholders for our fiscal year ended December 31, 2013.

Voting Securities and Votes Required

At the close of business on October 22, 2014, the record date for the determination of stockholders entitled to vote at the Annual Meeting, there were outstanding and entitled to vote an aggregate of 23,267,131 shares of our common stock, par value \$.001 per share. All holders of our common stock are entitled to one vote per share.

The affirmative vote of the holders of a plurality of the shares of our common stock present or represented by proxy at the Annual Meeting is required for election of directors. The affirmative vote of the holders of a majority of the shares of our common stock present or represented by proxy at the Annual Meeting is required for (i) the ratification of the appointment by the Board of Directors of BDO USA, LLP as our independent auditors for the current fiscal year, (ii)

to approve the amendment to our By-Laws, and (iii) executive compensation, all as hereinafter described.

With respect to approval of Proposal No. 4 (executive compensation), while our Board and its Compensation Committee will carefully consider the outcome of the vote expressed by our stockholders when making future executive compensation decisions, the vote will not be binding upon them.

A majority of the outstanding shares of our common stock represented in person or by proxy at the Annual Meeting will constitute a quorum at the meeting. All shares of our common stock represented in person or by proxy (including shares which abstain or do not vote for any reason with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present at the Annual Meeting. Abstentions will be treated as shares that are present and entitled to vote for purposes of determining the number of shares present and entitled to vote with respect to any particular matter, but will not be counted as a vote in favor of such matter. Accordingly, an abstention from voting on a matter has the same legal effect as a vote against the matter. If a broker or nominee holding stock in "street name" indicates on the proxy that it does not have discretionary authority to vote as to a particular matter ("broker non-votes"), those shares will not be considered as present and entitled to vote with respect to such matter. Accordingly, a broker non-vote on a matter has no effect on the voting on such matter.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of November __, 2014 with respect to the beneficial ownership of our common stock by (1) each person known by us to own beneficially more than 5% of the outstanding shares of our common stock, (2) each of our directors and nominees for director, (3) each of our executive officers named in the Summary Compensation Table set forth under the caption “Executive Compensation”, below, and (4) all our directors and executive officers as a group.

Name and Address of Beneficial Owner ⁽¹⁾⁽²⁾	Amount and Nature of Beneficial Ownership ⁽³⁾	Percent of Outstanding Shares ⁽⁴⁾
Dr. Patrick Soon-Shiong	5,927,467 ⁽⁵⁾	23.9
Investco Ltd.	2,605,771 ⁽⁶⁾	11.2
Wolverine Asset Management, LLC	2,606,206 ⁽⁷⁾	10.1
Dimensional Fund Advisors LP	1,824,538 ⁽⁸⁾	7.8
Franklin Resources, Inc.	1,553,200 ⁽⁹⁾	6.7
FMR LLC	1,300,000 ⁽¹⁰⁾	5.6
Pine River Capital Management L.P.	1,223,731 ⁽¹¹⁾	5.3
Park West Asset Management LLC	1,222,001 ⁽¹²⁾	5.3
Prentice Capital Management, LP	1,213,714 ⁽¹³⁾	5.2
Stephen G. Berman	661,038 ⁽¹⁴⁾	2.8
Robert E. Glick	83,328 ⁽¹⁵⁾	*
Michael G. Miller	83,328 ⁽¹⁶⁾	*
Murray L. Skala	83,328 ⁽¹⁷⁾	*
Joel M. Bennett	37,866	*
John J. McGrath	26,385 ⁽¹⁸⁾	*
Peter F. Reilly	25,878 ⁽¹⁹⁾	*
Rex H. Poulsen	22,373 ⁽²⁰⁾	*
All directors and executive officers as a group (8 persons)	1,023,524 ⁽²¹⁾	4.4

%

*Less than 1% of our outstanding shares.

(1) Unless otherwise indicated, such person’s address is c/o JAKKS Pacific, Inc., 22619 Pacific Coast Highway, Malibu, California 90265.

(2) The number of shares of common stock beneficially owned by each person or entity is determined under the rules promulgated by the Securities and Exchange Commission. Under such rules, beneficial ownership includes any

shares as to which the person or entity has sole or shared voting power or investment power. The percentage of our outstanding shares is calculated by including among the shares owned by such person any shares which such person or entity has the right to acquire within 60 days after November __, 2014. The inclusion herein of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of such shares.

(3) Except as otherwise indicated, exercises sole voting power and sole investment power with respect to such shares.

(4) Does not include any shares of common stock issuable upon the conversion of (i) \$100.0 million of our 4.25% convertible senior notes due 2018, initially convertible at the rate of 114.3674 shares of common stock per \$1,000 principal amount at issuance of the notes (but subject to adjustment under certain circumstances as described in the notes) or (ii) \$1150.0 million of our 4.875% convertible senior notes due 2020, initially convertible at the rate of 103.7613 shares of common stock per \$1,000 principal amount at issuance of the notes (but subject to adjustment under certain circumstances as described in the notes).

(5) The address of Dr. Patrick Soon-Shiong is 10182 Culver Blvd., Culver City, CA 90232. Includes 1,500,000 shares underlying a warrant owned by an affiliate. Except for 239,622 shares, and the shares underlying the warrant, all of the shares are owned jointly with California Capital Z, LLC. All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13D/A filed on July 22, 2013.

(6) The address of Investco Ltd. Is 1555 Peachtree Street NE; Atlanta, GA 30309. All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G/A filed on February 5, 2014.

The address of Wolverine Asset Management, LLC is 175 West Jackson Blvd., Suite 340, Chicago, IL 60604.
(7) Possesses joint voting and dispositive power with respect to all of such shares. All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G filed on July 10, 2014.

The address of Dimensional Fund Advisors LP (formerly known as Dimensional Fund Advisors, Inc.) is Palisades West, Building One, 6300 Bee Cove Road, Austin, TX 78746. Possesses sole voting power over 1,798,102 shares.
(8) All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G/A filed on February 10, 2014.

The address of Franklin Resources, Inc. is One Franklin Parkway, San Mateo, CA 94403. Sole voting and
(9) dispositive power is held by Franklin Templeton Investments Corp. All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G filed on February 5, 2013.

The address of FMR, LLC is 245 Summer Street, Boston, MA 02210. Possesses sole voting power with respect to
(10) only 1,185,090 of such shares. All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G filed on August 12, 2013.

The address of Pine River Capital Management L.P. is 601 Carlson Pkwy, Suite 330, Minnetonka, MN 55305;
(11) Attn: Brian Taylor. Possesses joint voting and dispositive power with respect to all of such shares. All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G filed on February 11, 2014.

The address of Park West Asset Management LLC is 900 Larkspur Landing Circle, Suite 165, Larkspur, CA 94939. Possesses joint voting and dispositive power with respect to all of such shares. All the information
(12) presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G filed on June 16, 2014.

The address of Prentice Capital Management, LP is 33 Benedict Place, 2nd Floor, Greenwich, CT 06830.
(13) Possesses joint voting and dispositive power with respect to all of such shares. All the information presented in this Item with respect to this beneficial owner was extracted solely from the Schedule 13G filed on June 9, 2014.

Includes 520,833 shares of common stock issued on January 1, 2014 pursuant to the terms of Mr. Berman's January 1, 2003 Employment Agreement (as last amended on September 21, 2012), which shares are further subject to the terms of our January 1, 2014 Restricted Stock Award Agreement with Mr. Berman (the "Berman Agreement"). The Berman Agreement provides that Mr. Berman will forfeit his rights to all 520,833 shares unless certain conditions precedent are met prior to January 1, 2015, as described in the Berman Agreement, whereupon
(14) the forfeited shares will become authorized but unissued shares of our common stock. Also includes 18,238 shares granted on February 11, 2011 representing the stock component of his 2010 performance bonus which vest in seven tranches over six years, with each of the first six tranches equal to 14.5% of the total grant, and a seventh tranche equal to 13% of the total grant. The initial tranche vested on February 11, 2011 with each succeeding tranche vesting on January 1 of each year commencing with January 1, 2012 with the final tranche vesting on January 1, 2017.

(15) Includes 15,000 shares which Mr. Glick may purchase upon the exercise of certain stock options and 68,238 shares of Common Stock issued pursuant to our 2002 Stock Award and Incentive Plan, pursuant to which 15,630

of such shares may not be sold, mortgaged, transferred or otherwise encumbered prior to January 1, 2015.

Includes 15,000 shares which Mr. Miller may purchase upon the exercise of certain stock options and 68,328
(16) shares of Common Stock issued pursuant to our 2002 Stock Award and Incentive Plan, pursuant to which 15,630
of such shares may not be sold, mortgaged, transferred or otherwise encumbered prior to January 1, 2015

Includes 15,000 shares which Mr. Skala may purchase upon the exercise of certain stock options and 68,328
(17) shares of Common Stock issued pursuant to our 2002 Stock Award and Incentive Plan, pursuant to which 15,630
of such shares may not be sold, mortgaged, transferred or otherwise encumbered prior to January 1, 2015.

Includes 11,160 shares of common stock issued on January 1, 2014 pursuant to the terms of Mr. McGrath's March
4, 2010 Employment Agreement (as amended on August 23, 2011), which shares are further subject to the terms
of our January 1, 2012 Restricted Stock Award Agreement with Mr. McGrath (the "McGrath Agreement"). The
(18) McGrath Agreement provides that Mr. McGrath will forfeit his rights to all 11,160 shares unless certain
conditions precedent are met prior to January 1, 2015, as described in the McGrath Agreement, whereupon the
forfeited shares will become authorized but unissued shares of our common stock.

Consists of 25,878 shares of common stock issued pursuant to our 2002 Stock Award and Incentive Plan,
(19) pursuant to which 15,630 of such shares may not be sold, mortgaged, transferred or otherwise encumbered prior
to January 1, 2015.

Consists of 22,373 shares of common stock issued pursuant to our 2002 Stock Award and Incentive Plan,
(20) pursuant to which 15,630 of such shares may not be sold, mortgaged, transferred or otherwise encumbered prior
to January 1, 2015.

Includes an aggregate of 45,000 shares which the directors and executive officers may purchase upon the exercise
(21) of certain stock options.

ELECTION OF DIRECTORS**(Proposal No. 1)**

The persons named in the enclosed proxy will vote to elect as directors the six nominees named below, unless authority to vote for the election of any or all of the nominees is withheld by marking the proxy to that effect. All of the nominees have indicated their willingness to serve, if elected, but if any nominee should be unable to serve or for good cause will not serve, the proxies may be voted for a substitute nominee designated by management. Each director will be elected to hold office until the next annual meeting of stockholders or until his successor is elected and qualified. There are no family relationships between or among any of our executive officers or directors.

Nominees

Set forth below for each nominee as a director is his name, age, and position with us, the Committee of the Board upon which he currently sits, his principal occupation and business experience during at least the past five years and the date of the commencement of his term as a director.

Name	Age	Position with the Company	Board Committee Membership
Stephen G. Berman	50	Chief Executive Officer, President, Secretary and Director	-
Murray L. Skala	67	Director	-
Peter F. Reilly	50	Director	Audit
Rex H. Poulsen	63	Director	Audit (Chairman), Nominating/Governance
Michael S. Sitrick	67	Director Nominee	-
Fergus McGovern	49	Director Nominee	-

Stephen G. Berman has been our Chief Operating Officer (until August 23, 2011) and Secretary and one of our directors since co-founding JAKKS in January 1995. From February 17, 2009 through March 31, 2010 he was also our Co-Chief Executive Officer and has been our Chief Executive Officer since April 1, 2010. Since January 1, 1999, he has also served as our President. From our inception until December 31, 1998, Mr. Berman was also our Executive Vice President. From October 1991 to August 1995, Mr. Berman was a Vice President and Managing Director of THQ International, Inc., a subsidiary of THQ. From 1988 to 1991, he was President and an owner of Balanced Approach, Inc., a distributor of personal fitness products and services.

Murray L. Skala has been one of our directors since October 1995. Since 1976, Mr. Skala has been a partner of the law firm Feder Kaszovitz LLP, our general counsel.

Peter F. Reilly has been one of our directors since April 21, 2012. Mr. Reilly has been the president and chief operating officer of Strategic Industries, LLC (“Strategic”) since 2007 and prior thereto was its chief financial officer from 2000 to 2007. Strategic is a diversified holding and management company operating in the automotive products and consumer product segments. Prior to joining Strategic, from 1991 to 2000, Mr. Reilly served in various senior financial positions of various entities affiliated with U.S. Industries, Inc. and Hanson Industries, PLC. Mr. Reilly began his career at Ernst & Young LLP as an auditor from 1986 to 1991. Mr. Reilly also serves on the boards of directors of several private companies and has previously served on the board of directors of Dura Automotive Systems, Inc. and Jackson Hewitt Tax Service Inc. Mr. Reilly is a Certified Public Accountant (Inactive). He received his Bachelor of Arts degree in Accounting from Rutgers University in 1986.

Rex H. Poulsen has been a director since December 26, 2012. Mr. Poulsen is currently a partner in the Glendale, California office of Hutchinson and Bloodgood LLP, a regional certified public accounting and consulting firm registered with the PCAOB. Mr. Poulsen has been continuously licensed as a Certified Public Accountant since 1974, and has spent most of his career with public accounting firms as an independent auditor of both private and publicly-held companies. Mr. Poulsen also has extensive experience in assisting companies in the areas of due diligence, valuation, and other services related to the purchase and sale of businesses, as well as providing services in connection with litigation matters including forensic accounting assignments and expert witness testimony. Mr. Poulsen received a Bachelor of Science degree in Accounting from Weber State University in 1973, and is a member of the American Institute of Certified Public Accountants.

Michael S. Sitrick is a nominee for director. Since November 2009, Mr. Sitrick is the chairman and chief executive officer of Sitrick Brinko LLC, a subsidiary of Resources Connection, Inc (NASDAQ: RECN), and the successor to Sitrick And Company which he founded in 1989 and was its founder, chairman and chief executive officer until he sold it to Resources Connection, Inc. in 2009, which is a public relations, strategic communications and crisis management company providing advice and counseling to some of the country’s largest corporations, non-profits and governmental agencies, in many areas including mergers and acquisitions, litigation support, corporate positioning and repositioning, developing and implementing strategies to deal with short sellers, executive transitions and government investigations. Prior thereto he was an executive and Senior Vice President – Communications for Wickes Companies, Inc. (from 1981 to 1989), head of Communications and Government Affairs for National Can Corporation (from 1974 to 1981) and Group Supervisor at Selz, Seabolt and Associates before that. Prior thereto Mr. Sitrick was Assistant Director of Public Information in the Richard J. Daley administration in Chicago and worked as reporter. Mr. Sitrick is a published author, frequent lecturer, a former board member at two public companies (both of which were sold) and a current and former board member of several charitable organizations. He holds a B.S. degree in Business Administration and a major in Journalism from the University of Maryland, College Park.

Fergus McGovern is a nominee for director. Mr. McGovern has over 30 years of experience in the video game and toy industry and has launched with his publishers over 239 individual game franchises and has over 1,500 games released, including partnering with JAKKS on its very successful Plug 'n Play line of toys. Since October 2010 he has been the Managing Director of Probe Entertainment Limited, a similar named company he co-founded in 1984 and sold to Acclaim Entertainment, Inc. in 1995, and he continued working at Acclaim as a Senior Vice President until the end of 1999 at which time he founded HotGen and serve as its Managing Director until his departure in August 2010. Mr. McGovern is a resident of the U.K., a member of the British Academy of Film & Television Arts and holder of the Freedom of the City of London.

Qualifications for All Directors

In considering potential candidates for election to the Board, the Nominating and Corporate Governance Committee observes the following guidelines, among other considerations: (i) the Board must include a majority of independent directors; (ii) each candidate shall be selected without regard to age, sex, race, religion or national origin; (iii) each candidate should have the highest level of personal and professional ethics and integrity and have the ability to work well with others; (iv) each candidate should only be involved in activities or interests that do not conflict or interfere with the proper performance of the responsibilities of a director; (v) each candidate should possess substantial and significant experience that would be of particular importance to the Company in the performance of the duties of a director; and (vi) each candidate should have sufficient time available, and a willingness to devote the necessary time, to the affairs of the Company in order to carry out the responsibilities of a director, including, without limitation, consistent attendance at Board of Directors and committee meetings and advance review of Board of Directors and committee materials. The Chief Executive Officer will then interview such candidate. The Nominating and Governance Committee then determines whether to recommend to the Board of Directors that a candidate be nominated for approval by the shareholders. The manner in which the Nominating and Governance Committee evaluates a potential candidate does not differ based on whether the candidate is recommended by a shareholder of the Company.

With respect to nominating existing directors, the Nominating and Governance Committee reviews relevant information available to it, including the most recent individual director evaluations for such candidates, the number of meetings attended, his or her level of participation, biographical information, professional qualifications, and overall contributions to the Company.

The Board of Directors does not have a specific diversity policy, but considers diversity of race, ethnicity, gender, age, cultural background and professional experiences in evaluating candidates for Board membership.

The Board of Directors has identified the following qualifications, attributes, experience, and skills that are important to be represented on the Board as a whole: (i) management, leadership and strategic vision; (ii) financial expertise; (iii) marketing and consumer experience; and (iv) capital management.

A majority of our directors are “independent,” as defined under the rules of the Nasdaq Stock Market. Such independent directors are currently Messrs. Reilly, Poulsen, Glick and Miller, although Glick and Miller are not standing for renomination and will not be part of the Board following this Annual Meeting. Our directors hold office until the next annual meeting of stockholders and until their successors are elected and qualified. Our officers are elected annually by our Board of Directors and serve at its discretion. Except for Messrs. Reilly and Poulsen, all of our current independent directors have served as such for more than the past five years. Our current directors were selected for their experience as businessmen (Reilly, Glick and Miller) or financial expertise (Reilly and Poulsen). We believe that our board is best served by benefiting from this blend of business and financial expertise and experience. Our remaining directors consist of our chief executive officer (Berman) who brings management’s perspective to the board’s deliberations and, our longest serving director (Skala), who, as an attorney with many years of experience advising businesses, is able to provide guidance to the board from a legal perspective.

Our new nominees to the Board of Directors, Messrs. Sitrick and McGovern were selected as nominee directors after going through the vigorous vetting process described above. Both of such nominees, if elected to the Board, have been determined by the Nominating and Governance Committee to be independent directors and bring to the Board entrepreneurial experience in general as well as public relations and crisis management (Sitrick) and industry experience (McGovern).

The Board’s Role in Risk Oversight

The Board of Directors is responsible for oversight of the various risks facing the Company. Risks are considered in virtually every business decision and business strategy. While the Board recognizes that appropriate risk-taking is essential for the Company to remain competitive and achieve its long-term goals, it nonetheless strongly believes that risk taking must be closely monitored.

The Board has implemented the following risk oversight framework: (i) know the major risks inherent in the Company’s business and strategy and compensation policies; (ii) evaluate risk management processes; (iii) encourage open and regular communication about risks between management and the Board; and (iv) cultivate a culture of integrity and risk awareness.

While the Board oversees risk, management is responsible for managing risk. We have developed internal processes to identify and manage risk and communicate appropriately with the Board. Management communicates routinely with the Board, Board Committees and individual Directors on the significant risks identified and how they are being managed and Directors are encouraged to communicate directly with senior management.

The Board implements its risk oversight function both as a whole and through its designated and established Committees, which play significant roles in carrying out the risk oversight function. At the initial meeting of the Board of Directors following this annual meeting, the elected directors will review the composition of its various committees in light of the changes to the composition of the Board of Directors. All of our Committees meet regularly and report back to the full Board. The risk oversight functions are allocated among our Committees as follows:

The Audit Committee is responsible for overseeing risks associated with the Company's financial statements, the financial reporting process, accounting and legal matters. The Audit Committee oversees the internal audit function and meets separately with representatives of the Company's independent accounting firm.

The Compensation Committee is responsible for overseeing risk associated with the Company's compensation philosophy and programs.

The Nominating and Governance Committee is responsible for overseeing risks related to evolving governance legislation and trends.

Board Leadership Structure; Executive Sessions

Until the untimely passing of Jack Friedman in May 2010, our board structure featured (i) a combined Chairman of the Board and Chief Executive Officer, and (ii) non-management, active and effective directors of equal importance and with an equal vote. Since Mr. Friedman's untimely passing in May 2010 we have not selected a Chairman to succeed him. The board intends to continue its current practice of having non-management Board members meet without management present at regularly scheduled executive sessions. Also, at least twice a year, such meetings include only the independent members of the Board.

Committees of the Board of Directors

We have an Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

Audit Committee

In addition to the risk oversight function described above, the primary functions of the Audit Committee are to select or to recommend to our Board the selection of outside auditors; to monitor our relationships with our outside auditors and their interaction with our management in order to ensure their independence and objectivity; to review, and to assess the scope and quality of, our outside auditor's services, including the audit of our annual financial statements; to review our financial management and accounting procedures; to review our financial statements with our management and outside auditors; and to review the adequacy of our system of internal accounting controls. Messrs. Poulsen, Reilly and Glick are the current members of the Audit Committee, are each "independent" (as that term is defined in NASD Rule 4200(a)(14)), and are each able to read and understand fundamental financial statements. Mr. Poulsen, our audit committee financial expert, is the Chairman of the Audit Committee and possesses the financial expertise required under Rule 401(h) of Regulation SK of the Act and NASD Rule 4350(d)(2). He is further "independent", as that term is defined under Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act. We will, in the future, continue to have (i) an Audit Committee of at least three members comprised solely of independent directors, each of whom will be able to read and understand fundamental financial statements (or will become able to do so within a reasonable period of time after his or her appointment); and (ii) at least one member of the Audit Committee that will possess the financial expertise required under NASD Rule 4350(d)(2). Our Board has adopted a written charter for the Audit Committee and the Audit Committee reviews and reassesses the adequacy of that charter on an annual basis. The full text of the charter is available on our website at www.jakks.com.

Compensation Committee

In addition to the risk oversight function described above, the functions of the Compensation Committee are to make recommendations to the Board regarding compensation of management employees and to administer plans and programs relating to employee benefits, incentives, compensation and awards under our 2002 Stock Award and Incentive Plan (the "2002 Plan"). Messrs. Glick (Chairman) and Miller are the current members of the Compensation Committee. The Board has determined that each of them is "independent," as defined under the applicable rules of the Nasdaq Stock Market. A copy of the Compensation Committee's Charter is available on our website at www.jakks.com. Executive officers that are members of our Board make recommendations to the Compensation Committee with respect to the compensation of other executive officers that are not on the Board. Except as otherwise prohibited, the Committee may delegate its responsibilities to subcommittees or individuals. The Compensation Committee has the authority, in its sole discretion, to retain or obtain advice from a compensation consultant, legal counsel or other advisor and is directly responsible for the appointment, compensation and oversight of such persons. The Company provides the appropriate funding to such persons as determined by the Compensation Committee. The Compensation Committee conducts an independence assessment of its outside advisors using the six factors contained in Exchange Act Rule 10C-1. The Compensation Committee receives legal advice from our outside general counsel and has retained Frederick W. Cook & Co., Inc. ("FWC"), a compensation consulting firm, which provides advice directly to the Compensation Committee.

The Compensation Committee also annually reviews the overall compensation of our executive officers for the purpose of determining whether discretionary bonuses should be granted. In 2013, FWC presented a report to the Compensation Committee comparing our performance, size and executive compensation levels to those of peer group companies. FWC also reviewed with the Compensation Committee the base salaries, annual bonuses, total cash compensation, long-term compensation and total compensation of our senior executive officers relative to those companies. The performance comparison presented to the Compensation Committee each year includes a comparison of our total shareholder return, earnings per share growth, sales, net income (and one-year growth of both measures) to the peer group companies. The Compensation Committee reviews this information along with details about the components of each executive officer's compensation. FWC also provided guidance to the Compensation Committee with respect to the terms of Mr. Berman's amended and restated employment agreement and with respect to the extension of Mr. Bennett's employment agreement (see " - Employment Agreements"). Inasmuch as Mr. Berman's salary and bonuses and/or bonus criteria for 2011 were contained within the new restated and amended employment agreement, the Compensation Committee did not consult with FWC in 2011 regarding Mr. Berman's bonus for 2011, but did do so in 2012 with respect to determination of a portion of his bonus criteria for 2012, and in 2013 with respect to determination of a portion of his bonus criteria for 2013, and in 2014 with respect to the determination of a portion of his bonus criteria for 2014. The Compensation Committee also consulted with FWC in 2013 with respect to a portion of Mr. McGrath's bonus criteria for 2013 and in 2014 with respect to a portion of his bonus criteria for 2014.

Nominating and Corporate Governance Committee

In addition to the risk oversight function described above, the functions of the Nominating and Corporate Governance Committee are to develop our corporate governance system and to review proposed new members of our Board of Directors, including those recommended by our stockholders. Messrs. Glick (Chairman) and Poulsen are the current members of our Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee operates pursuant to a written charter adopted by the Board. The full text of the charter is available on our website at www.jakks.com. The Board has determined that each member of this Committee is "independent," as defined under the applicable rules of the Nasdaq Stock Market. For instructions on how stockholders may submit recommendations for director nominees to our Nominating and Corporate Governance Committee, see "Stockholder Communications," below.

The Nominating and Corporate Governance Committee will review, on an annual basis, the composition of our Board of Directors and the ability of its current members to continue effectively as directors for the upcoming fiscal year. The Nominating and Corporate Governance Committee has considered the need for the role of Chairman of the Board and if the position is reestablished, its relation to the Chief Executive Officer. In the ordinary course, absent special circumstances or a change in the criteria for Board membership, the Nominating and Corporate Governance Committee will renominate incumbent directors who continue to be qualified for Board service and are willing to continue as directors. If that Committee thinks it is in our best interests to nominate a new individual for director in connection with an annual meeting of stockholders, or if a vacancy on the Board occurs between annual stockholder meetings or an incumbent director chooses not to run, the nominating committee will seek out potential candidates for Board appointment who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. Director candidates will be selected based on input from members of the Board, our senior management and, if the Committee deems appropriate, a third-party search firm. The Nominating and Corporate Governance Committee

will evaluate each candidate's qualifications and check relevant references and each candidate will be interviewed by at least one member of that Committee. Candidates meriting serious consideration will meet with all members of the Board. Based on this input, the Nominating and Corporate Governance Committee will evaluate whether a prospective candidate is qualified to serve as a director and whether the Committee should recommend to the Board that this candidate be appointed to fill a current vacancy on the Board, or presented for the approval of the stockholders, as appropriate.

Meetings of the Board of Directors and Board Member Attendance at Annual Stockholder Meeting

From January 1, 2013 through December 31, 2013, the Board of Directors, Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee each met or acted without a meeting pursuant to unanimous written consent fourteen times, ten times, five times, and five times, respectively. All directors attended at least 75% of all board meetings and committee meetings of which they are members.

We do not have a formal written policy with respect to board members' attendance at annual stockholder meetings, although we do encourage each of them to attend. All of the directors then serving and nominated for re-election attended our 2013 Annual Stockholder Meeting.

Stockholder Communications

Stockholders interested in communicating with our Board may do so by writing to any or all directors, care of our Chief Financial Officer, at our principal executive offices. Our Chief Financial Officer will log in all stockholder correspondence and forward to the director addressee(s) all communications that, in his judgment, are appropriate for consideration by the directors. Any director may review the correspondence log and request copies of any correspondence. Examples of communications that would be considered inappropriate for consideration by the directors include, but are not limited to, commercial solicitations, trivial, obscene, or profane items, administrative matters, ordinary business matters, or personal grievances. Correspondence that is not appropriate for Board review will be handled by our Chief Financial Officer. All appropriate matters pertaining to accounting or internal controls will be brought promptly to the attention of our Audit Committee Chair.

Stockholder recommendations for director nominees are welcome and should be sent to our Chief Financial Officer, who will forward such recommendations to our Nominating and Corporate Governance Committee, and should include the following information: (a) all information relating to each nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the names and addresses of the stockholders making the nomination and the number of shares of our common stock which are owned beneficially and of record by such stockholders; and (c) appropriate biographical information and a statement as to the qualification of each nominee, and must be submitted in the time frame described under the caption, "Stockholder Proposals for 2015 Annual Meeting," below. The Nominating and Corporate Governance Committee will evaluate candidates recommended by stockholders in the same manner as candidates recommended by other sources, using additional criteria, if any, approved by the Board from time to time. Our stockholder communication policy may be amended at any time with the consent of our Nominating and Corporate Governance Committee.

Code of Ethics

We have a Code of Ethics (which we call a code of conduct) that applies to all our employees, officers and directors. This code was filed as an exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2003. This code is posted on our website, www.jakks.com. We will disclose when there have been waivers of, or amendments to, such Code, as required by the rules and regulations promulgated by the Securities and Exchange Commission and/or Nasdaq.

Executive Officers

Our executive officers are elected by our Board of Directors and serve pursuant to the terms of their respective employment agreements. One of our executive officers, Stephen G. Berman, is also a director of the Company. See the section above entitled "Nominees" for biographical information about this officer. The other current executive officers are Joel M. Bennett, our Executive Vice President and Chief Financial Officer and John (Jack) McGrath, our Executive Vice President and Chief Operating Officer.

Joel M. Bennett, 52, joined us in September 1995 as Chief Financial Officer and was given the additional title of Executive Vice President in May 2000. From August 1993 to September 1995, he served in several financial management capacities at Time Warner Entertainment Company, L.P., including as Controller of Warner Brothers Consumer Products Worldwide Merchandising and Interactive Entertainment. From June 1991 to August 1993, Mr. Bennett was Vice President and Chief Financial Officer of TTI Technologies, Inc., a direct-mail computer hardware and software distribution company. From August 1986 to June 1991, Mr. Bennett held various financial management positions at The Walt Disney Company, including Senior Manager of Finance for its international television syndication and production division. Mr. Bennett began his career at Ernst & Young LLP as an auditor from August 1983 to August 1986. Mr. Bennett holds a Bachelor of Science degree in Accounting and a Master of Business

Administration degree in Finance and is a Certified Public Accountant (inactive).

John J. (Jack) McGrath, 49, became our Chief Operating Officer on August 23, 2011. Prior thereto he was our Executive Vice President of Operations, which position he has held since December 2007. Mr. McGrath was our Vice President of Marketing from 1999 to August 2003 and became a Senior Vice President of Operations in August 2003 and Executive Vice President of Operations in December 2007. From January 1992 to December 1998, Mr. McGrath was Director of Marketing at Mattel Inc. and prior thereto he was a PFC in the U.S Army. Mr. McGrath holds a Bachelor of Science degree in Marketing.

Certain Relationships and Related Transactions

One of our directors, Murray L. Skala, is a partner in the law firm of Feder Kaszovitz LLP, which has performed, and is expected to continue to perform, legal services for us. In 2012 and 2013, we incurred approximately \$2.9 million and \$3.0 million, respectively, for legal fees and reimbursable expenses payable to that firm. As of December 31, 2012 and 2013, legal fees and reimbursable expenses of \$0.5 million and \$ 0.3 million, respectively, were payable to this law firm.

Pursuant to our Code of Conduct (a copy of which may be found on our website, www.jakks.com), all of our employees are required to disclose to our General Counsel, the Board of Directors or any committee established by the Board of Directors to receive such information, any material transaction or relationship that reasonably could be expected to give rise to actual or apparent conflicts of interest between any of them, personally, and us. In addition, our Code of Ethics also directs all employees to avoid any self-interested transactions without full disclosure. This policy, which applies to all of our employees, is reiterated in our Employee Handbook which states that a violation of this policy could be grounds for termination. In approving or rejecting a proposed transaction, our General Counsel, Board of Directors or designated committee will consider the facts and circumstances available and deemed relevant, including but not limited to, the risks, costs, and benefits to us, the terms of the transactions, the availability of other sources for comparable services or products, and, if applicable, the impact on director independence. Upon concluding their review, they will only approve those agreements that, in light of known circumstances, are in or are not inconsistent with, our best interests, as they determine in good faith.

Legal Proceedings

On July 25, 2013, a purported class action lawsuit was filed in the United States District Court for the Central District of California captioned Melot v. JAKKS Pacific, Inc. et al., Case No. CV13-05388 (JAK) against Stephen G. Berman, Joel M. Bennett (collectively the “Individual Defendants”), and the Company (collectively, “Defendants”). On July 30, 2013, a second purported class action lawsuit was filed containing similar allegations against Defendants captioned Dylewicz v. JAKKS Pacific, Inc. et al., Case No. CV13-5487 (OON). The two cases (collectively, the “Class Action”) were consolidated on December 2, 2013 under Case No. CV13-05388 JAK (SSx) and lead plaintiff and lead counsel appointed. On January 17, 2014, Plaintiff filed a consolidated class action complaint (the “First Amended Complaint”) against Defendants which alleged that the Company violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder by making false and/or misleading statements concerning Company financial projections and performance as part of its public filings and earnings calls from July 17, 2012 through July 17, 2013. Specifically, the First Amended Complaint alleged that the Company’s forward looking statements, guidance and other public statements were false and misleading for allegedly failing to disclose (i) certain alleged internal forecasts, (ii) the Company’s alleged quarterly practice of laying off and rehiring workers, (iii) the Company’s alleged entry into license agreements with guaranteed minimums the Company allegedly knew it was unable to meet; and (iv) allegedly poor performance of the Monsuno and Winx lines of products after their launch. The First Amended Complaint also alleged violations of Section 20(a) of the Exchange Act by Messrs. Berman and Bennett. The First Amended Complaint sought compensatory and other damages in an undisclosed amount as well as attorneys’ fees and pre-judgment and post-judgment interest. The Company filed a motion to dismiss the First Amended Complaint on February 17, 2014, and the motion was granted, with leave to replead. A Second Amended Complaint (“SAC”) was filed on July 8, 2014 and it set forth similar allegations to those in the First Amended Complaint about discrepancies between internal projections and public forecasts and the other allegations except that the claim with respect to guaranteed minimums that the Company allegedly knew it was unable to meet was eliminated. The foregoing is a summary of the pleadings and is subject to the text of the pleadings which are on file with the Court. Briefing was completed with respect to a motion to dismiss the SAC and oral argument was held on October 6, 2014 with respect to that motion. The Court has taken the matter under submission and will issue an order with respect thereto. We believe that the claims in the Class Action are without merit, and we intend to defend vigorously against them. However, because the Class Action is in a preliminary stage, we cannot assure you as to its outcome, or that an adverse decision in such action would not have a material adverse effect on our business, financial condition or results of operations.

On February 25, 2014, a shareholder derivative action was filed in the Central District of California by Advanced Advisors, G.P. against the Company, nominally, and against Messrs. Berman, Bennett, Miller, Skala, Glick, Ellin, Almagor, Poulsen and Reilly and Ms. Brodsky (Advanced Partners, G.P., v. Berman, et al., CV14-1420 (DSF)). On March 6, 2014, a second shareholder derivative action alleging largely the same claims against the same defendants was filed in the Central District of California by Louisiana Municipal Police Employees Retirement System (Louisiana Municipal Police Employees Retirement System v. Berman et al., CV14-1670 (GHF)). On April 17, 2014, the cases were consolidated under Case No. 2:14-01420-JAK (SSx) (the “Derivative Action”). On April 30, 2014, a consolidated amended complaint (“CAC”) was filed, which includes alleged (i) a claim for contribution under Sections 10(b) and 21(D) of the Securities Exchange Act related to allegations made in the Class Action; (ii) derivative and direct claims for alleged violations of Section 14 of the Exchange Act and Rule 14a-9 promulgated thereunder related to allegedly misleading statements about Mr. Berman’s compensation plan in the Company’s October 25, 2013 proxy statement; (iii) derivative claims for breaches of fiduciary duty related to the Company’s response to an unsolicited indication of interest from Oaktree Capital, stock repurchase, standstill agreement with the Clinton Group, and

decisions related to the NantWorks joint venture; and (iv) claims against Messrs. Berman and Bennett for breach of fiduciary duty related to the Class Action. The CAC seeks compensatory damages, pre-judgment and post-judgment interest, and declaratory and equitable relief. The foregoing is a summary of the CAC and is subject to the text of the CAC, which is on file with the Court. A motion to dismiss the CAC or, in the alternative, to stay the CAC, was filed in May 2014. The Court granted the motion in part and denied the motion in part with leave for plaintiff to file an amended pleading. Plaintiff declined to do so. Accordingly, claims i, ii and iv have been dismissed and only the elements of claim iii not relating to Dr. Soon and NantWorks remain. Thus, there are no surviving claims against Messrs. Poulsen, Reilly and Bennett and Ms. Brodsky and it is anticipated that their names will be stricken as defendants in the CAC. Pleadings in response to the CAC are anticipated to be filed on October 30, 2014. The matter has been referred to mediation by the Court and the parties have agreed upon a mediator.

We are a party to, and certain of our property is the subject of, various pending claims and legal proceedings that routinely arise in the ordinary course of our business, but we do not believe that any of these claims or proceedings will have a material effect on our business, financial condition or results of operations.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us during 2013 and Forms 5 and amendments thereto furnished to us with respect to 2013, all other Forms 3, 4 and 5 required to be filed during 2013 by our directors and executive officers were done so on a timely basis.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

We believe that a strong management team comprised of highly talented individuals in key positions is critical to our ability to deliver sustained growth and profitability, and our executive compensation program is an important tool for attracting and retaining such individuals. We also believe that our most important resource is our people. While some companies may enjoy an exclusive or limited franchise or are able to exploit unique assets or proprietary technology, we depend fundamentally on the skills, energy and dedication of our employees to drive our business. It is only through their constant efforts that we are able to innovate through the creation of new products and the continual rejuvenation of our product lines, to maintain superior operating efficiencies, and to develop and exploit marketing channels. With this in mind, we have consistently sought to employ the most talented, accomplished and energetic people available in the industry. Therefore, we believe it is vital that our named executive officers receive an aggregate compensation package that is both highly competitive with the compensation received by similarly-situated executive officers at peer group companies, and also reflective of each individual named executive officer's contributions to our success on both a long-term and short-term basis. As discussed in greater depth below, the objectives of our compensation program are designed to execute this philosophy by compensating our executives at the top quartile of their peers.

Our executive compensation program is designed with three main objectives:

to offer a competitive total compensation opportunity that will allow us to continue to retain and motivate highly talented individuals to fill key positions;

to align a significant portion of each executive's total compensation with our annual performance and the interests of our stockholders; and

reflect the qualifications, skills, experience and responsibilities of our executives

Administration and Process

Our executive compensation program is administered by the Compensation Committee. The Compensation Committee receives legal advice from our outside general counsel and has retained Frederick W. Cook & Co., Inc. ("FWC"), a compensation consulting firm, which provides advice directly to the Compensation Committee. Historically, the base salary, bonus structure and the long-term equity compensation of our executive officers are governed by the

terms of their individual employment agreements (see “-Employment Agreements and Termination of Employment Arrangements”) and we expect that to continue in the future. With respect to our chief executive officer and president and our chief operating officer the Compensation Committee, with input from FWC, establishes target performance levels for incentive bonuses based on a number of factors that are designed to further our executive compensation objectives, including our performance, the compensation received by similarly-situated executive officers at peer group companies, the conditions of the markets in which we operate and the relative earnings performance of peer group companies.

Historically, a factor given considerable weight in establishing bonus performance criteria is Adjusted EPS which is the net income per share of our common stock calculated on a fully-diluted basis in accordance with GAAP, applied on a basis consistent with past periods, as adjusted in the sole discretion of the Compensation Committee to take account of extraordinary or special items.

As explained in greater detail below (see “*Employment Agreements and Termination of Employment Arrangements*”), pursuant to the terms of Mr. Berman’s amended and restated 2010 employment agreement, with respect to 2012, during the first quarter, the Compensation Committee established the targeted level of our Adjusted EPS (as defined below) growth, and the corresponding bonus levels, as a percentage of base salary, Mr. Berman earns if the target is met. Pursuant to the terms of his employment agreement as in effect on January 1, 2012, this bonus was capped at a maximum of 200% of base salary, although the Compensation Committee had the authority, in its discretion, to increase the maximum. The Compensation Committee also has wide discretion to set the target levels of Adjusted EPS and it works together with FWC to establish target levels that will accomplish the general objectives outlined above of also promoting growth and alignment with our shareholders’ interests. Mr. Berman’s agreement as in effect on January 1, 2012 also provided for an additional annual performance bonus capped at a maximum of 100% of base salary, payable solely in shares of restricted stock, which can be earned by Mr. Berman if the Company’s performance meets certain criteria established by the Compensation Committee during the first quarter. In addition, Mr. Berman’s agreement as in effect on January 1, 2012 provided for an annual grant of \$500,000 of restricted stock, the initial vesting of which depended solely on EPS targets established in the agreement; if initial vesting occurred, then the restricted stock vested over time.

Pursuant to a September 2012 amendment to Mr. Berman’s employment agreement, commencing in 2013, his annual bonus has been restructured so that part of it is now capped at 300% of his base salary and the performance criteria and vesting are solely within the discretion of the Compensation Committee, which will establish all of the criteria during the first quarter of each fiscal year for that year’s bonus, based upon financial and non-financial factors selected by the Compensation Committee, and another part of his annual performance bonus will be based upon the success of a joint venture entity we initiated in September 2012. The portion of the bonus equal to 200% of base salary is payable in cash and the balance in restricted stock vesting over three years. In addition, the annual grant of \$500,000 of restricted stock was changed to \$3,500,000 of restricted stock and the vesting criteria was also changed from being solely based upon established EPS targets to being based upon performance standards established by the Compensation Committee during the first quarter of each year.

On August 23, 2011 we entered into an amended employment agreement with John J. (Jack) McGrath whereby he became Chief Operating Officer. As disclosed in greater detail below, Mr. McGrath's employment agreement also provides for fixed and adjustable bonuses payable based upon adjusted EPS, which targets are set in the agreement, based upon input from FWC, with the adjustable bonus capped at a maximum of 125% of base salary.

While the Compensation Committee does not establish target performance levels for our chief financial officer, it does consider similar factors when determining such officer's bonus. The employment agreement for Mr. Bennett expired on December 31, 2009 and from January 1, 2010 through October 20, 2011 Mr. Bennett was an employee at will until his entry into a new employment agreement dated October 21, 2011. Prior to its expiration, the agreement authorized our Compensation Committee and Board of Directors to award an annual bonus to Mr. Bennett in an amount up to 50% of his salary as the Committee or Board determined in its discretion and also gave the Compensation Committee and the Board the discretionary authority to pay Mr. Bennett additional incentive compensation as it determined. Mr. Bennett's new employment agreement does not contain a limitation on the percentage of salary that can be granted as a bonus. On February 18, 2014, we entered into a Continuation and Extension of Term of Employment Agreement with respect to Mr. Joel M. Bennett's Employment Agreement dated October 21, 2011 such that it is deemed to have been renewed and continued from January 1, 2014 without interruption and it was extended through December 31, 2015.

The current employment agreements with our named executive officers also gives the Compensation Committee the authority to award additional compensation to each of them as it determines in its sole discretion based upon criteria it establishes.

The Compensation Committee also annually reviews the overall compensation of our named executive officers for the purpose of determining whether discretionary bonuses should be granted. In 2013, FWC presented a report to the Compensation Committee comparing our performance, size and executive compensation levels to those of peer group companies. FWC also reviewed with the Compensation Committee the base salaries, annual bonuses, total cash compensation, long-term compensation and total compensation of our senior executive officers relative to those companies. The performance comparison presented to the Compensation Committee each year includes a comparison of our total shareholder return, earnings per share growth, sales, net income (and one-year growth of both measures) to the peer group companies. The Compensation Committee reviews this information along with details about the components of each named executive officer's compensation.

Peer Group

One of the factors considered by the Compensation Committee is the relative performance and the compensation of executives of peer group companies. The peer group is comprised of a group of the companies selected in conjunction with FWC that we believe provides relevant comparative information, as these companies represent a cross-section of publicly-traded companies with product lines and businesses similar to our own throughout the comparison period. The composition of the peer group is reviewed annually and companies are added or removed from the group as

circumstances warrant. For the last fiscal year, the peer group companies utilized for executive compensation analysis, which remained the same as in the previous year were:

- Activision, Inc.
- Electronic Arts, Inc.
- Hasbro, Inc.
- Leapfrog Enterprises, Inc.
- Mattel, Inc.
- Kid Brands, Inc.
- Take-Two Interactive, Inc.

Elements of Executive Compensation

The compensation packages for the Company’s senior executives have both performance-based and non-performance based elements. Based on its review of each named executive officer’s total compensation opportunities and performance, and our performance, the Compensation Committee determines each year’s compensation in the manner that it considers to be most likely to achieve the objectives of our executive compensation program. The specific elements, which include base sala

Ser. A, MBIA, AAA 2,025 3.40%, 6/01/11 No Opt. Call 2,057,643 AAA 1,625 4.20%, 6/01/10 No Opt. Call 1,753,310 AAA 3,625 4.30%, 6/01/11 No Opt. Call 3,915,580 AAA 2,230 New Mexico Hwy. Comn., Ser. B, 4.75%, 6/15/11, AMBAC No Opt. Call 2,479,693 ----- 12,157,879 ----- NEW YORK--13.7% AAA 8,950 Long Island Pwr. Auth., Elec. Sys. Rev., Ser. A, 5.50%, 12/01/10, AMBAC No Opt. Call 10,434,894 AAA 4,500(3) New York City, GO, Ser. B1, 6.95%, 8/15/04, MBIA 08/04 @ 101 4,848,930 New York Env. Fac. Corp., PCR, Ser. D, AAA 5,145(3) 6.70%, 5/15/09 N/A 5,654,767 AAA 1,010 6.70%, 5/15/09 11/04 @ 102 1,096,779 AAA 4,180(3) 6.80%, 5/15/10 N/A 4,599,798 AAA 785 6.80%, 5/15/10 11/04 @ 102 855,422 New York Med Care Fac. Fin., New York Hosp., Ser. A, AMBAC, AAA 9,715(3) 6.60%, 2/15/05 02/05 @ 102 10,752,853 AAA 2,695(3) 6.625%, 2/15/05 02/05 @ 102 2,983,985 ----- 41,227,428 ----- OHIO--0.7% AAA 1,000 Akron, GO, 4.00%, 12/01/10, MBIA No Opt. Call 1,076,460 AAA 1,015 Univ. of Cincinnati, Ser. G, 3.50%, 6/01/09, AMBAC No Opt. Call 1,068,602 ----- 2,145,062 ----- OREGON--4.4% AAA 1,995 Lane Cnty. Sch. Dist. No. 4, 3.75%, 1/01/11, FSA No Opt. Call 2,088,167 AAA 2,940 Oregon Dept. of Admin. Svcs., Lottery Rev., Ser. C, 3.50%, 4/01/11, FSA No Opt. Call 3,020,732 Washington & Clackamas Cntys. Sch. Dist., GO, MBIA, AAA 3,820 4.00%, 6/15/10 No Opt. Call 4,100,350 AAA 3,720 4.00%, 6/15/11 No Opt. Call 3,968,533 ----- 13,177,782 ----- PENNSYLVANIA--9.0% AAA 2,430 Central York Sch. Dist., GO, 4.125%, 6/01/11, FGIC No Opt. Call 2,600,465 AAA 4,285 Dauphin Cnty. Gen. Auth., HAPSCO-Western Pennsylvania Hosp. Proj., Ser. B, 6.25%, 7/01/08, MBIA ETM 4,773,747 AAA 7,500 Pennsylvania Higher Edl. Facs. Auth., Univ. of Pennsylvania Hlth. Svcs., Ser. A, 5.25%, 8/01/10, FSA 08/09 @ 101 8,479,725 AAA 2,100 Philadelphia Wtr. & Wst., 5.625%, 6/15/08, AMBAC No Opt. Call 2,428,650 AAA 7,000 Pittsburgh, GO, Ser. A, 5.20%, 3/01/10, FGIC 09/05 @ 100 7,508,270 AAA 1,250 Wilson Sch. Dist., GO, 4.00%, 5/15/10, FSA No Opt. Call 1,331,850 ----- 27,122,707 ----- RHODE ISLAND--1.9% AAA 5,000 Rhode Island & Providence Plantations, GO, Ser. B, 4.20%, 6/01/10, FGIC ETM 5,456,700 AAA 235 Rhode Island Clean Wtr. Protection Fin. Agcy., PCR, Ser. A, 6.70%, 10/01/10, MBIA 10/03 @ 101 240,363 ----- 5,697,063 ----- SOUTH

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CAROLINA--5.1% AAA 14,925 Piedmont Mun. Pwr. Agcy., Elec. Rev., 6.30%, 1/01/11, MBIA	08/03 @
102 15,263,947 ----- TENNESSEE--0.8% Clarksville Wtr., Swr. & Gas, FSA, AAA 1,005 4.45%, 2/01/10	
..... No Opt. Call 1,097,661 AAA 1,100 4.65%, 2/01/11	
..... No Opt. Call 1,212,959 ----- 2,310,620 ----- TEXAS--14.7% AAA	
1,090 Addison, GO, 3.375%, 2/15/11, FGIC	No Opt. Call 1,108,072 Bexar Met. Wtr. Dist.,
Wtrwrks. Sys., FSA, AAA 1,085 3.70%, 5/01/10	No Opt. Call 1,134,975 AAA
1,090 3.80%, 5/01/11	No Opt. Call 1,137,415 AAA 2,500 Dallas Ft. Worth Regl.
Arpt., Ser. A, 7.375%, 11/01/10, FGIC	05/04 @ 102 2,664,075 AAA 2,000 Dallas Rapid Transit, 4.30%,
12/01/10, AMBAC	No Opt. Call 2,178,800 Harris Cnty., Toll Road Rev., AAA 2,585 Zero
Coupon, 8/15/08, FGIC	ETM 2,243,200 AAA 2,490 Houston Area Wtr. Corp.,
Northeast Wtr. Purification Proj., 4.50%, 3/01/11, FGIC	No Opt. Call 2,714,025
See Notes to Financial Statements. 20 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION	
PROVISIONS(2) VALUE	
-----	TEXAS
(CONTINUED) AAA \$ 10,440 Houston Wtr. & Swr. Sys., Ser. C, Zero Coupon, 12/01/10, AMBAC	No Opt.
Call \$ 8,065,631 AAA 5,550 Katy Indpt. Sch. Dist., GO, Ser. A, Zero Coupon, 2/15/11	No Opt. Call
4,197,132 Texas Mun. Pwr. Agcy., MBIA, AAA 3,210 5.25%, 9/01/12	09/03 @
100 3,229,806 AAA 4,000 5.50%, 9/01/10	No Opt. Call 4,654,560 AAA 2,245
Texas Pub. Fin. Auth., 4.00%, 2/01/11, FGIC	No Opt. Call 2,362,144 AAA 6,630 Texas Univ.
Sys. Fin., 3.50%, 3/15/11, FSA	No Opt. Call 6,779,043 AAA 1,500 Univ. of Houston, Ser. A,
4.00%, 2/15/10, FSA	No Opt. Call 1,592,130 ----- 44,061,008 ----- UTAH--2.6% AAA
3,470 Intermountain Pwr. Agcy., Sply., Ser. A, 5.25%, 7/01/11, MBIA	07/09 @ 101 3,889,662 AAA
1,450(3) Salt Lake Cnty. Mun. Bldg. Auth., Ser. A, 6.15%, 10/01/04, MBIA	N/A 1,559,257 AAA 3,175 Salt
Lake Cnty. Wtr. Conservancy Dist., Ser. A, Zero Coupon, 10/01/10, AMBAC	
..... No Opt. Call 2,493,645 ----- 7,942,564 -----	
WASHINGTON--12.8% AAA 7,345 Benton Cnty. Sch. Dist. No. 17, GO, Kennewick Sch., 4.50%, 12/01/10, FSA ...	
No Opt. Call 8,098,817 AAA 1,000 Chelan Cnty. Sch. Dist., GO, 4.50%, 12/01/10, FSA	No Opt.
Call 1,102,630 AAA 3,000 Clark Cnty. Pub. Util. Dist. No. 1, Elec. Rev., 4.50%, 1/01/11, AMBAC	No Opt. Call
3,264,720 AAA 2,040 Clark Cnty. Sch. Dist. No. 114, Evergreen, GO, 4.125%, 12/01/10, FSA	No Opt. Call
2,191,715 AAA 1,515 Richland Wtr. & Swr., 4.00%, 11/01/10, MBIA	No Opt. Call 1,620,292
AAA 1,010 Tacoma, GO, 4.625%, 12/01/10, FGIC	No Opt. Call 1,118,464 Washington,
GO, MBIA, AAA 5,000 Ser. A, 5.50%, 7/01/11	07/09 @ 100 5,677,800 AAA 1,505
Ser. R, 3.125%, 1/01/11	No Opt. Call 1,501,614 Washington Pub. Pwr. Sply. Sys.,
MBIA, AAA 9,160 Nuclear Proj. No. 2, Ser. A, Zero Coupon, 7/01/10	ETM 7,366,381 AAA 3,745
Nuclear Proj. No. 2, Ser. A, Zero Coupon, 7/01/10	No Opt. Call 2,917,205 AAA 1,300 Ser. B, Zero
Coupon, 7/01/10	No Opt. Call 1,012,648 AAA 2,280 Whatcom Cnty. Sch. Dist. No. 503,
GO, 4.50%, 12/01/10, FSA	No Opt. Call 2,513,996 ----- 38,386,282 ----- WEST
VIRGINIA--3.4% West Virginia Econ. Dev. Auth., Correctional Juvenile & Pub., Ser. A, MBIA, AAA 3,705 4.50%,	
6/01/10	No Opt. Call 4,061,829 AAA 4,420 4.50%, 6/01/11
..... No Opt. Call 4,829,336 AAA 1,170 West Virginia Sch. Bldg. Auth., 4.00%,	
7/01/11, AMBAC	No Opt. Call 1,238,339 ----- 10,129,504 ----- WISCONSIN--5.5% AAA
1,045 Appleton Wtrwrks., 4.375%, 1/01/11, FGIC	No Opt. Call 1,130,732 Wisconsin Clean
Wtr., Ser. 2, MBIA, AAA 4,640 4.00%, 6/01/10	No Opt. Call 4,942,667 AAA
9,850 4.00%, 6/01/11	No Opt. Call 10,419,724 ----- 16,493,123 -----
WYOMING--2.0% Albany Cnty. Impvts. Statutory Trust, COP, MBIA, AAA 1,325 4.00%, 1/15/10	
..... No Opt. Call 1,403,029 AAA 1,450 4.00%, 7/15/10	
..... No Opt. Call 1,541,394 AAA 1,480 4.00%, 1/15/11	
..... No Opt. Call 1,556,842 AAA 1,510 4.00%, 7/15/11	
..... No Opt. Call 1,593,080 ----- 6,094,345 ----- TOTAL LONG-TERM	
INVESTMENTS (COST \$429,420,229)	468,789,783 ----- See Notes to Financial Statements.
21 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE	

 SHORT-TERM INVESTMENT--0.6% FLORIDA F-1+ \$ 1,700 Orange Cnty. Sch. Brd., COP, Ser. B-1, 0.90%,
 7/01/03, AMBAC, FRDD (cost \$1,700,000)(4) N/A \$ 1,700,000 ----- TOTAL
 INVESTMENTS--156.7% (COST \$431,120,229) 470,489,783 Other assets in excess of
 liabilities--0.1% 267,959 Preferred shares at redemption value, including dividends
 payable--(56.8%) . (170,458,349) ----- NET ASSETS APPLICABLE TO COMMON
 SHAREHOLDERS--100% \$300,299,393 ===== (1) Using the higher of S&P's,
 Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be other call
 provisions at varying prices at later dates. (3) This bond is prerefunded. U.S. government securities, held in escrow,
 are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium
 to par. (4) For purposes of amortized cost valuation, the maturity date of this instrument is considered to be the earlier
 of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted.
 Securities that are covered by insurance, which ensures the timely payment of principal and interest, represent
 approximately 93.1% of the Trust's total investments. KEY TO ABBREVIATIONS AMBAC -- American Municipal
 Bond Assurance Corporation CONNIE LEE -- College Construction Loan Insurance Association COP -- Certificate
 of Participation ETM -- Escrowed to Maturity FGIC -- Financial Guaranty Insurance Company FRDD -- Floating
 Rate Daily Demand FSA -- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond
 Insurance Association PCR -- Pollution Control Revenue See Notes to Financial Statements. 22 PORTFOLIO OF
 INVESTMENTS (UNAUDITED) JUNE 30, 2003 BLACKROCK MUNICIPAL 2018 TERM TRUST PRINCIPAL
 AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

LONG-TERM INVESTMENTS--153.8% ALABAMA--5.1% Courtland Ind. Dev. Brd., PCR, Champion Intl. Corp.
 Proj., Baa2 \$ 5,000 6.15%, 6/01/19 06/05 @ 102 \$ 5,133,900 BBB 1,000 Proj.
 A, 5.90%, 2/01/17 02/04 @ 102 1,018,080 A2 5,845 Huntsville Hlth. Care Auth., Ser.
 A, 5.625%, 6/01/22 06/12 @ 101 6,071,143 ----- 12,223,123 ----- ARIZONA--1.8% AA
 5,525 Glendale Cnty., 2.00%, 7/01/18 07/13 @ 100 4,297,069 -----
 CALIFORNIA--1.40% B- 4,230 Los Angeles Regl. Arpt. Impvt., Corp. Lease Rev., Amer. Airlines Inc., Ser. C,
 7.50%, 12/01/24 12/12 @ 102 3,459,632 ----- CONNECTICUT--3.0% Baa3
 37,50(3) Mashantucket Western Pequot Tribe, Spec. Rev., Ser. B, 5.75%, 9/01/18 09/07 @ 102 3,942,450 BBB-
 3,150 Mohegan Tribe Indians, Pub. Impvt. Priority Dist., 6.00%, 1/01/16 01/11 @ 101 3,351,222 -----
 7,293,672 ----- DELAWARE--6.3% NR 140,00(3) Charter Mac Equity Issuer Trust, Ser. A-3, 6.80%, 10/01/52
 10/14 @ 100 15,149,260 ----- FLORIDA--6.0% Baa1 1,585 Capital Trust Agy. Mult. Fam., American
 Opp., Ser. A, 5.75%, 12/01/23 06/11 @ 102 1,559,085 AAA 5,000 Escambia Cnty. Hlth. Facs. Auth., Hlth. Care
 Fac. Rev., 5.95%, 7/01/20, AMBAC No Opt. Call 5,588,350 NR 1,030
 Sumter Landing Cmnty. Dev. Dist., 6.25%, 5/01/13 No Opt. Call 1,039,373 NR 6,160 Village
 Cmnty. Dev., Assmt. Rev., Ser. B, 5.40%, 5/01/07 No Opt. Call 6,236,076 ----- 14,422,884 -----
 GEORGIA--2.4% Gainesville & Hall Cnty. Hosp. Auth., Northeast Georgia Hlth. Sys. Inc. Proj., A 2,700 5.25%,
 5/15/18 05/11 @ 100 2,773,710 A 2,800 5.50%, 5/15/21
 05/11 @ 100 2,897,692 ----- 5,671,402 ----- ILLINOIS--21.10% AAA
 5,000 Chicago O' Hare Intl. Arpt., Ser. A, 5.75%, 1/01/18, MBIA 01/12 @ 100 5,520,100 Illinois Dev.
 Fin. Auth., A 12,500 Adventist Hlth. Sys. Sunbelt Obl., 5.50%, 11/15/20 11/09 @ 101 12,847,875 A2
 10,000 PCR, Ser. C, 5.95%, 8/15/26 12/06 @ 101 10,314,400 BBB 5,980 Illinois Edl.
 Facs. Auth., Student Hsg., Edl. Adv. Fund, Univ. Ctr. Proj., 6.00%, 5/01/22
 05/12 @ 101 6,036,870 A2 5,000 Illinois Hlth. Facs. Auth., Elmhurst Mem. Hlth. Care, 5.50%, 1/01/22 01/13 @
 100 5,117,600 Illinois Sports Facs. Auth., Dedicated St. Tax Supported Rev., AMBAC, AAA 1,885 Zero Coupon,
 6/15/19 06/15 @ 101 1,448,227 AAA 1,985 Zero Coupon, 6/15/20
 06/15 @ 101 1,517,969 AAA 2,090 Zero Coupon, 6/15/21
 06/15 @ 101 1,585,181 Kane & Du Page Cntys. Sch. Dist., GO, Ser. B, FSA, AAA
 4,625 Zero Coupon, 1/01/18 01/12 @ 72.424 2,379,840 AAA 4,100 Zero Coupon,
 1/01/19 01/12 @ 67.935 1,984,892 AAA 2,950 Zero Coupon, 1/01/21
 01/12 @ 60.037 1,258,942 AAA 1,700 Zero Coupon, 1/01/22

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..... 01/12 @ 56,453,681,105 ----- 50,693,001 ----- INDIANA--7.90% AA
 13,970 Indiana Hlth. Fac. Fin. Auth., Sisters of St. Francis, 5.75%, 11/01/21 11/11 @ 101 14,955,165 Baa2 4,000
 Petersburg, PCR, Pwr. & Lt. Conv., 5.75%, 8/01/21 08/11 @ 102 3,954,320 ----- 18,909,485
 ----- LOUISIANA--1.70% NR 4,000 Louisiana Pub. Facs. Auth., Dept. of Pub. Safety, 5.875%, 6/15/14
 06/10 @ 100 4,128,480 ----- See Notes to Financial Statements. 23 PRINCIPAL AMOUNT OPTION CALL
 RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

MICHIGAN--11.50% BBB \$ 5,000 Dickinson Cnty. Econ. Dev. Corp., PCR, Champion Intl. Corp. Proj., 5.85%,
 10/01/18 10/03 @ 102 \$ 5,067,550 Michigan Hosp. Fin. Auth., A1 5,450 Henry
 Ford Hlth. Sys., Ser. A, 6.00%, 11/15/19 11/09 @ 101 5,843,871 A 5,295 Hospital Oakwood Oblig.
 Grp., Ser. A, 6.00%, 4/01/22 04/13 @ 100 5,643,676 BB 9,000 Midland Cnty. Econ. Dev., Ser. A,
 6.875%, 7/23/09 07/07 @ 101 9,197,910 Pontiac Tax Increment Fin. Auth., ACA A 700 Dev. Area 2,
 5.625%, 6/01/22 06/12 @ 101 748,209 A 1,000 Dev. Area 3, 5.375%, 6/01/17
 06/12 @ 101 1,066,400 ----- 27,567,616 ----- MISSISSIPPI--4.8% BBB 9,800
 Lowndes Cnty. Sld. Wst. Disp., PCR, Weyerhaeuser Co. Proj., Ser. A, 6.80%, 4/01/22
 No Opt. Call 11,546,458 ----- NEVADA--2.6% NR 1,100 Las Vegas Spec.
 Imp. Dist. No. 809, Summerlin Area, 5.35%, 6/01/17 12/03 @ 103 1,068,100 BBB+ 5,000 Nevada Dept. of
 Bus. & Ind., Republic Svc. Inc. Proj., 5.625%, 12/01/26 No Opt. Call 5,216,400 ----- 6,284,500 -----
 NEW HAMPSHIRE--4.1% AAA 7,000 New Hampshire Bus. Fin. Auth., PCR, Pub. Svc. Co. Proj., Ser. C, 5.45%,
 5/01/21, MBIA 05/12 @ 101 7,755,790 A+ 2,025 New Hampshire Hlth. & Ed.
 Facs. Auth., Exeter Hosp. Proj., 6.00%, 10/01/24 . 10/11 @ 101 2,155,957 ----- 9,911,747 ----- NEW
 JERSEY--12.7% New Jersey Econ. Dev. Auth., B 5,250 Continental Airlines Inc. Proj., 7.00%, 11/15/30
 11/10 @ 101 4,187,085 B 6,750 Continental Airlines Inc. Proj., 7.20%, 11/15/30
 11/10 @ 101 5,383,125 Baa3 8,410 Kapkowski Road Landfill Proj., 5.50%, 4/01/16 No Opt. Call
 8,660,870 A- 15,000 Tobacco Settlement Fin. Corp., 6.00%, 6/01/37 06/12 @ 100 12,273,750
 ----- 30,504,830 ----- NORTH CAROLINA--1.8% A3 4,000 Wake Cnty. Ind. Facs., PCR, Carolina Pwr. &
 Lt. Co. Proj., 5.375%, 2/01/17 . 02/12 @ 101 4,249,240 ----- OHIO--2.2% Baa1 5,000 Ohio, PCR, Gen. Motors
 Corp. Proj., 5.625%, 3/01/15 No Opt. Call 5,380,050 ----- PENNSYLVANIA--7.1% Philadelphia
 Auth. for Ind. Dev., Ser. B, FSA, AAA 5,000 5.50%, 10/01/18 10/11 @ 101
 5,691,700 AAA 5,000 5.50%, 10/01/19 10/11 @ 101 5,657,250 West Cornwall
 Twnshp., Mun. Auth. Coll., Elizabethtown Coll. Proj., BBB+ 2,500 5.90%, 12/15/18
 12/11 @ 100 2,744,250 BBB+ 2,650 6.00%, 12/15/22
 12/11 @ 100 2,876,893 ----- 16,970,093 ----- SOUTH
 CAROLINA--1.4% NR 3,500 Lancaster Cnty., Assmnt. Rev., Edgewater Imp. Dist., Ser. B, 6.125%, 11/01/14
 No Opt. Call 3,444,595 ----- SOUTH DAKOTA--5.5% A- 15,000 Edl.
 Enhancement Fdg. Corp., Tobacco Settlement Rev., Ser. B, 6.50%, 6/01/32
 06/12 @ 101 13,265,850 ----- TENNESSEE--2.2% AAA 12,000 Knox Cnty. Hlth. Edl. & Hsg. Facs. Brd., Hosp.
 Facs. Rev., Ser. A, Zero Coupon, 1/01/19, FSA 01/13 @ 71.667 5,381,040 -----
 TEXAS--24.4% BBB 2,000 Alliance Arpt. Auth. Inc. Spec. Facs., Fed. Express Corp. Proj., 6.375%, 4/01/21
 04/06 @ 102 2,131,040 Birdville Indpt. Sch. Dist., GO,
 AAA 1,615 Zero Coupon, 2/15/18 No Opt. Call 821,647
 AAA 1,815 Zero Coupon, 2/15/19 No Opt. Call 868,351 AAA 2,625 Zero Coupon,
 2/15/20 No Opt. Call 1,180,594 AAA 2,500 Zero Coupon, 2/15/21
 No Opt. Call 1,055,100 BBB 13,625 Brazos River Auth., PCR, TXU Elec. Co. Proj.,
 Ser. C, Zero Coupon, 5/01/36 . No Opt. Call 13,878,697 NR 4,305 Dallas Cnty. Flood Control, 6.75%, 4/01/16
 04/13 @ 100 4,414,864 Dallas Ft. Worth Intl. Arpt. Fac. Impvt., Ser. A, FGIC, AAA 5,000
 5.875%, 11/01/17 11/11 @ 100 5,633,000 AAA 5,000 5.875%, 11/01/18
 11/11 @ 100 5,591,750 Texas Affordable Hsg. Corp., Mult. Fam. Hsg. Rev.,
 Arborstone/Baybrook Oaks, Ser. A, A3 12,695 5.55%, 11/01/18 11/11 @ 102
 13,127,645 A3 9,800 5.75%, 11/01/22 11/11 @ 102 10,146,430 -----
 58,849,118 ----- See Notes to Financial Statements. 24 PRINCIPAL AMOUNT OPTION CALL RATING(1)

(000) DESCRIPTION PROVISIONS(2) VALUE

WASHINGTON--4.9% Energy Northwest Wind Proj., A- \$ 5,000 Ser. A, 6.00%, 7/01/23
..... 01/07 @ 103 \$ 5,308,000 A- 6,175 Ser. B, 5.875%, 7/01/20
..... 01/07 @ 103 6,547,291 ----- 11,855,291 ----- WISCONSIN--11.9% A-
14,500 Badger Tobacco Asset Sec. Corp., 6.375%, 6/01/32 06/12 @ 100 12,764,640 Wisconsin
Hlth. & Edl. Facs. Auth., A+ 5,000 Froedert & Cmnty. Hlth. Oblig., 5.375%, 10/01/21 10/11 @ 101
5,109,650 A 10,000 Wheaton Franciscan Svcs., 6.25%, 8/15/22 02/12 @ 101 10,847,500
----- 28,721,790 ----- TOTAL LONG-TERM INVESTMENTS (COST \$360,414,126)
370,180,226 ----- SHARES (000) ----- MONEY MARKET FUND--0.8% NR 2,000 AIM Tax Free
Investment Co. Cash Reserve Portfolio (cost \$2,000,000) N/A 2,000,000 ----- TOTAL
INVESTMENTS--154.6% (COST \$362,414,126) 372,180,226 Other assets in excess of
liabilities--2.6% 6,220,381 Preferred shares at redemption value, including dividends
payable--(57.2)% . (137,615,561) ----- NET ASSETS APPLICABLE TO COMMON
SHAREHOLDERS--100.0% \$240,785,046 ===== (1) Using the
higher of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There
may be other call provisions at varying prices at later dates. (3) Security is not registered under the Securities Act of
1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified
institutional buyers. As of June 30, 2003, the Trust held 7.9% of its net assets, with a current market value of
\$19,091,710, in securities restricted as to resale. KEY TO ABBREVIATIONS ACA -- American Capital Access
AMBAC -- American Municipal Bond Assurance Corporation FGIC -- Financial Guaranty Insurance Company FSA
-- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond Insurance Association PCR --
Pollution Control Revenue See Notes to Financial Statements. 25 PORTFOLIO OF INVESTMENTS (UNAUDITED)
JUNE 30, 2003 BLACKROCK MUNICIPAL TARGET TERM TRUST PRINCIPAL AMOUNT OPTION CALL
VALUE RATING(1) (000) DESCRIPTION PROVISIONS(2) (NOTE 1)

LONG-TERM INVESTMENTS--154.0% ALABAMA--3.3% AAA \$ 9,450 Alabama Fed. Hwy. Fin. Auth., Grant
Antic., Ser. A, 4.125%, 3/01/07, MBIA .. No Opt. Call \$ 10,158,750 AAA 5,000 Jefferson Cnty., Capital Imprvt., GO,
Ser. A, 5.00%, 4/01/07, MBIA No Opt. Call 5,540,300 AAA 1,000 Mobile, GO, 4.00%, 2/15/07, AMBAC
..... No Opt. Call 1,069,790 ----- 16,768,840 ----- ALASKA--4.1% Anchorage, GO,
AAA 1,750 Ser. A, 4.125%, 6/01/06, FGIC No Opt. Call 1,874,145 AAA 2,245 Ser. A,
4.25%, 6/01/07, FGIC No Opt. Call 2,434,972 AAA 1,335 Ser. B, 3.20%, 7/01/07, MBIA
..... No Opt. Call 1,394,114 AAA 5,000 Ser. B, 3.25%, 7/01/07, MBIA
..... No Opt. Call 5,230,950 AAA 1,000 Ser. B, 4.25%, 7/01/07, FGIC
..... No Opt. Call 1,084,360 AAA 9,000 No. Slope Boro., Ser. B, Zero Coupon, 6/30/04, FSA
..... No Opt. Call 8,900,010 ----- 20,918,551 ----- ARIZONA--2.4% AAA 5,000 Arizona Trans.
Brd., Grant Antic., 4.125%, 1/01/07, MBIA No Opt. Call 5,365,650 AAA 6,255 Maricopa Cnty. Pub. Fin.
Corp., Lease Rev., 4.25%, 7/01/07, AMBAC No Opt. Call 6,792,742 ----- 12,158,392 -----
ARKANSAS--1.0% AAA 5,000 Univ. of Arkansas, Athl. Fac. Rev., Razorback Stadium Proj., Zero Coupon,
12/01/21, FSA 12/06 @ 100 5,301,800 ----- CALIFORNIA--7.5% AAA 6,000
California, GO, 6.30%, 9/01/06, AMBAC No Opt. Call 6,837,780 AAA 30,000 California
Dept. of Wtr. Res., Pwr. Sply. Rev., Ser. A, 3.50%, 5/01/07, MBIA No
Opt. Call 31,604,400 ----- 38,442,180 ----- COLORADO--8.5% AAA 17,150 Denver City & Cnty., GO,
Ser. B, 5.625%, 8/01/07, MBIA No Opt. Call 19,565,578 AAA 1,015 El Paso Cnty., COP, Detention
Fac. Proj., Ser. B, 2.50%, 12/01/06, AMBAC ... No Opt. Call 1,042,811 AAA 9,700 Met. Football Stad. Dist., Sales
Tax Rev., Ser. A, Zero Coupon, 1/01/07, MBIA No Opt. Call 8,914,882
Regl. Transp. Dist., COP, Transp. Vehicle Proj., Ser. A, MBIA, AAA 6,215 5.00%, 6/01/06
..... No Opt. Call 6,811,764 AAA 5,470 5.00%, 6/01/07
..... No Opt. Call 6,095,221 AAA 1,100 Thornton, COP, 2.50%, 12/01/06, AMBAC
..... No Opt. Call 1,130,514 ----- 43,560,770 ----- DELAWARE--0.2% AAA 1,050
Delaware River & Bay Auth., 2.50%, 1/01/07, MBIA No Opt. Call 1,067,273 ----- DISTRICT

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OF COLUMBIA--1.7% AAA 8,250(3) Dist. of Columbia, GO, Ser. B, 5.90%, 6/01/04, MBIA N/A
8,790,952 ----- FLORIDA--3.4% Delray Beach, FSA, AAA 1,255 Decade of Excellence Prog., GO, 3.50%,
2/01/07 No Opt. Call 1,323,674 AAA 1,740 Utils. Tax, 3.50%, 6/01/07
No Opt. Call 1,847,149 AAA 1,645 Florida Mun. Loan Council, Ser. A, 4.00%, 5/01/07, MBIA No Opt.
Call 1,771,287 AAA 6,185 Jacksonville Hosp., Univ. Med. Ctr. Inc. Proj., 6.50%, 2/01/07, CONNIE LEE . 07/03 @
101 6,269,301 AAA 1,765 Orange Cnty. Tourist Dev., Tax Rev., Ser. A, 6.375%, 10/01/06, AMBAC ETM
1,802,012 AAA 2,000 Sarasota Wtr. & Swr. Sys., 4.25%, 10/01/06, MBIA No Opt. Call 2,166,220
AAA 1,865 Tampa Wtr. & Swr., 5.50%, 10/01/06, FSA No Opt. Call 2,093,388 -----
17,273,031 ----- GEORGIA--1.4% AAA 1,990 Burke Cnty. Dev. Auth., PCR, Oglethorpe Pwr. Corp., Ser. B,
6.45%, 1/01/05, MBIA 01/04 @ 101 2,040,148 AAA 4,805 Columbus Wtr. &
Swr., 4.00%, 5/01/07, FSA No Opt. Call 5,166,528 ----- 7,206,676 ----- See Notes to
Financial Statements. 26 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION
PROVISIONS(2) VALUE

HAWAII--4.7% Hawaii, GO, AAA \$ 5,675 Ser. CP, 5.50%, 10/01/06, FGIC No Opt. Call
\$ 6,345,104 AAA 9,000 Ser. CS, 5.25%, 4/01/06, MBIA No Opt. Call 9,855,450 AAA
1,265 Ser. CW, 3.60%, 8/01/06, FGIC No Opt. Call 1,335,207 Honolulu City & Cnty.,
GO, Ser. A, AAA 2,275 4.00%, 9/01/06, FSA No Opt. Call 2,432,430 AAA 3,500
5.80%, 1/01/07, FGIC No Opt. Call 3,942,960 ----- 23,911,151 -----
ILLINOIS--19.0% Champaign Cnty. Cmnty. Unit Sch. Dist., No. 116, Ser. C, FGIC, AAA 1,065 Zero Coupon,
1/01/07 No Opt. Call 977,116 AAA 2,760 Zero Coupon, 1/01/08
..... No Opt. Call 2,433,382 AAA 12,000 Chicago, GO, Ser. A, 4.25%, 1/01/07, MBIA
..... No Opt. Call 12,894,240 AAA 2,665 Chicago Park Dist., Parking Rev., GO, Ser. A, 3.00%,
1/01/07, FGIC No Opt. Call 2,751,772 AAA 1,565 Chicago Wstwr. Trans., Ser. A, 3.50%, 1/01/07, AMBAC
..... No Opt. Call 1,642,233 AAA 7,220 Cook Cnty. Cmnty. Sch. Dist., Zero Coupon, 12/01/07, FGIC
..... No Opt. Call 6,458,723 Du Page Cnty., Trans. Rev., FSA, AAA 4,815 4.50%, 1/01/07
..... No Opt. Call 5,214,260 AAA 5,390 4.50%, 1/01/09
..... No Opt. Call 5,910,242 Illinois, GO, Ser. I, AAA 15,080 3.25%, 11/01/06, FGIC
..... No Opt. Call 15,842,897 AAA 4,000 4.00%, 4/01/07, FSA
..... No Opt. Call 4,285,640 AAA 12,625 4.25%, 4/01/07, MBIA
..... No Opt. Call 13,639,798 AAA 10,915 Illinois Hlth. Facs. Auth., Sisters Svcs. Inc.,
Ser. C, 6.625%, 6/01/06, MBIA 07/03 @ 101 11,056,786 Illinois Sales Tax, Ser.
O, AAA 5,900 Zero Coupon, 6/15/07 No Opt. Call 5,348,468 AAA 5,635 Zero
Coupon, 6/15/08 No Opt. Call 4,900,985 AAA 1,000 Kane Cnty., GO, 3.75%,
1/01/07, FGIC No Opt. Call 1,057,740 AAA 2,000 Will Cnty. Cmnty. Sch. Dist., 7.05%,
12/01/08, AMBAC No Opt. Call 2,463,300 ----- 96,877,582 ----- INDIANA--2.7% AAA
5,000 Indiana Bond Bank, Sch. Fund, 4.00%, 2/01/07, AMBAC No Opt. Call 5,341,750 AAA 9,000
Indiana Univ., Student Fee Rev., Zero Coupon, 8/01/06, AMBAC No Opt. Call 8,424,180 -----
13,765,930 ----- IOWA--0.8% AAA 3,940 West Des Moines Cmnty. Sch. Dist., 4.00%, 6/01/07, AMBAC
..... No Opt. Call 4,239,598 ----- KENTUCKY--3.8% AAA 12,610 Kentucky Econ. Dev. Fin. Sys.,
Norton Hlth. Care Inc., Ser. B, Zero Coupon, 10/01/07, MBIA No Opt. Call
11,332,229 Kentucky Ppty. & Bldgs. Auth., Proj. No. 69, FSA, AAA 2,035 Ser. B, 4.00%, 8/01/06
..... No Opt. Call 2,177,918 AAA 5,560 Ser. C, 4.00%, 8/01/06
..... No Opt. Call 5,950,479 ----- 19,460,626 ----- LOUISIANA--4.2% AAA
3,555 Louisiana Off. Facs. Corp. Lease, Cap. Complex Prg., 4.00%, 5/01/07, AMBAC . No Opt. Call 3,815,653 AAA
4,565 Louisiana Pub. Facs. Auth., Ochsner Clinic Fndtn. Proj., Ser. A, 3.00%, 5/15/07, MBIA
..... No Opt. Call 4,716,740 AAA 7,680(3) MuniMae Trust, Ser. 7, Cl. A, 4.40%,
12/17/06 N/A 7,963,853 AAA 5,250 New Orleans, GO, Zero Coupon, 9/01/06, AMBAC
..... No Opt. Call 4,911,427 ----- 21,407,673 ----- MASSACHUSETTS--3.6% AAA 11,760
Massachusetts, GO, Ser. A, 5.25%, 1/01/09, FSA No Opt. Call 13,337,721 AAA 4,585(3)
MuniMae Trust, Ser. 8, Cl. A, 4.40%, 12/17/06 N/A 4,754,462 ----- 18,092,183 -----

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MICHIGAN--3.7% AAA 1,270 Detroit, GO, 3.00%, 4/01/07, MBIA No Opt. Call
1,318,374 AAA 2,100 Grand Rapids Wtr. Sply., 4.00%, 1/01/07, FGIC No Opt. Call 2,245,467
Michigan Mun. Bd. Auth., AAA 5,000 Zero Coupon, 5/15/06, MBIA No Opt. Call
4,717,400 AAA 1,165(3) Ser. G, 6.35%, 11/01/04, AMBAC N/A 1,272,448 AAA 675 Ser.
G, 6.35%, 11/01/06, AMBAC 11/04 @ 102 731,470 Michigan Pub. Pwr. Agcy., Belle
River Proj., Ser. A, MBIA, AAA 1,000 2.70%, 1/01/07 No Opt. Call 1,025,560
AAA 2,000 5.00%, 1/01/07 No Opt. Call 2,205,800 AAA 4,850 Michigan Trunk
Line, Ser. A, 4.00%, 11/01/06, FSA No Opt. Call 5,235,527 ----- 18,752,046 ----- See
Notes to Financial Statements. 27 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION
PROVISIONS(2) VALUE

MINNESOTA--2.1% AAA \$ 5,075 Met. Council Minneapolis-St. Paul, GO, 5.25%, 12/01/06 No Opt.
Call \$ 5,685,675 Minneapolis Spec. Sch. Dist. No. 1, COP, FSA, AAA 1,150 Ser. A, 3.00%, 2/01/07
..... No Opt. Call 1,191,527 AAA 840 Ser. B, 3.25%, 2/01/07
..... No Opt. Call 877,556 AAA 2,710 Minnesota Hsg. Fin. Auth., Ser. D, 5.35%, 8/01/06,
MBIA 02/05 @ 102 2,864,280 ----- 10,619,038 ----- MISSISSIPPI--0.4% AAA 1,935
Vicksburg, GO, 4.00%, 4/01/07, MBIA No Opt. Call 2,079,699 -----
NEBRASKA--0.8% AAA 3,850 Douglas Cnty. Sch. Dist. No. 17 Millard, GO, 3.20%, 11/15/06, FSA No Opt.
Call 4,058,863 ----- NEVADA--1.4% AAA 2,975 Clark Cnty., Library Dist., GO, 4.00%, 2/01/07, FGIC
..... No Opt. Call 3,187,950 AAA 2,005 Las Vegas, GO, Pub. Safety Bonds, 4.00%, 4/01/07, FSA
..... No Opt. Call 2,154,934 Nevada Dept. of Bus. & Ind., Las Vegas Monorail Proj., AMBAC, AAA 800
Zero Coupon, 1/01/07 No Opt. Call 734,488 AAA 1,295 Zero Coupon, 1/01/08
..... No Opt. Call 1,143,783 ----- 7,221,155 ----- NEW HAMPSHIRE--0.5%
AAA 2,310 New Hampshire Higher Edl. & Hlth. Facs. Auth., Elliot Hosp. of Manchester, 6.70%, 10/01/06, AMBAC
..... 07/03 @ 101 2,336,288 ----- NEW JERSEY--3.7% AAA 265 Elizabeth, GO, 6.60%,
8/01/06, MBIA 07/03 @ 101 266,028 AAA 1,000 Monmouth Cnty. Impvt. Auth., Gov't.
Loan, 2.34%, 12/01/06, FSA No Opt. Call 1,021,450 AAA 8,565 New Jersey Hwy. Auth., Garden St. Pkwy.,
5.00%, 1/01/07, FGIC ETM 9,458,587 AAA 5,000 New Jersey Transp. Trust Fund Auth., Transp. Sys., Ser.
A, 5.125%, 6/15/07, AMBAC 06/05 @ 102 5,419,750 AAA 1,065 No. Jersey Dist.
Wtr. Sply., Wanaque So. Proj., 6.50%, 7/01/06, MBIA ETM 1,165,568 AAA 1,250 Warren Cnty. Fin. Auth.,
PCR, 6.55%, 12/01/06, MBIA 12/03 @ 101 1,289,025 ----- 18,620,408 ----- NEW
MEXICO--1.3% AAA 3,535 Gallup, PCR, Plains Elec. Generation, 6.50%, 8/15/07, MBIA 07/03 @ 102
3,589,121 AAA 2,635 New Mexico Fin. Auth., Pub. Proj., Ser. A, 3.50%, 6/01/07, MBIA No Opt. Call
2,791,124 ----- 6,380,245 ----- NEW YORK--10.6% AAA 1,040 Malone Ctrl. Sch. Dist., GO, Ser. B,
2.875%, 1/15/07, FGIC No Opt. Call 1,073,405 AAA 2,800 Nassau Cnty., GO, Ser. Y, 5.00%, 3/01/06,
FGIC No Opt. Call 3,038,588 New York City, GO, AAA 13,000 Ser. A, 7.00%, 8/01/07, FSA
..... 08/06 @ 101.5 15,016,430 AAA 10,000 Ser. E, 6.125%, 8/01/06, MBIA
..... No Opt. Call 11,253,900 AAA 2,000 New York City Hlth. & Hosp. Corp., Hlth. Sys.
Svcs., Ser. A, 3.20%, 2/15/07, FSA No Opt. Call 2,079,760 AAA 2,460 New
York Dorm. Auth., Hosp. Rev., 3.00%, 2/15/07, XLCA No Opt. Call 2,549,741 New York Env. Fac.
Corp., PCR, AAA 3,690(3) Ser. D, 6.40%, 11/15/04 N/A 4,040,587 AAA 810 Ser. D,
6.40%, 5/15/06 11/04 @ 102 879,927 AAA 9,715 New York Hsg. Fin. Agcy., Hsg.
Proj. Mtge., Ser. A, 5.50%, 11/01/06, FSA 05/06 @ 102 10,552,238 AAA 3,270
Rochester, GO, Ser. B, 4.00%, 2/15/07, MBIA No Opt. Call 3,502,955 ----- 53,987,531
----- NORTH CAROLINA--1.3% AAA 6,000 No. Carolina Eastn. Mun. Pwr. Agcy., Sys. Rev., Ser. B, 6.00%,
1/01/06, CAPMAC No Opt. Call 6,667,980 ----- NORTH DAKOTA--0.4%
AAA 2,035 Grand Forks Hlth. Care Fac., United Hosp. Oblig. Grp., 6.50%, 12/01/06, MBIA
..... 07/03 @ 101.5 2,051,138 ----- OHIO--5.2% AAA 1,000 Amer. Muni.
Pwr. Inc., Omega JU2 Proj., 4.00%, 1/01/07, AMBAC No Opt. Call 1,071,030 AAA 2,170 Cincinnati City
Sch. Dist., GO, Sch. Imprvt., 4.00%, 12/01/06, MBIA No Opt. Call 2,345,206 AAA 1,285 Milford Sch. Dist.,
GO, Sch. Imprvt., 3.25%, 12/01/06, FSA No Opt. Call 1,356,857 Ohio Bldg. Auth., Ser. A, FSA, AAA

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4,585 Admin. Bldg. Fd., 5.00%, 10/01/06 No Opt. Call 5,082,014 AAA 10,000 Correction
 Facs., 5.00%, 10/01/06 No Opt. Call 11,084,000 AAA 5,400 Ohio Wtr. Dev. Auth., Pure
 Wtr., 3.00%, 6/01/07, AMBAC No Opt. Call 5,624,910 ----- 26,564,017 -----
 OKLAHOMA--1.4% AAA 6,660 Oklahoma Trans. Auth., Tpke. Sys. Rev., Ser. B, 5.00%, 1/01/07, AMBAC No
 Opt. Call 7,385,807 ----- See Notes to Financial Statements. 28 PRINCIPAL AMOUNT OPTION CALL
 RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

OREGON--1.3% AAA \$ 2,020 Oregon Dept. of Admin. Svcs., COP, Ser. A, 5.00%, 11/01/06, FSA No Opt.
 Call \$ 2,218,223 AAA 2,065 Portland Swr. Sys., Ser. A, 5.00%, 6/01/07, FSA No Opt. Call
 2,310,962 AAA 2,000 Washington & Clackamas Cntys. Sch. Dist., GO, 3.125%, 6/15/07, MBIA No Opt. Call
 2,099,020 ----- 6,628,205 ----- PENNSYLVANIA--5.3% AAA 1,500 Delaware Cnty. Regl. Wtr. Qual. Ctrl.
 Auth., Swr. Rev., 4.00%, 5/01/07, FGIC No Opt. Call 1,616,310 AAA 1,345
 Fleetwood Area Sch. Dist., GO, 4.00%, 4/01/07, FGIC No Opt. Call 1,447,099 AAA 1,615 Oxford
 Area Sch. Dist., GO, Ser. A, 4.00%, 2/15/07, FGIC No Opt. Call 1,733,557 AAA 1,900 Pennsylvania
 Dept. of Gen. Svcs., COP, 4.25%, 5/01/06, FSA No Opt. Call 2,041,911 AAA 2,375 Pennsylvania Tpke.
 Comm., Ser. A, 4.125%, 12/01/06, FGIC No Opt. Call 2,574,096 Philadelphia, GO, FSA, AAA 1,000
 4.00%, 9/15/06 No Opt. Call 1,074,880 AAA 3,100 4.05%, 9/15/07
 No Opt. Call 3,361,268 AAA 1,550 Philadelphia Mun. Auth., Justice Lease Rev.,
 Ser. A, 7.00%, 11/15/04, MBIA . 07/03 @ 101 1,574,723 AAA 2,950 Philadelphia Wtr. & Wst., 5.50%, 6/15/06,
 MBIA No Opt. Call 3,285,621 AAA 3,620 Pittsburgh Pub. Parking Auth., Parking Rev., 2.75%,
 12/01/06, AMBAC No Opt. Call 3,758,863 Pocono Mtn. Sch. Dist., GO, FSA, AAA 875 4.50%, 4/01/07
 No Opt. Call 957,163 AAA 3,025 4.50%, 10/01/07
 No Opt. Call 3,337,815 ----- 26,763,306 ----- RHODE ISLAND--1.1%
 AAA 1,865 Providence, GO, Ser. C, 3.75%, 1/15/07, FGIC No Opt. Call 1,984,341 AAA 3,400
 Rhode Island & Providence Plantations, GO, Ser. A, 4.00%, 12/01/06, FSA No Opt. Call 3,676,862 -----
 5,661,203 ----- SOUTH CAROLINA--0.8% AAA 1,715 Lexington Cnty. Sch. Dist. No. 1, COP, 3.00%, 3/01/07,
 AMBAC No Opt. Call 1,783,240 AAA 2,070 Pickens Cnty. Sch. Dist., GO, Ser. B, 2.25%, 3/01/07, FGIC
 No Opt. Call 2,096,227 ----- 3,879,467 ----- TEXAS--18.2% AAA 6,575 Austin Wtr. & Wstwr.
 Sys., Ser. C, 3.75%, 11/15/06, FSA No Opt. Call 7,034,198 AAA 2,400 Corpus Christi, Gen. Impvt., GO,
 Ser. A, 5.00%, 3/01/07, FSA No Opt. Call 2,651,112 AAA 1,095 Corpus Christi Bus. & Job Dev., Corp.
 Sales Tax Rev., 4.00%, 3/01/07, AMBAC No Opt. Call 1,174,322 AAA 8,500
 Cypress-Fairbanks Indpt. Sch. Dist., GO, Zero Coupon, 8/01/06, AMBAC No Opt. Call 7,963,395 AAA 6,355
 Dallas Rapid Transit, 3.70%, 12/01/06, AMBAC No Opt. Call 6,794,067 AAA 1,305 Dallas
 Wtrwrks. & Swr. Sys., 3.00%, 4/01/07, FSA No Opt. Call 1,354,707 AAA 2,280 Denton Util. Sys.,
 Mult. Util. Impvt., 4.25%, 12/01/06, AMBAC No Opt. Call 2,478,976 AAA 3,445 El Paso Cnty., GO,
 4.00%, 2/15/07, FSA No Opt. Call 3,681,672 AAA 1,000 Houston Area Wtr. Corp., Northeast
 Wtr. Purification Proj., 4.00%, 3/01/07, FGIC No Opt. Call 1,072,440 AAA 13,225
 Houston Wtr. & Swr. Sys., Ser. B, 6.75%, 12/01/08, FGIC 07/03 @ 101 13,397,586 AAA 6,285(3)
 MuniMae Trust, Ser. 10, Cl. A, 4.40%, 12/17/06 N/A 6,517,294 AAA 2,915 Odessa Texas Wtr. &
 Swr., 4.25%, 4/01/07, FSA No Opt. Call 3,157,003 Round Rock Indpt. Sch. Dist., GO, Ser. A,
 AAA 2,465 4.25%, 8/01/06 No Opt. Call 2,654,213 AAA 1,000 4.25%, 8/01/07
 No Opt. Call 1,086,420 AAA 8,115 San Antonio Elec. & Gas, Ser. B, Zero
 Coupon, 2/01/08, FGIC ETM 7,268,849 AAA 1,000 Sugar Land, GO, 2.50%, 2/15/07, FGIC
 No Opt. Call 1,016,650 AAA 5,000 Tarrant Regl. Wtr. Dist., Impvt., 3.00%, 3/01/07, FSA
 No Opt. Call 5,186,350 AAA 15,000 Texas Mun. Pwr. Agcy., Zero Coupon, 9/01/06, AMBAC
 No Opt. Call 14,050,200 AAA 1,000 Texas Pub. Fin. Auth., 3.00%, 2/01/07, FGIC
 No Opt. Call 1,034,700 AAA 3,000 Texas Tech. Univ., Ser. 6, 4.25%, 2/15/07, AMBAC
 No Opt. Call 3,240,870 ----- 92,815,024 ----- UTAH--5.6% Utah, GO, Ser. B, AAA 5,950
 4.50%, 7/01/06 No Opt. Call 6,467,114 AAA 20,000 4.50%, 7/01/07
 No Opt. Call 22,015,400 ----- 28,482,514 ----- WASHINGTON--9.4%
 AAA 1,325 Benton Cnty. Pub. Util. Dist., Elec. Rev., 3.75%, 11/01/06, FSA No Opt. Call 1,416,491 AAA

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3,000 Clark Cnty. Pub. Util., Dist. No. 1, Elec. Rev., 4.00%, 1/01/07, AMBAC No Opt. Call 3,207,810 King Cnty., AAA 2,090 GO, 3.50%, 12/01/06, MBIA No Opt. Call 2,220,584 AAA 3,085 Swr. Rev., 3.50%, 1/01/07, FGIC No Opt. Call 3,246,839 AAA 2,100 Kitsap Cnty., GO, Ser. B, 4.00%, 12/01/06, AMBAC No Opt. Call 2,265,921 29 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

 WASHINGTON (CONTINUED) Seattle, GO, Ser. E, MBIA, AAA \$ 1,700 Zero Coupon, 12/15/07
 No Opt. Call \$ 1,516,604 AAA 1,345 Zero Coupon, 12/15/08
 No Opt. Call 1,147,379 Snohomish Cnty. Pub. Util. Dist., Elec. Rev., AAA 5,620
 4.125%, 12/01/06, FSA No Opt. Call 6,087,247 AAA 1,250 6.55%, 1/01/07, FGIC
 ETM 1,281,800 AAA 3,890 Tacoma Elec. Sys., Ser. A, 4.00%, 1/01/07, FSA
 No Opt. Call 4,152,692 AAA 3,360 Thurston Cnty. Sch. Dist. No. 3, GO, 4.25%, 12/01/06, FSA
 No Opt. Call 3,653,227 AAA 5,000 Washington, GO, Ser. B, 5.00%, 1/01/08, MBIA
 No Opt. Call 5,585,200 AAA 12,875 Washington Pub. Pwr. Sply., Nuclear Proj. No. 2, Ser. A, Zero Coupon, 7/01/06,
 MBIA No Opt. Call 12,137,391 ----- 47,919,185 ----- WEST
 VIRGINIA--1.6% AAA 5,300 West Virginia, GO, 4.00%, 6/01/06, FSA No Opt. Call
 5,657,220 West Virginia Econ. Dev. Auth., Correctional Juvenile & Pub., MBIA, AAA 1,000 Ser. B, 4.00%, 6/01/06
 No Opt. Call 1,069,170 AAA 1,500 Ser. A, 4.00%, 6/01/07
 No Opt. Call 1,615,815 ----- 8,342,205 ----- WISCONSIN--5.6% AAA
 1,380 Appleton Wtrwks., Ser. B, 4.00%, 1/01/07, FGIC No Opt. Call 1,475,593 AAA 5,000
 Kenosha, GO, Ser. B, Zero Coupon, 10/15/08, FSA No Opt. Call 4,346,750 AAA 1,275 Milwaukee,
 GO, Ser. W, 4.00%, 3/15/07, FSA No Opt. Call 1,368,304 Wisconsin, AAA 880 COP, Ser. A,
 3.75%, 3/01/07, FSA No Opt. Call 936,012 AAA 12,780 COP, Ser. A, 3.75%, 9/01/07, FSA
 No Opt. Call 13,668,338 AAA 6,085 GO, Ser. G, 4.00%, 5/01/07, MBIA
 No Opt. Call 6,540,462 ----- 28,335,459 ----- TOTAL LONG-TERM
 INVESTMENTS (COST \$730,896,825) 784,793,991 ----- SHORT-TERM
 INVESTMENTS(4)--3.5% GEORGIA--0.1% A-1+ 600 Mun. Elec. Auth., Proj. One, Ser. C, Zero Coupon, 7/02/03,
 MBIA, FRWD N/A 600,000 ----- TEXAS--2.9% Brownsville Util. Sys., Ser. A, MBIA, FRWD, A-1+ 7,585
 0.75%, 7/02/03 N/A 7,585,000 A-1 7,000 0.75%, 7/02/03
 N/A 7,000,000 ----- 14,585,000 ----- PUERTO RICO--0.5% A-1
 2,500 Puerto Rico Comnwlth. Hwy. & Transp. Auth., Transp. Rev., Ser. A, Zero Coupon, 7/02/03, AMBAC
 N/A 2,500,000 ----- TOTAL SHORT-TERM INVESTMENTS (COST \$17,685,000)
 17,685,000 ----- TOTAL INVESTMENTS--157.5% (COST \$748,581,825)
 802,478,991 Other assets in excess of liabilities--1.2% 6,347,037 Preferred shares at redemption
 value, including dividends payable--(58.7)% . (299,180,148) ----- NET ASSETS APPLICABLE TO COMMON
 SHAREHOLDERS--100% \$509,645,880 ===== (1) Using the higher
 of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be
 other call provisions at varying prices at later dates. (3) This bond is prerefunded. U.S. government securities, held in
 escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a
 premium to par. (4) For purposes of amortized cost valuation, the maturity dates of these instruments are considered to
 be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of
 interest is adjusted.

===== KEY
 TO ABBREVIATIONS AMBAC -- American Municipal Bond Assurance Corporation CAPMAC -- Capital Markets
 Assurance Company CONNIE LEE -- College Construction Loan Insurance Association COP -- Certificate of
 Participation ETM -- Escrowed to Maturity FGIC -- Financial Guaranty Insurance Company FRWD -- Floating Rate
 Weekly Demand FSA -- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond Insurance
 Association PCR -- Pollution Control Revenue XLCA -- XL Capital Assurance See Notes to Financial Statements. 30
 PORTFOLIO OF INVESTMENTS (UNAUDITED) JUNE 30, 2003 BLACKROCK STRATEGIC MUNICIPAL
 TRUST PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

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LONG-TERM INVESTMENTS--147.2% ALABAMA--14.5% AAA \$ 7,000 Alabama Pub. Sch. & Coll. Auth., Cap. Impvt., Ser. C, 5.75%, 7/01/18 07/09 @ 101.5 \$8,061,270 Baa2 3,000 Courtland Ind. Dev. Brd., PCR, Champion Intl. Corp. Proj., Ser. A, 6.70%, 11/01/29 11/09 @ 101 3,238,740 AAA 4,635(3) Jefferson Cnty. Swr., Ser. D, 5.75%, 2/01/07, FGIC N/A 5,303,089 ----- 16,603,099 ----- ALASKA--1.0% AAA 1,130 Alaska Hsg. Fin. Corp., Ser. A, 5.875%, 12/01/24, MBIA 12/05 @ 102 1,170,906 ----- COLORADO--1.8% AAA 10,000 Northwest Pkwy. Pub. Hwy. Auth., Ser B, Zero Coupon, 6/15/30, FSA 06/11 @ 31.387 2,065,700 ----- CONNECTICUT--8.5% Mashantucket Western Pequot Tribe, Spec. Rev., Baa3 1,500 Ser. A, 5.50%, 9/01/28 09/09 @ 101 1,529,625 Baa3 8,000(4) Ser. B, 5.75%, 9/01/27 09/07 @ 102 8,244,800 ----- 9,774,425 ----- DELAWARE--2.0% NR 2,000(4) Charter Mac Equity Issuer Trust, Ser. B, Zero Coupon, 11/30/50 11/10 @ 100 2,253,900 ----- FLORIDA--7.0% Florida Hsg. Fin. Corp., Sunset Place, Ser. K-1, A 2,400 6.00%, 10/01/19 10/09 @ 102 2,520,624 A 2,000 6.10%, 10/01/29 10/09 @ 102 2,088,720 NR 3,300 Hillsborough Cnty. Ind. Dev. Auth., National Gypsum, Ser. A, 7.125%, 4/01/30 04/10 @ 101 3,387,351 ----- 7,996,695 ----- ILLINOIS--9.5% AAA 5,000 Chicago Brd. of Ed., Sch. Reform, 5.75%, 12/01/27, AMBAC 12/07 @ 102 5,641,000 B 7,560 Chicago O'Hare Intl. Arpt., Delta Air Lines Inc. Term. Proj., 6.45%, 5/01/18 08/03 @ 101 5,185,102 ----- 10,826,102 ----- KENTUCKY--9.6% AAA 32,345 Kentucky Econ. Dev. Fin. Sys., Norton Hlth. Care Inc., Ser. B, Zero Coupon, 10/01/24, MBIA No Opt. Call 11,032,556 ----- MARYLAND--3.9% NR 4,000(4) MuniMae TE Bond Subsidiary, LLC, Ser. A, 6.875%, 6/30/49 06/09 @ 100 4,419,000 ----- MICHIGAN--9.1% AAA 2,000 Michigan Hosp. Fin. Auth., Mercy Hlth. Svcs., 5.75%, 8/15/19, MBIA 08/09 @ 101 2,258,260 BB 8,000 Midland Cnty. Econ. Dev., Ser. A, 6.875%, 7/23/09 07/07 @ 101 8,175,920 ----- 10,434,180 ----- MISSOURI--1.9% A 2,000 Missouri Hlth. & Edl. Facs. Auth., Hlth. Facs. Rev., St. Anthony's Med. Ctr., 6.125%, 12/01/19 12/10 @ 101 2,146,680 ----- NEW JERSEY--10.5% B 6,000 New Jersey Econ. Dev. Auth., Continental Airlines Inc. Proj., 6.25%, 9/15/19 09/09 @ 101 4,784,940 AA 6,000(3) New Jersey Transp. Trust Fund Auth., Transp. Sys., Ser. A, 6.00%, 6/15/19 .. N/A 7,230,060 ----- 12,015,000 ----- NEW YORK--10.4% New York City Transl. Fin. Auth., AA+ 1,800 Ser. A, 5.25%, 11/01/11 No Opt. Call 2,069,820 AA+ 4,885(3) Ser. B, 6.00%, 11/15/21 N/A 5,933,077 AA+ 1,115 Ser. B, 6.00%, 11/15/21 05/10 @ 101 1,275,013 Aa1 2,500 New York Mtge. Agcy., Homeowner Mtge., Ser. 85, 5.70%, 10/01/17 09/09 @ 100 2,639,050 ----- 11,916,960 ----- PENNSYLVANIA--17.5% Lehigh Cnty. Gen. Purp. Auth., Kidspace Oblig. Grp., Ba2 2,250 6.00%, 11/01/23 11/08 @ 102 2,177,393 Ba2 2,335 6.20%, 11/01/14 11/09 @ 102 2,323,278 BBB+ 1,500 Montgomery Cnty. Ind. Dev. Auth., Retirement Cmnty. Rev., 5.25%, 11/15/28 .. 11/08 @ 101 1,465,260 See Notes to Financial Statements. 31

PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

PENNSYLVANIA (CONTINUED) Pennsylvania Econ. Dev. Fin. Auth., Amtrak Proj., Ser. A, A3 \$ 700 6.125%, 11/01/21 05/11 @ 101 \$ 674,653 A3 1,000 6.25%, 11/01/31 05/11 @ 101 939,400 A3 1,000 6.50%, 11/01/16 05/11 @ 101 1,028,510 AAA 8,500 Philadelphia Sch. Dist., GO, Ser. C, 5.75%, 3/01/29, MBIA 03/10 @ 100 9,605,765 AAA 1,500 Washington Cnty. Auth., Cap. Fdg. & Equip. Proj., 6.15%, 12/01/29, AMBAC No Opt. Call 1,856,745 ----- 20,071,004 ----- TENNESSEE--5.4% Baa1 3,750 Maury Cnty. Ind. Dev. Brd., PCR, Saturn Corp. Proj., 6.50%, 9/01/24 09/04 @ 102 3,903,113 AAA 2,000 Memphis Shelby Cnty. Arpt. Auth., Ser. D, 6.00%, 3/01/24, AMBAC 03/10 @ 101 2,238,380 ----- 6,141,493 ----- TEXAS--18.5% CCC 6,330 Dallas Ft. Worth Intl. Arpt. Fac. Impvt., Amer. Airlines Inc., 6.375%, 5/01/35 11/09 @ 101 3,489,412 AAA 4,750 Harris Cnty. Houston Sports Auth., Ser. A, Zero Coupon, 11/15/38, MBIA 11/30 @ 61.166 759,145 AAA 1,500 Lower Colorado River Auth., Ser. A, 5.50%, 5/15/21, AMBAC 05/09 @ 101 1,628,205 BBB 3,000 Port Corpus Christi Auth., Celanese Proj., Ser. B, 6.70%, 11/01/30 05/12 @ 101 3,199,080 AAA 15,000 Texas Tpke. Auth., Central Sys. Rev., Zero Coupon, 8/15/31, AMBAC 08/12 @ 32.807 2,987,850 AA+ 500 Texas

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Wtr. Fin. Asst., GO, 5.75%, 8/01/22 08/10 @ 100 570,360 AAA 7,030(3) Travis Cnty. Hlth. Facs. Dev. Corp., Ascension Hlth., Ser. A, 5.875%, 11/15/09, AMBAC N/A 8,501,379
 ----- 21,135,431 ----- UTAH--4.0% AAA 4,000 Intermountain Pwr. Agcy., Sply., Ser. B, 5.75%, 7/01/19, MBIA 07/07 @ 102 4,544,000 ----- VIRGINIA--1.7% AAA 1,750 Virginia Res. Auth., Clean Wtr. Rev., 5.625%, 10/01/22 10/10 @ 100 1,956,535 ----- WASHINGTON--6.5% Washington, GO, AA+ 4,750 Ser. A, 5.625%, 7/01/24 07/09 @ 100 5,204,860 AA+ 2,000 Ser. B, 6.00%, 1/01/25 01/10 @ 100 2,284,460 ----- 7,489,320 -----
 WISCONSIN--3.9% A- 5,000 Badger Tobacco Asset Sec. Corp., 6.375%, 6/01/32 06/12 @ 100 4,401,600 ----- TOTAL LONG-TERM INVESTMENTS (COST \$157,432,078) 168,394,586 -----
 SHORT-TERM INVESTMENTS5--4.9% NEW YORK--4.1% A-1+ 4,700 New York City, GO, Ser. E, 0.85%, 7/01/03, FRDD N/A 4,700,000 ----- OHIO--0.8% A-1+ 900 Columbus Ohio, Ser. 1, 0.90%, 7/03/03, FRWD N/A 900,000 ----- TOTAL SHORT-TERM INVESTMENTS (COST \$5,600,000) 5,600,000 TOTAL INVESTMENTS--152.1% (COST \$163,032,078)
 173,994,586 Other assets in excess of liabilities--2.1% 2,410,135 Preferred shares at redemption value, including dividends payable--(54.2)% . (62,008,484) ----- NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS--100% \$114,396,237 -----
 (1) Using the higher of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be other call provisions at varying prices at later dates. (3) This bond is prerefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par. (4) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of June 30, 2003, the Trust held 13.0% of its net assets, with a current market value of \$14,917,700, in securities restricted as to resale. (5) For purposes of amortized cost valuation, the maturity dates of these instruments are considered to be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted. KEY TO ABBREVIATIONS AMBAC -- American Municipal Bond Assurance Corporation FGIC -- Financial Guaranty Insurance Company FRDD -- Floating Rate Daily Demand FRWD -- Floating Rate Weekly Demand FSA -- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond Insurance Association PCR -- Pollution Control Revenue See Notes to Financial Statements. 32 PORTFOLIO OF INVESTMENTS (UNAUDITED) JUNE 30, 2003 BLACKROCK CALIFORNIA INSURED MUNICIPAL 2008 TERM TRUST PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

 LONG-TERM INVESTMENTS--153.9% CALIFORNIA--142.0% AAA \$ 2,635 Alameda Cnty., COP, Ser. A, 3.80%, 12/01/08, MBIA No Opt. Call \$ 2,838,659 Anaheim Union High Sch. Dist., GO, Ser. A, FSA, AAA 1,060 3.50%, 8/01/08 No Opt. Call 1,121,904 AAA 1,250 4.00%, 8/01/09 No Opt. Call 1,348,400 AAA 1,000 Burbank, Elec. Rev., 3.50%, 6/01/09, MBIA No Opt. Call 1,049,430 California, GO, AAA 2,000 5.00%, 6/01/09, MBIA No Opt. Call 2,250,720 AAA 3,000 5.50%, 4/01/09, MBIA No Opt. Call 3,445,500 AAA 3,000 5.50%, 2/01/10, MBIA No Opt. Call 3,431,250 AAA 2,000 6.25%, 9/01/08, FGIC No Opt. Call 2,369,100 AAA 15,000 6.30%, 9/01/08, MBIA No Opt. Call 17,804,550 California Dept. of Wtr. Res., Pwr. Sply. Rev., Ser. A, AAA 10,000 3.125%, 5/01/08, FSA No Opt. Call 10,339,100 AAA 10,000 3.375%, 5/01/09, MBIA No Opt. Call 10,365,400 AAA 10,535 California Dept. of Wtr. Res., Wtr. Rev., Central Valley Proj. Ser. Z, 4.00%, 12/01/09, FGIC No Opt. Call 11,406,877 California Hlth. Facs. Fin. Auth., AAA 6,850 Marin Gen. Hosp., Ser. A, 5.75%, 8/01/09, FSA 08/03 @ 102 7,009,879 AAA 2,000 Sutter Hlth. Care Sys., 5.70%, 8/15/09, MBIA 08/06 @ 102 2,267,260 AAA 2,100 California Pub. Wks. Brd., Energy Efficiency, Ser. A, 5.625%, 10/01/08, AMBAC 10/05 @ 102 2,312,751 AAA 2,600 Castaic Lake Wtr. Agcy., COP., Wtr. Sys. Impvt. Proj., Ser. A, 7.25%, 8/01/10, MBIA No Opt. Call 3,287,102 AAA 1,135 Chaffey Cmnty. College Dist., GO, Ser. A, 3.75%, 7/01/09, FSA No Opt. Call 1,207,549 Chula Vista, COP, Police Fac. Proj.,

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MBIA, AAA 1,000 4.00%, 8/01/08 No Opt. Call 1,082,270 AAA 1,000 4.00%,
 8/01/09 No Opt. Call 1,078,720 AAA 5,500 Clovis Unified Sch. Dist., Ser. B,
 Zero Coupon, 8/01/08, FGIC ETM 4,879,820 AAA 1,855 El Paso De Robles, GO, Ser. A, Zero Coupon,
 8/01/09, FGIC No Opt. Call 1,548,832 AAA 4,025 Elsinore Valley Mun. Wtr. Dist., COP, Ser. A, 6.00%,
 7/01/09, FGIC No Opt. Call 4,757,872 AAA 1,055 Glendale Unified Sch. Dist., Ser. D, 3.50%, 9/01/09, MBIA
 No Opt. Call 1,109,238 Long Beach Bd. of Fin. Auth., Tax Allocation Rev., Redev. Projs., AMBAC,
 AAA 1,245 3.50%, 8/01/08 No Opt. Call 1,317,708 AAA 1,120 3.75%, 8/01/09
 No Opt. Call 1,192,509 AAA 13,110 Los Angeles, GO, Ser. A, 3.50%, 9/01/09,
 MBIA No Opt. Call 13,783,985 Los Angeles Cnty., Asset Leasing Corp. Rev., AMBAC, AAA
 2,910 5.95%, 12/01/07 No Opt. Call 3,400,044 AAA 8,090 6.00%, 12/01/08
 No Opt. Call 9,571,845 AAA 8,600 6.05%, 12/01/09
 No Opt. Call 10,291,448 AAA 4,405 Los Angeles Cnty., Met. Trans. Auth. Rev.,
 Spl. Benefit Assmt. Dist. A1, 3.75%, 9/01/08, AMBAC No Opt. Call 4,719,649
 AAA 6,000 Los Angeles Dept. of Arpts., Arpt. Rev., LA Intl. Arpt., Ser. B, 5.00%, 5/15/09, MBIA
 No Opt. Call 6,746,820 Los Angeles Dept. of Wtr. & Pwr., Elec. Plant Rev., FGIC,
 AAA 803 5.75%, 9/01/03 N/A 82,226 AAA 80 5.75%, 9/01/12
 ETM 82,116 AAA 840 5.75%, 9/01/12
 09/03 @ 102 862,638 AAA 3,860 Los Angeles Sanitation Equip., Charge Rev., Ser. A, 3.625%, 2/01/09, FSA ... No
 Opt. Call 4,065,468 Los Angeles Unified Sch. Dist., FSA, AAA 2,660 Ser. B, 3.00%, 10/01/08
 No Opt. Call 2,754,802 AAA 7,500 Ser. F, 3.00%, 7/01/09
 No Opt. Call 7,668,750 AAA 1,000 Mount Diablo Unified Sch. Dist., GO, 3.50%,
 8/01/08, FSA No Opt. Call 1,058,400 AAA 1,000 Orange Cnty. Local Trans. Auth., Sales Tax Rev.,
 6.00%, 2/15/09, MBIA No Opt. Call 1,174,190 AAA 2,495 Pasadena Unified Sch. Dist., Ser. C, 3.50%, 11/01/08,
 FSA No Opt. Call 2,647,594 AAA 3,345 Sacramento City Fin. Auth., City Hall & Redev. Projs., Ser. A,
 3.50%, 12/01/08, FSA No Opt. Call 3,552,658 AAA 1,000 Sacramento City
 Unified Sch. Dist., 3.50%, 7/01/09, FGIC No Opt. Call 1,050,110 Sacramento Mun. Util. Dist., Elec.
 Rev., Ser. C, AAA 825 5.75%, 11/15/07, MBIA ETM 846,359 AAA 3,750 5.75%,
 11/15/08, FGIC ETM 3,845,963 AAA 3,950 5.75%, 11/15/09, MBIA
 ETM 4,050,330 See Notes to Financial Statements. 33 PRINCIPAL AMOUNT
 OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

CALIFORNIA (CONTINUED) AAA \$ 5,000 San Bernardino Cnty., Trans. Auth., Sales Tax Rev., 6.00%, 3/01/10,
 FGIC ... ETM \$ 5,564,200 San Diego Cnty., COP, AMBAC, AAA 2,360 5.00%, 2/01/09
 No Opt. Call 2,653,230 AAA 11,000 5.625%, 9/01/12
 No Opt. Call 12,990,450 San Diego Cnty., Regl. Trans. Cmnty., Sales Tax Rev.,
 Ser. A, AAA 2,500 6.00%, 4/01/08, FGIC ETM 2,528,375 AAA 7,830 6.00%,
 4/01/08, MBIA ETM 7,918,870 AAA 12,725 San Diego Pub. Facs. Fin. Auth., Wtr.
 Rev., 3.00%, 8/01/09, MBIA No Opt. Call 13,015,003 AAA 1,750 San Francisco City & Cnty., GO, 4.00%,
 6/15/09, FSA No Opt. Call 1,885,048 AAA 1,000 San Jose Redev. Agcy. Tax Allocation, Merged
 Area Redev. Proj., 4.00%, 8/01/09, MBIA No Opt. Call 1,078,720 AAA 1,000 San
 Mateo Cnty. Cmnty. College Dist., GO, Ser. A, 3.30%, 9/01/08, FGIC No Opt. Call 1,049,620 Santa Ana Unified
 Sch. Dist., GO, Ser. B, FGIC, AAA 1,000 Zero Coupon, 8/01/08 No Opt. Call
 876,190 AAA 2,000 Zero Coupon, 8/01/09 No Opt. Call 1,669,900 AAA 2,470
 Santa Clara, COP, Ser. B, 3.50%, 2/01/09, AMBAC No Opt. Call 2,585,547 AAA 2,865(3) Santa
 Clara Cnty. Fin. Auth., Lease Rev., Fac. Replacement Proj. A, 6.50%, 11/15/04, AMBAC
 N/A 3,141,071 AAA 4,620 Santa Clara Valley Wtr. Dist., COP, 4.00%, 2/01/09,
 FGIC No Opt. Call 4,955,412 AAA 5,000 So. California Rapid Trans. Dist., COP, Workers' Comp. Fund,
 6.00%, 7/01/10, MBIA 07/03 @ 101.5 5,087,800 AAA 4,665 So. Coast Air
 Quality Mgmt. Dist. Bldg., Corp. Rev., 4.00%, 8/01/09, AMBAC No Opt. Call
 5,032,229 AAA 2,000 Univ. of California, Multi-Purpose Projs., Ser. F, 5.00%, 9/01/11, FGIC 09/06 @ 101
 2,189,360 AAA 2,160 West Sacramento Fin. Auth., Wtr. Sys. Impvt., 5.25%, 8/01/08, FGIC 02/04 @ 101

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2,187,216 ----- 259,486,036 ----- PUERTO RICO--11.9% Puerto Rico Elec. Pwr. Auth., AAA 5,280 Ser. DD, 5.00%, 7/01/09, FSA 07/08 @ 101.5 5,980,867 AAA 7,000 Ser. DD, 5.00%, 7/01/10, FSA 07/08 @ 101.5 7,855,120 AAA 3,000 Ser. KK, 4.50%, 7/01/09, XLCA No Opt. Call 3,333,630 AAA 4,000 Puerto Rico Mun. Fin. Agcy., Ser. A, 5.625%, 8/01/10, FSA 08/09 @ 101 4,661,080 ----- 21,830,697 ----- TOTAL LONG-TERM INVESTMENTS (COST \$260,353,712) 281,316,733 ----- SHARES (000) ----- MONEY MARKET FUND--1.7% NR 3,000 AIM Tax Free Investment Co. Cash Reserve Portfolio (cost \$3,000,000) N/A 3,000,000 ----- TOTAL INVESTMENTS--155.6% (COST \$263,353,712) 284,316,733 Other assets in excess of liabilities--1.6% 3,012,277 Preferred shares at redemption value, including dividends payable--(57.2)% . (104,562,894) ----- NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS--100% \$182,766,116 ===== (1) Using the higher of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be other call provisions at varying prices at later dates. (3) This bond is prerefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par. Securities that are covered by insurance, which ensures the timely payment of principal and interest, represent approximately 98.9% of the Trust's total investments. KEY TO ABBREVIATIONS AMBAC -- American Municipal Bond Assurance Corporation COP -- Certificate of Participation ETM -- Escrowed to Maturity FGIC -- Financial Guaranty Insurance Company FSA -- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond Insurance Association XLCA -- XL Capital Assurance See Notes to Financial Statements. 34 PORTFOLIO OF INVESTMENTS (UNAUDITED) JUNE 30, 2003 BLACKROCK CALIFORNIA MUNICIPAL 2018 TERM TRUST PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

LONG-TERM INVESTMENTS--157.0% CALIFORNIA--140.5% California, GO, A \$12,500 5.00%, 11/01/20 11/11 @ 100 \$ 12,756,875 AAA 6,500 Ser. BZ, 5.35%, 12/01/21, MBIA 06/07 @ 101 6,679,920 California Cnty. Tobacco Sec. Agcy., BBB 5,000 Ser. A, 5.50%, 6/01/33 06/12 @ 100 4,028,850 A- 5,000 Fresno Cnty. Fdg. Corp., 5.875%, 6/01/27 06/12 @ 100 4,468,500 A- 6,500 California Dept. of Wtr. Res., Pwr. Sply. Rev., Ser. A, 5.125%, 5/01/19 05/12 @ 101 6,717,230 California Hlth. Fac. Fin. Auth., Adventist Hlth. Sys., Ser. A, A 1,075 5.00%, 3/01/18 03/13 @ 100 1,118,269 A 1,000 5.00%, 3/01/19 03/13 @ 100 1,032,300 A 2,060 5.00%, 3/01/20 03/13 @ 100 2,110,326 A 1,355 5.00%, 3/01/24 03/13 @ 100 1,357,710 AAA 20,000 California Hsg. Fin. Agcy., Home Mtge. Rev., Ser. T, Zero Coupon, 8/01/21, MBIA 08/11 @ 57.562 7,616,600 California Infrastructure & Econ. Dev., A 1,985 J. David Gladstone Inst. Proj., 5.50%, 10/01/20 10/11 @ 101 2,129,587 A 6,500 Kaiser Hosp. Asst. LLC, Ser. A, 5.55%, 8/01/31 08/11 @ 102 6,779,500 A 3,100 California Poll. Ctrl. Fin. Auth., PCR, San Diego Gas & Elec., Ser. A, 5.90%, 6/01/14 No Opt. Call 3,409,597 California Pub. Wks. Brd., Ser. A, A- 2,020 California Cmnty. College, 5.00%, 12/01/17 12/08 @ 101 2,102,052 A2 2,415 Trustees California St. Univ., 5.00%, 10/01/17 10/08 @ 101 2,522,492 NR 4,0003 Charter Mac Equity Issuer Trust, Ser. A, 6.625%, 6/30/49 06/09 @ 100 4,389,280 A- 2,500 Daly City Hsg. Dev. Fin. Agcy., Sr. Franciscan Acquisition Proj., Ser. A, 5.80%, 12/15/25 12/13 @ 102 2,601,225 AAA 3,395 Fontana Pub. Fin. Auth., Tax Allocation Rev., Fontana Redev. Proj., Ser. A, 5.25%, 9/01/18, FSA 09/11 @ 101 3,763,256 BBB 20,000 Foothill/Eastn. Transp. Corridor Agcy., Toll Road Rev., Zero Coupon, 1/15/21 01/10 @ 53.346 7,493,600 Lathrop Fin. Auth., Wtr. Sply. Proj., NR 995 5.80%, 6/01/21 12/13 @ 100 991,647 NR 1,040 5.85%, 6/01/22 12/13 @ 100 1,036,402 NR 1,000 5.90%, 6/01/23 12/13 @ 100 996,460 AAA 5,000 Long Beach Harbor, Ser. A, 5.25%, 5/15/18, FGIC 05/10 @ 101 5,441,350 AA 5,000 Los Angeles Cnty., Pub. Wks. Fin. Auth., Regl. Pk. & Open Space, Ser. A, 5.00%, 10/01/19 10/07 @ 101 5,263,200 AAA 10,025 Los Angeles Habor Dept., Ser. B, 5.50%, 8/01/21, AMBAC 08/11 @ 100 10,968,954 NR 5,0003 MuniMae

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TE Bond Subsidiary, LLC, Ser. A, 6.875%, 6/30/49 06/09 @ 100 5,523,750 AAA 5,000 Riverside Unified Sch. Dist., Ser. A, 5.25%, 2/01/23, FGIC 02/12 @ 101 5,395,900 San Bernardino Cnty., Spl. Tax, Cmnty. Facs., NR 105 5.35%, 9/01/17 09/12 @ 102 101,850 NR 245 5.50%, 9/01/18 09/12 @ 102 238,113 NR 500 5.60%, 9/01/19 09/12 @ 102 485,480 NR 355 5.70%, 9/01/20 09/12 @ 102 344,762 AAA 2,980 San Diego Cnty., COP, 5.25%, 11/01/19, AMBAC 11/11 @ 100 3,264,262 AAA 2,135 Santa Clara Valley Transp. Auth., Sales Tax Rev., Ser. A, 5.00%, 6/01/18, MBIA 06/11 @ 100 2,286,307 AAA 4,590 Stockton East Wtr. Dist., COP, Ser. B, Zero Coupon, 4/01/19, FGIC 04/12 @ 66.427 1,984,808 A- 1,000 Tobacco Sec. Auth. No. California, Tobacco Settlement Rev., Ser. A, 5.375%, 6/01/41 06/11 @ 100 737,550 A- 6,000 Tobacco Sec. Auth. So. California, Tobacco Settlement Rev., Ser. A, 5.50%, 6/01/36 06/12 @ 100 4,682,760 ----- 132,820,724 ----- U. S. VIRGIN ISLANDS--2.6% Tobacco Settlement Fin. Corp. Virgin Islands, Tobacco Settlement Rev., Baa2 1,860 5.00%, 5/15/21 05/11 @ 100 1,652,945 Baa2 1,000 5.00%, 5/15/31 05/11 @ 100 817,510 ----- 2,470,455 ----- PUERTO RICO--13.9% A- 4,410 Puerto Rico Pub. Bldgs. Auth., Gov't. Facs., Ser. C, 5.75%, 7/01/19 No Opt. Call 5,050,067 BBB+ 7,500 Puerto Rico Pub. Fin. Corp., Ser. E, 5.70%, 8/01/25 02/10 @ 100 8,037,525 ----- 13,087,592 ----- TOTAL LONG-TERM INVESTMENTS (COST \$145,703,878) \$148,378,771 ----- See Notes to Financial Statements. 35 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

SHORT-TERM INVESTMENT--4.7% GEORGIA A-1+ \$ 4,500 Mun. Elec. Auth., Proj. One, Ser. C, 0.85%, 7/02/03, MBIA, FRWD (cost \$4,500,000)4 N/A \$ 4,500,000 ----- TOTAL INVESTMENTS--161.7% (COST \$150,203,878) 152,878,771 Liabilities in excess of other assets--(3.0)% (2,815,926) Preferred shares at redemption value, including dividends payable--(58.7)% (55,533,259) ----- NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS--100% \$94,529,586 ===== (1) Using the higher of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be other call provisions at varying prices at later dates. (3) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of June 30, 2003, the Trust held 10.5% of its net assets, with a current market value of \$9,913,030, in securities restricted as to resale. (4) For purposes of amortized cost valuation, the maturity date of this instrument is considered to be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted. KEY TO ABBREVIATIONS AMBAC -- American Municipal Bond Assurance Corporation COP -- Certificate of Participation FGIC -- Financial Guaranty Insurance Company FRWD -- Floating Rate Weekly Demand FSA -- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond Insurance Association PCR -- Pollution Control Revenue See Notes to Financial Statements. 36 PORTFOLIO OF INVESTMENTS (UNAUDITED) JUNE 30, 2003 BLACKROCK FLORIDA INSURED MUNICIPAL 2008 TERM TRUST PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

LONG-TERM INVESTMENTS--155.1% FLORIDA--137.9% AAA \$ 1,500 Alachua Cnty. Sch. Dist., GO, 4.25%, 1/01/09, FSA No Opt. Call \$ 1,631,295 AAA 1,765 Collier Cnty. Sch. Brd., COP, Ser. A, 3.50%, 2/15/09, FSA No Opt. Call 1,853,762 AAA 1,000 Dade Cnty., Aviation Rev., 6.00%, 10/01/08, AMBAC 10/05 @ 102 1,108,800 Dade Cnty., GO, AAA 5,000 Ser. A, Zero Coupon, 2/01/08, MBIA 02/06 @ 92.852 4,328,100 AAA 905 Ser. B, Zero Coupon, 10/01/08, AMBAC ETM 795,676 AAA 1,095 Ser. B, Zero Coupon, 10/01/08, AMBAC No Opt. Call 956,877 AAA 5,465(3) Dade Cnty. Sch. Brd., COP, Ser. A, 5.75%, 5/01/04, MBIA N/A 5,739,616 AAA 1,515 Delray Beach, Decade of Excellence Prog., GO, 3.50%, 2/01/09, FSA No Opt. Call 1,590,705 Escambia Cnty. Util. Sys., Ser. B, FGIC, AAA 1,595 6.125%, 1/01/09 No Opt. Call 1,887,220 AAA 5,235 6.25%, 1/01/12 No Opt. Call 6,420,937 AAA 5,060 6.25%, 1/01/13 No Opt. Call 6,266,557 Florida Brd. of Ed., AAA

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8,720 GO, 3.50%, 1/01/09, FSA No Opt. Call 9,149,547 AAA 4,190 Lottery, Ser. A, 5.00%, 7/01/08, FGIC No Opt. Call 4,732,563 Florida Dept. of Env. Protection Presvtn., Ser. B, FGIC, AAA 5,905 4.00%, 7/01/08 No Opt. Call 6,391,926 AAA 6,140 4.00%, 7/01/09 No Opt. Call 6,638,507 Florida Div. of Bond Fin. Dept., Gen. Svc. Rev., AAA 8,000 Dept. of Env. Presvtn., Ser. B, 5.25%, 7/01/10, FSA 07/08 @ 101 9,055,280 AAA 2,000 Nat. Res. & Presvtn., Ser. A, 5.00%, 7/01/11, AMBAC 07/07 @ 101 2,190,240 AAA 1,090 Florida Mun. Loan Council, Ser. C, 3.50%, 11/01/08, MBIA No Opt. Call 1,155,531 AAA 6,000 Greater Orlando Aviation Auth., Orlando Arpt. Facs. Rev., Ser. C, 3.50%, 10/01/08, MBIA No Opt. Call 6,312,720 Hillsborough Cnty. Cap Impvt., FGIC, AAA 2,630(3) 6.25%, 8/01/04 N/A 2,806,604 AAA 1,500(3) 6.60%, 8/01/04 N/A 1,606,335 AAA 5,000(3) Hillsborough Cnty. Sch. Brd., COP, 5.875%, 7/01/04, MBIA N/A 5,344,800 AAA 3,000 Hillsborough Cnty. Sch. Dist. Sales Tax, 4.00%, 10/01/09, AMBAC No Opt. Call 3,253,020 AAA 10,000 Hillsborough Cnty. Util., 4.50%, 8/01/08, AMBAC No Opt. Call 11,076,500 Indian River Cnty. Sch. Dist., GO, FSA, AAA 950 3.25%, 4/01/08 No Opt. Call 992,627 AAA 1,000 3.25%, 4/01/09 No Opt. Call 1,038,080 Indian Trace Cmnty. Dev. Dist., Wtr. Mgmt. Spec. Benefit, Ser. A, MBIA, AAA 3,000 5.625%, 5/01/08 05/05 @ 102 3,265,110 AAA 2,910 5.75%, 5/01/09 05/05 @ 102 3,171,463 Jacksonville Beach Utils., AMBAC, AAA 1,100 3.10%, 4/01/09 No Opt. Call 1,133,121 AAA 1,155 3.10%, 10/01/09 No Opt. Call 1,192,688 AAA 5,895 Jacksonville Excise Tax, 4.25%, 10/01/08, AMBAC No Opt. Call 6,476,836 Jacksonville Sales Tax, AAA 1,155 3.125%, 10/01/08, FGIC No Opt. Call 1,205,011 AAA 1,000 3.375%, 10/01/09, FGIC No Opt. Call 1,048,430 AAA 2,000 4.10%, 10/01/08, AMBAC No Opt. Call 2,182,620 AAA 825 Lake Cnty. Sch. Brd., COP, 3.50%, 7/01/09, AMBAC No Opt. Call 866,811 AAA 2,000 Lakeland Elec. & Wtr., 5.90%, 10/01/08, FSA No Opt. Call 2,359,900 AAA 3,000 Lee Cnty. Arprt., 4.25%, 10/01/09, FSA No Opt. Call 3,259,920 Miami, GO, FGIC, AAA 1,345 5.90%, 12/01/08 No Opt. Call 1,598,116 AAA 1,000 6.00%, 12/01/09 No Opt. Call 1,204,210 AAA 2,000 Miami Dade Cnty., Edl. Fac., Ser. A, 4.875%, 4/01/09, AMBAC No Opt. Call 2,249,000 Miami Dade Cnty., Pub. Svc. Tax Rev., Pub. Impvt., AMBAC, AAA 1,535 3.40%, 4/01/08 No Opt. Call 1,614,191 AAA 1,595 3.625%, 4/01/09 No Opt. Call 1,725,742 AAA 4,775 Miami Dade Cnty., Sch. Brd., COP, Ser. C, 5.25%, 8/01/11, FSA 08/08 @ 101 5,387,203 AAA 1,000 Orange Cnty., Pub. Svc. Tax Rev., 5.70%, 10/01/08, FGIC 10/05 @ 102 1,104,360 AAA 4,895 Orange Cnty., Sales Tax Rev., Ser. A, 3.25%, 1/01/09, FGIC No Opt. Call 5,073,716 See Notes to Financial Statements. 37 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

FLORIDA (CONTINUED) Orange Cnty., Tourist Dev., Tax Rev., Ser. A, AAA \$ 5,130 4.00%, 10/01/08, AMBAC No Opt. Call \$ 5,559,894 AAA 5,340 4.00%, 10/01/09, AMBAC No Opt. Call 5,774,302 AAA 1,005 5.85%, 10/01/08, MBIA ETM 1,187,357 AAA 495 5.85%, 10/01/08, MBIA No Opt. Call 580,175 Orlando Wst. Wtr. Sys., Ser. A, AMBAC, AAA 1,100 3.25%, 10/01/08 No Opt. Call 1,154,395 AAA 1,280 3.50%, 10/01/09 No Opt. Call 1,351,181 Osceola Cnty., AMBAC, AAA 1,810 3.75%, 10/01/08 No Opt. Call 1,944,085 AAA 1,535 3.875%, 10/01/09 No Opt. Call 1,653,440 Osceola Cnty. Gas Tax, FGIC, AAA 640 3.10%, 4/01/08 No Opt. Call 664,416 AAA 535 3.30%, 4/01/09 No Opt. Call 556,796 AAA 2,000 Osceola Cnty. Trans., Osceola Pkwy. Proj., 5.95%, 4/01/08, MBIA 07/03 @ 101 2,031,700 Palm Beach Cnty. Sch. Brd., COP, Ser. D, FSA, AAA 1,770 3.00%, 8/01/08 No Opt. Call 1,831,136 AAA 850 3.30%, 8/01/09 No Opt. Call 885,096 AAA 7,085 Pasco Cnty. Solid Wst. Disp. & Res. Rec.

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Sys., 6.00%, 4/01/09, FGIC 07/03 @ 101 7,197,793 Polk Cnty. Sch. Brd., COP, Ser. A, FSA, AAA 2,000 3.20%, 1/01/08 No Opt. Call 2,072,200 AAA 2,000 3.375%, 1/01/09
 No Opt. Call 2,075,340 AAA 1,020 Sebring Wtr. & Wstwr., 3.625%, 1/01/09,
 FGIC No Opt. Call 1,076,753 AAA 1,0003 Seminole Cnty. Sch. Brd., COP, Ser. A, 5.90%,
 7/01/04, MBIA N/A 1,069,730 AAA 2,000 Seminole Cnty. Wtr. & Swr., 6.00%, 10/01/09, MBIA
 No Opt. Call 2,398,500 So. Florida Wtr. Mgmt. Dist., AMBAC, AAA 1,250 3.00%, 10/01/08
 No Opt. Call 1,296,425 AAA 1,000 3.30%, 10/01/09
 No Opt. Call 1,044,120 AAA 500 St. Petersburg Hlth. Facs. Auth., All Childrens
 Hosp., 3.10%, 11/15/08, AMBAC No Opt. Call 518,940 AAA 1,370 Village Ctr.
 Cmnty. Dev. Dist. Rec., Ser. A, 5.50%, 11/01/08, MBIA No Opt. Call 1,592,858 AAA 4,065 Volusia Cnty. Edl.
 Fac. Auth., Embry Riddle Aero. Univ., 6.50%, 10/15/08, CONNIE LEE 07/03 @
 102 4,161,788 AAA 2,370 Volusia Cnty. Sales Tax, Ser. B, 4.00%, 10/01/08, MBIA No Opt. Call
 2,574,744 ----- 202,695,437 ----- PUERTO RICO--17.2% Puerto Rico Mun. Fin. Agcy., Ser. A, FSA,
 AAA 10,000 3.50%, 8/01/08 No Opt. Call 10,638,500 AAA 12,000 3.75%,
 8/01/09 No Opt. Call 12,846,720 AAA 1,500 5.625%, 8/01/10
 08/09 @ 101 1,747,905 ----- 25,233,125 ----- TOTAL
 INVESTMENTS--155.1% (COST \$212,080,502) 227,928,562 Other assets in excess of
 liabilities--2.2% 3,160,235 Preferred shares at redemption value, including dividends
 payable--(57.3)% . (84,159,223) ----- NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS--100%
 \$146,929,574 ===== (1) Using the higher of S&P's, Moody's or Fitch's
 rating. (2) Date (month/year) and price of the earliest call or redemption. There may be other call provisions at varying
 prices at later dates. (3) This bond is prerefunded. U.S. government securities, held in escrow, are used to pay interest
 on this security, as well as retire the bond in full at the date indicated, typically at a premium to par. Securities that are
 covered by insurance, which ensures the timely payment of principal and interest, represent approximately 100.0% of
 the Trust's total investments. KEY TO ABBREVIATIONS AMBAC -- American Municipal Bond Assurance
 Corporation CONNIE LEE -- College Construction Loan Insurance Association COP -- Certificate of Participation
 ETM -- Escrowed to Maturity FGIC -- Financial Guaranty Insurance Company FSA -- Financial Security Assurance
 GO -- General Obligation MBIA -- Municipal Bond Insurance Association See Notes to Financial Statements. 38
 PORTFOLIO OF INVESTMENTS (UNAUDITED) JUNE 30, 2003 BLACKROCK NEW YORK INSURED
 MUNICIPAL 2008 TERM TRUST PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION
 PROVISIONS(2) VALUE

LONG-TERM INVESTMENTS--152.6% Albany Cnty., GO, FGIC, AAA \$ 1,515 3.50%, 6/01/08
 No Opt. Call \$ 1,602,112 AAA 2,030 3.50%, 6/01/09
 No Opt. Call 2,139,478 AAA 1,0753 Babylon, GO, Ser. A, 5.875%, 1/15/04,
 AMBAC N/A 1,125,084 AAA 1,000 Bath Central Sch. Dist., 4.00%, 6/15/08, FGIC
 No Opt. Call 1,081,260 AAA 2,250 Central Square Central Sch. Dist., 3.75%, 5/15/09, FGIC
 No Opt. Call 2,400,997 AAA 1,960 East Greenbush Central Sch. Dist., Ser. C, 4.00%, 6/15/09, FSA
 No Opt. Call 2,120,269 Elmira City Sch. Dist., FGIC, AAA 2,125 3.25%, 6/15/08
 No Opt. Call 2,223,366 AAA 1,500 3.25%, 6/15/09
 No Opt. Call 1,560,795 Erie Cnty., GO, AAA 3,825 Pub. Impvt., Ser. A, 3.25%,
 9/01/09, FGIC No Opt. Call 3,974,099 AAA 1,000 Pub. Impvt., Ser. A, 3.75%, 10/01/08, FGIC
 No Opt. Call 1,071,000 AAA 785 Ser. B, 5.70%, 5/15/08, MBIA
 05/04 @ 102 828,693 AAA 1,185 Evans & Brant Central Sch. Dist., Ser. C, 3.75%, 12/15/08, FGIC No Opt.
 Call 1,272,311 Fayetteville-Manlius Central Sch. Dist., GO, FGIC, AAA 1,125 3.75%, 6/15/09
 No Opt. Call 1,201,523 AAA 1,000 4.00%, 6/15/08
 No Opt. Call 1,081,260 AAA 1,0704 Highland Central Sch. Dist., GO, 3.50%,
 6/15/09, FSA No Opt. Call 1,128,080 AAA 12,500 Long Island Pwr. Auth., Elec. Sys., 5.00%, 4/01/08,
 MBIA No Opt. Call 13,939,000 Lowville Central Sch. Dist., GO, FGIC, AAA 1,255 3.30%, 6/15/08
 No Opt. Call 1,316,030 AAA 1,305 3.60%, 6/15/09
 No Opt. Call 1,383,000 Met. Transp. Auth., AAA 2,500 Commuter Fac. Rev.,

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Ser. A, 6.10%, 7/01/08, MBIA ETM 2,975,725 AAA 12,000 Ser. A, 3.50%, 11/15/09, FSA
 No Opt. Call 12,629,160 AAA 26,075 Ser. K, 6.00%, 7/01/08, MBIA
 ETM 30,913,477 AAA 1,500 Middletown Sch. Dist., GO, Ser. A, 3.00%, 11/01/09, FSA
 No Opt. Call 1,538,190 Monroe Cnty., GO, Pub. Impvt., FGIC, AAA 1,225 4.00%, 3/01/09
 No Opt. Call 1,320,550 AAA 2,095 4.00%, 3/01/10
 No Opt. Call 2,241,482 Mt. Sinai Union Free Sch. Dist., AMBAC, AAA 935
 6.00%, 2/15/08 No Opt. Call 1,087,630 AAA 930 6.10%, 2/15/09
 No Opt. Call 1,101,092 AAA 1,075 6.10%, 2/15/10
 No Opt. Call 1,281,518 New Paltz Central Sch. Dist., GO, FGIC, AAA 500
 3.125%, 6/01/08 No Opt. Call 520,075 AAA 610 3.50%, 6/01/09
 No Opt. Call 642,897 AAA 3,000 New York, GO, Ser. A, 4.00%, 3/15/09, FSA
 No Opt. Call 3,227,220 New York City, GO, AAA 1,000 Ser. A, 5.20%, 8/01/10, FSA
 08/08 @ 101 1,116,750 AAA 4,720 Ser. C, 4.75%, 8/15/09, XLCA
 08/08 @ 101 5,193,180 AAA 12,755 Ser. C, 5.00%, 8/01/08, FSA
 No Opt. Call 14,231,264 AAA 45 Ser. C-1, 6.25%, 8/01/10, FSA
 07/03 @ 101.5 45,491 AAA 50 Ser. C-1, 6.375%, 8/01/08, MBIA
 07/03 @ 101.5 50,551 AAA 1703 Ser. D, 5.75%, 8/15/03, MBIA
 N/A 173,514 AAA 2,830 Ser. D, 5.75%, 8/05/07, MBIA
 08/03 @ 101.5 2,888,496 AAA 6,895 Ser. E, 6.20%, 8/01/08, MBIA No Opt. Call
 8,067,012 New York City Hlth. & Hosp. Corp., Hlth. Sys., Ser. A, AAA 2,810 3.75%, 2/15/09, FSA
 No Opt. Call 2,962,246 AAA 2,000 5.00%, 2/15/08, AMBAC
 No Opt. Call 2,221,560 New York City Mun. Wtr. Fin. Auth., Ser. A, AAA 11,500
 Zero Coupon, 6/15/09, MBIA No Opt. Call 9,714,970 AAA 1,710 6.00%, 6/15/08,
 FGIC ETM 2,000,512 See Notes to Financial Statements. 39 PRINCIPAL
 AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

LONG-TERM INVESTMENTS (CONTINUED) New York City Transl. Fin. Auth., AAA \$ 4,000 Ser. B, 4.00%,
 5/01/09, MBIA No Opt. Call \$ 4,300,400 AAA 7,800 Ser. B, 5.25%, 5/01/11, MBIA
 No Opt. Call 8,947,536 AAA 2,000 Ser. C, 5.00%, 8/01/09, FSA
 No Opt. Call 2,268,100 AAA 3,300 Ser. C, 5.50%, 2/01/09, FSA
 No Opt. Call 3,793,416 New York Dorm. Auth., AAA 3,150(3) City Univ., Ser. 1,
 6.125%, 7/01/04, AMBAC N/A 3,376,674 AAA 1,070 Hosp. Lutheran Medical, 3.00%, 2/01/09,
 MBIA No Opt. Call 1,089,067 AAA 1,625 Sch. Dist. Fin., Ser. C, 3.50%, 10/01/08, MBIA
 No Opt. Call 1,717,105 AAA 2,970 Secured Hosp., 4.00%, 2/15/09, XLCA
 No Opt. Call 3,185,414 AAA 3,500 Secured Hosp., 5.00%, 2/15/10, MBIA 02/08 @ 101.5
 3,864,945 AAA 5,000 Secured Hosp., 5.125%, 2/15/09, FSA 02/08 @ 101.5 5,592,100 AAA
 1,600 St. Univ. Edl. Facs., Ser. A, 5.50%, 5/15/07, FGIC No Opt. Call 1,810,528 AAA 2,500 St. Univ.
 Edl. Facs., Ser. A, 5.50%, 5/15/08, AMBAC No Opt. Call 2,860,675 AAA 6,000 St. Univ. Edl. Facs.,
 Ser. A, 5.50%, 5/15/08, CONNIE LEE No Opt. Call 6,865,620 AAA 5,000 St. Univ. Edl. Facs., Ser. A,
 5.50%, 5/15/08, FGIC No Opt. Call 5,721,350 AAA 5,000 St. Univ. Edl. Facs., Ser. A, 5.50%, 5/15/09,
 AMBAC No Opt. Call 5,783,750 AAA 500 W.K. Nursing Home, 5.65%, 8/01/09
 08/06 @ 102 544,845 AAA 1,000 Winthrop Univ. Hosp. Assoc., Ser. A, 4.125%, 7/01/08,
 AMBAC No Opt. Call 1,083,410 New York Env. Facs. Corp., AAA 1,630 Clean Wtr. & Drinking, 3.875%,
 4/15/10 No Opt. Call 1,731,337 AAA 6,000 Mun. Wtr. Proj., 4.00%, 6/15/09
 No Opt. Call 6,476,820 AAA 4,170(3) PCR, Ser. D, 6.60%, 11/15/04
 N/A 4,577,493 AAA 830 PCR, Ser. D, 6.60%, 5/15/08
 11/04 @ 102 901,861 New York Hsg. Fin. Agcy., AAA 1,860 Hsg. Proj. Mtge., Ser. A, 5.80%, 5/01/09, FSA
 05/06 @ 102 2,012,055 AAA 4,845 Hsg. Proj. Mtge., Ser. A, 5.80%, 11/01/09, FSA
 05/06 @ 102 5,239,722 AAA 3,915 Multifamily Mtge. Hsg., Ser. C, 6.30%, 8/15/08
 07/03 @ 102 3,958,692 New York Med. Care Fac. Fin. Agcy., AAA 3,000 Mental Hlth. Fac.,
 5.25%, 8/15/07, FGIC 02/04 @ 102 3,127,800 AAA 5,000(3) New York Hosp., Ser. A, 6.50%,

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2/15/05, AMBAC N/A 5,526,200 AAA 250 New York Pwr. Auth., Ser. CC, 5.125%, 1/01/11,
 MBIA ETM 287,228 New York Thruway Auth., AAA 2,000 Hwy. & Brdg. Trust Fund, Ser. A, 3.90%,
 4/01/09, FSA No Opt. Call 2,137,560 AAA 5,000 Hwy. & Brdg. Trust Fund, Ser. A, 5.625%, 4/01/04,
 AMBAC N/A 5,276,100 AAA 2,000 Hwy. & Brdg. Trust Fund, Ser. B, 4.00%, 4/01/09, MBIA
 No Opt. Call 2,148,160 AAA 2,900 Hwy. & Brdg. Trust Fund, Ser. B, 5.25%, 4/01/11, MBIA
 No Opt. Call 3,322,588 AAA 1,000 Hwy. & Brdg. Trust Fund, Ser. B, 6.00%, 4/01/04, FGIC
 N/A 1,058,000 AA 4,955 Ser. A, 3.75%, 3/15/09, MBIA No Opt. Call
 5,224,502 AAA 6,940(3) Svc. Contract Rev., Local Hwy. & Brdg., 5.75%, 4/01/04, MBIA N/A 7,329,612
 AAA 3,410 Svc. Contract Rev., Local Hwy. & Brdg., Ser. A, 5.375%, 4/01/09, MBIA 04/08 @ 101 3,870,316
 New York Urban Dev. Corp., Correctional Facs., AMBAC, AAA 2,000 Ser. A, 5.50%, 1/01/09
 No Opt. Call 2,294,880 AAA 5,140 Svc. Contract Rev., Ser. B, 5.25%, 1/01/10
 01/09 @ 101 5,795,247 AAA 1,040 Newfane Central Sch. Dist., GO, 3.00%, 6/01/08, FSA
 No Opt. Call 1,075,745 So. Seneca Central Sch. Dist., GO, MBIA, AAA 1,185 3.20%, 6/15/08
 No Opt. Call 1,237,093 AAA 1,045 3.375%, 6/15/09
 No Opt. Call 1,094,533 AAA 1,030 Sodus Central Sch. Dist., 4.00%, 6/15/09,
 FGIC No Opt. Call 1,114,223 AAA 5,000 Suffolk Cnty. Ind. Dev. Agcy., Southwest, 6.00%,
 2/01/08, FGIC No Opt. Call 5,788,400 AAA 1,675 Suffolk Cnty. Wtr. Auth., Ser. C, 5.75%, 6/01/08,
 AMBAC ETM 1,696,072 AAA 2,265 Triborough Brdg. & Tunl. Auth., Ser. A, 5.125%, 1/01/11, MBIA
 ETM 2,564,161 ----- TOTAL LONG-TERM INVESTMENTS (COST \$272,649,346)
 299,264,254 ----- See Notes to Financial Statements. 40 SHARES (000) DESCRIPTION
 VALUE

 MONEY MARKET FUND--1.0% 2,000 AIM Tax Free Investment Co. Cash Reserve Portfolio (cost \$2,000,000)
 \$ 2,000,000 ----- TOTAL INVESTMENTS--153.6% (COST \$274,649,346)
 301,264,254 Other assets in excess of liabilities--2.2% 4,381,917 Preferred shares at redemption
 value, including dividends payable--(55.8)% . (109,569,316) ----- NET ASSETS APPLICABLE TO COMMON
 SHAREHOLDERS--100% \$196,076,855 ===== (1) Using the higher
 of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be
 other call provisions at varying prices at later dates. (3) This bond is prerefunded. U.S. government securities, held in
 escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a
 premium to par. (4) Entire or partial principal amount pledged as collateral for financial futures contracts. Securities
 that are covered by insurance, which ensures the timely payment of principal and interest, represent approximately
 93.3% of the Trust's total investments. KEY TO ABBREVIATIONS AMBAC -- American Municipal Bond
 Assurance Corporation CONNIE LEE -- College Construction Loan Insurance Association ETM -- Escrowed to
 Maturity FGIC -- Financial Guaranty Insurance Company FSA -- Financial Security Assurance GO -- General
 Obligation MBIA -- Municipal Bond Insurance Association PCR -- Pollution Control Revenue XLCA -- XL Capital
 Assurance See Notes to Financial Statements. 41 PORTFOLIO OF INVESTMENTS (UNAUDITED) JUNE 30, 2003
 BLACKROCK NEW YORK MUNICIPAL 2018 TERM TRUST PRINCIPAL AMOUNT OPTION CALL
 RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

 LONG-TERM INVESTMENTS--152.7% NEW YORK--144.8% NR \$4,0003 Charter Mac Equity Issuer Trust, Ser.
 A, 6.625%, 6/30/49 06/09 @ 100 \$ 4,389,280 Aaa 1,320 East Rochester Hsg. Auth., 5.20%, 12/20/24
 12/11 @ 101 1,380,667 Long Island Pwr. Auth., Elec. Sys. Rev., AAA 1,900 Zero Coupon,
 6/01/18, FSA No Opt. Call 1,002,193 A- 2,500 Ser. C, 5.50%, 9/01/18
 09/13 @ 100 2,677,700 AAA 5,000 Met. Transp. Auth., Ser. A, 5.125%, 11/15/21,
 FGIC 11/12 @ 100 5,409,050 New York City, GO, A+ 4,000 Ser. B, 5.375%, 12/01/20
 12/11 @ 100 4,203,320 A 5,000 Ser. G, 5.75%, 8/01/18
 08/12 @ 100 5,474,650 A- 4,000 New York City Ind. Dev. Agcy., Civic Fac. Rev.,
 YMCA of Greater New York Proj., 5.25%, 8/01/21 02/11 @ 100 4,128,600 New York City Transl.
 Fin. Auth., AA+ 3,000 Ser. B, 5.00%, 5/01/18 11/11 @ 101 3,239,460 AA+ 1,895
 Ser. C, 5.00%, 5/01/19 05/09 @ 101 2,010,292 New York Dorm. Auth., AA- 1,800

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City Univ., Ser. A, 5.125%, 7/01/21 07/11 @ 100 1,904,814 AA- 3,750 Mental Hlth. Svcs. Facs., Ser. A, 5.00%, 2/15/18 02/08 @ 102 3,970,200 AAA 2,620 Mental Hlth. Svcs. Facs., Ser. B, 5.50%, 8/15/20, MBIA 08/11 @ 100 2,902,017 AA- 3,230 Upstate Cmnty. Colleges, Ser. A, 5.00%, 7/01/19 07/09 @ 101 3,414,982 AAA 1,000 Willow Towers Inc. Proj., 5.25%, 2/01/22 08/12 @ 101 1,055,140 AA- 3,500 New York Urban Dev. Corp., Correctional Facs., 5.00%, 1/01/19 01/08 @ 102 3,635,170 AA 4,180 Niagra Cnty. Ind. Dev. Agcy., Civic Fac. Rev., Niagra Univ. Proj., Ser. A, 5.35%, 11/01/23, RAA 11/11 @ 101 4,416,588 AA 4,130 Oneida Hlth. Care Corp., Residential Hlth. Care Proj., 5.30%, 2/01/21 02/11 @ 101 4,388,951 AA 3,875 Orange Cnty. Ind. Dev. Agcy., Civic Fac. Rev., St. Lukes Hosp. Newburg Proj., Ser. A, 5.375%, 12/01/21, RAA 12/11 @ 101 4,179,962 Port Auth. of NY & NJ, AAA 3,885 Ser. 126, 5.00%, 11/15/18, FGIC 05/12 @ 101 4,200,967 Caa2 2,600 Spec. Oblig., Cont'l./Eastern Proj. LaGuardia, 9.125%, 12/01/15 08/03 @ 100 2,600,026 A- 4,000 Rockland Tobacco Asset Sec. Corp., Tobacco Settlement Rev., 5.625%, 8/15/35 08/12 @ 100 3,477,200 A- 3,000 TSASC Inc., Tobacco Settlement Rev., Ser. 1, 5.75%, 7/15/32 07/12 @ 100 2,758,860 AAA 3,710 Westchester Cnty. Ind. Dev. Agcy., Civic Fac. Rev., Ser. A, 5.125%, 12/01/22, AMBAC 12/11 @ 102 4,021,566 ----- 80,841,655 ----- See Notes to Financial Statements. 42 PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

PUERTO RICO--7.9% A- \$2,000 Children's Trust Fund, Tobacco Settlement Rev., 5.625%, 5/15/43 05/12 @ 100 \$ 1,724,060 BBB+ 2,500 Puerto Rico Pub. Fin. Corp., Ser. E, 5.70%, 8/01/25 02/10 @ 100 2,679,175 ----- 4,403,235 ----- TOTAL INVESTMENTS--152.7% (COST \$80,804,183) 85,244,890 Other assets in excess of liabilities--3.5% 1,993,336 Preferred shares at redemption value, including dividends payable--(56.2%) . (31,403,608) ----- NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS--100% \$ 55,834,618 =====

----- (1) Using the higher of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be other call provisions at varying prices at later dates. (3) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of June 30, 2003, the Trust held 7.9% of its net assets, with a current market value of \$4,389,280, in securities restricted as to resale. KEY TO ABBREVIATIONS AMBAC -- American Municipal Bond Assurance Corporation FGIC -- Financial Guaranty Insurance Company FSA -- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond Insurance Association RAA -- Radian Asset Assurance See Notes to Financial Statements. 43 PORTFOLIO OF INVESTMENTS (UNAUDITED) JUNE 30, 2003 BLACKROCK PENNSYLVANIA STRATEGIC MUNICIPAL TRUST PRINCIPAL AMOUNT OPTION CALL RATING(1) (000) DESCRIPTION PROVISIONS(2) VALUE

LONG-TERM INVESTMENTS--140.5% PENNSYLVANIA--134.0% AAA \$2,1503 Allegheny Cnty. Port Auth., 6.125%, 3/01/29, MBIA N/A \$ 2,590,277 AAA 1,800 Allegheny Cnty. San. Auth., 5.375%, 12/01/24, MBIA 12/07 @ 102 1,915,020 BBB+ 1,400 Bucks Cnty. Ind. Dev. Auth., Pennswood Vlg. Proj., Ser. A, 6.00%, 10/01/34 10/12 @ 101 1,460,676 NR 1,250 Dauphin Cnty. Gen. Auth., Hotel & Conf. Ctr., Hyatt Regency, 6.20%, 1/01/19 01/09 @ 102 1,209,400 AAA 2,500 Delaware Cnty. Hlth. Facs. Auth., Mercy Hlth. Corp. Proj., 6.00%, 12/15/26 12/06 @ 102 2,814,675 AAA 1,250 Delaware Cnty. Ind. Dev. Auth., Wtr. Facs., 6.00%, 6/01/29, FGIC 06/09 @ 101 1,407,713 Lehigh Cnty. Gen. Purp. Auth., Kidspace Oblig. Grp., Ba2 1,250 6.00%, 11/01/23 11/08 @ 102 1,209,662 Ba2 1,250 6.20%, 11/01/14 11/09 @ 102 1,243,725 BBB+ 1,250 Montgomery Cnty. Ind. Dev. Auth., Retirement Cmnty. Rev., 5.25%, 11/15/28 11/08 @ 101 1,221,050 NR 4,0004 MuniMae TE Bond Subsidiary, LLC, Ser. A, 6.875%, 6/30/49 06/09 @ 100 4,419,000 Pennsylvania Econ. Dev. Fin. Auth., Amtrak Proj., Ser. A, A3 1,000 6.25%, 11/01/31 05/11 @ 101 939,400 A3 1,000 Exempt Facs. Rev., 6.375%, 11/01/41 05/11 @ 101 951,430 Pennsylvania Higher Edl. Facs. Auth., AA- 1,250 Lafayette Coll. Proj., 6.00%, 5/01/30 05/10 @ 100 1,432,613 AA 310 Philadelphia Univ., 6.10%, 6/01/30, RAA 06/10 @ 100 347,575 A

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1,000 Univ. of Pennsylvania Hlth. Svcs., Ser. A, 5.75%, 1/01/22 01/06 @ 101 1,028,350 Pennsylvania Hsg. Fin. Agcy., Sngl. Fam. Mtge., AA+ 1,235 Ser. 60A, 5.85%, 10/01/27 04/07 @ 101.5 1,284,017 AA+ 3,200 Ser. 68A, 6.10%, 4/01/21 10/09 @ 100 3,379,488 AAA 1,250 Philadelphia Arpt. Sys., Ser. B, 5.40%, 6/15/27, FGIC 06/07 @ 102 1,305,238 AAA 1,250 Philadelphia Pkg. Auth., Pkg. Rev., 5.625%, 9/01/18, FSA 09/09 @ 101 1,420,175 Philadelphia Sch. Dist., GO, AAA 1,190 Ser. B, 5.50%, 9/01/25, AMBAC 09/05 @ 101 1,256,485 AAA 2,800 Ser. C, 5.50%, 3/01/24, MBIA 03/10 @ 100 3,038,112 AAA 3,050 Ser. C, 5.75%, 3/01/29, MBIA 03/10 @ 100 3,446,775 AAA 2,250 Southeastern Trans. Auth., 5.375%, 3/01/17, FGIC 03/07 @ 102 2,481,682 AAA 1,750 Washington Cnty. Auth., Cap. Fdg. & Equip. Proj., 6.15%, 12/01/29, AMBAC ... No Opt. Call 2,166,202 ----- 43,968,740 ----- PUERTO RICO--6.5% BBB+ 2,000 Puerto Rico Pub. Fin. Corp., Ser. E, 5.50%, 8/01/29 02/12 @ 100 2,122,360 ----- TOTAL LONG-TERM INVESTMENTS (COST \$41,882,535) 46,091,100 ----- SHARES (000) ----- MONEY MARKET FUND--4.6% NR 3,000 AIM Tax Free Investment Co. Cash Reserve Portfolio (cost \$1,500,000) N/A 1,500,000 ----- TOTAL INVESTMENTS--145.1% (COST \$43,382,535) 47,591,100 Other assets in excess of liabilities--8.2% 2,725,992 Preferred shares at redemption value, including dividends payable--(53.3)% . (17,502,160) ----- NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS--100% \$32,814,932 ===== (1) Using the higher of S&P's, Moody's or Fitch's rating. (2) Date (month/year) and price of the earliest call or redemption. There may be other call provisions at varying prices at later dates. (3) This bond is prerefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par. (4) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of June 30, 2003, the Trust held 13.5% of its net assets, with a current market value of \$4,419,000, in securities restricted as to resale. KEY TO ABBREVIATIONS AMBAC -- American Municipal Bond Assurance Corporation FGIC -- Financial Guaranty Insurance Company FSA -- Financial Security Assurance GO -- General Obligation MBIA -- Municipal Bond Insurance Association RAA -- Radian Asset Assurance See Notes to Financial Statements. 44 STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED) JUNE 30, 2003

	INSURED	INSURED	MUNICIPAL	MUNICIPAL	2008 MUNICIPAL	MUNICIPAL	2018 TARGET	ASSETS	TERM	TRUST	TERM	TRUST	TERM	TRUST	TERM
TRUST	Investments at value(1).....														
	\$ 758,879,238	\$ 470,489,783	\$ 372,180,226	\$ 802,478,991	Cash	567,280	--	518,362	350,160	Receivable from investments sold	2,230,000	715,000	5,974,672	466,590	Variation margin receivable
	9,711,148	5,544,049	4,447,308	8,118,929	Other assets	117,912	38,131	135,227	771,538,118	476,867,807	383,158,699	811,549,897	LIABILITIES		
	95,516	--	--	9,259,449	4,374,027	3,482,375	--	--	2,175,942	Investment advisory fee payable	220,070	136,616	125,335	233,840	Administration fee payable
	154,086	197,478	107,205	198,292	Deferred Directors/Trustees fees	6,110,065	4,758,092	2,723,869	11,580,753	PREFERRED SHARES AT REDEMPTION VALUE \$25,000 liquidation value per share, including dividends payable(2),(3)					
	271,078,102	170,458,349	137,615,561	299,180,148	NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS										
	\$ 488,879,263	\$ 300,299,393	\$ 240,785,046	\$ 509,645,880	Composition of Net Assets										
	\$ 272,071	\$ 258,856	\$ 15,908	\$ 454,106	Applicable to Common Shareholders: Par value										
	377,589,494	239,251,319	225,641,716	420,179,598	Paid-in capital in excess of par										
	45,300,367	20,634,757	7,394,000	34,103,054	Accumulated net realized gain (loss)										
	3,277,607	788,795	(2,032,678)	1,011,956	Net unrealized appreciation										
	39,365,666	9,766,100	53,897,166	Net assets applicable to common											

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DIVIDENDS TO PREFERRED SHAREHOLDERS FROM NET INVESTMENT INCOME (1,301,284) (821,026)			
(724,181) (1,520,289)	----- NET INCREASE IN NET ASSETS APPLICABLE TO		
COMMON SHAREHOLDERS RESULTING FROM OPERATIONS \$20,303,472 \$15,370,343 \$13,756,231			
\$15,749,828	===== See Notes to Financial Statements 47		
CALIFORNIA NEW YORK STRATEGIC INSURED CALIFORNIA FLORIDA INSURED INSURED NEW			
YORK STRATEGIC MUNICIPAL MUNICIPAL 2008 MUNICIPAL 2018 MUNICIPAL 2008 MUNICIPAL 2008			
MUNICIPAL 2018 MUNICIPAL TRUST TERM TRUST TERM TRUST TERM TRUST TERM TRUST TERM			
TRUST TRUST	----- \$4,958,236		
\$5,948,036 \$3,822,172 \$4,603,792 \$6,673,439 \$2,198,441 \$1,334,855	-----		
-----	509,561 496,068 294,998 397,322 526,743 170,780 147,010 -- 141,734 -- 113,521 150,498 -- --		
8,429 9,386 7,933 8,952 10,285 7,933 8,507 35,179 47,227 24,460 40,966 53,221 20,665 21,497 13,400 14,419			
11,001 12,005 16,747 9,179 7,063 8,175 14,454 7,185 11,368 15,518 6,327 6,154 11,763 15,631 11,157 11,158			
15,635 11,763 595 20,515 20,428 21,755 20,513 20,680 21,507 13,945 7,611 15,436 5,956 10,015 15,529 5,415 5,660			
1,149 3,217 6,268 2,744 3,561 3,549 333 79,655 136,360 72,386 108,948 142,557 42,443 26,786 15,300 22,985			
15,255 21,019 22,875 11,437 8,516	----- 710,737 937,345		
478,354 758,531 993,849 310,998 246,066 (212,317)	-- -- -- -- (61,254) (3,690) (11,222) (4,997) (7,808) (7,085)		
(4,493) (6,125)	----- 494,730 926,123 473,357 750,723		
986,764 306,505 178,687	----- 4,463,506 5,021,913		
3,348,815 3,853,069 5,686,675 1,891,936 1,156,168	-----		
(99,035) 723,089 100,956 219,953 324,252 (478,150) 175,642	-- -- -- -- 28,817 -- -- -- --		
-----	(99,035) 723,089 100,956 219,953 353,069 (478,150) 175,642		
-----	4,912,332 926,520 (154,409) 3,508,899 2,463,627 1,038,598 963,353 --		
-- -- -- (15,560) -- --	----- 4,912,332 926,520 (154,409)		
3,508,899 2,448,067 1,038,598 963,353	----- 4,813,297		
1,649,609 (53,453) 3,728,852 2,801,136 560,448 1,138,995	-----		
-----	(332,001) (383,581) (245,179) (307,417) (527,188) (163,962) (82,443)		
-----	\$8,944,802 \$6,287,941 \$3,050,183 \$7,274,504 \$7,960,623 \$2,288,422 \$2,212,720		
=====	===== See Notes to		
Financial Statements. 48 STATEMENTS OF CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDED JUNE			
30, 2003 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2002			
-----	INSURED INSURED MUNICIPAL 2008 TERM		
TRUST MUNICIPAL TERM TRUST	----- INCREASE IN NET ASSETS		
APPLICABLE TO 2003 2002 2003 2002 COMMON SHAREHOLDERS	-----		
OPERATIONS: Net investment income	..... \$ 14,818,553 \$ 34,371,404 \$ 9,405,534 \$ 21,059,940		
Net realized gain (loss)	..... 1,950,182 2,687,741 72,258 3,435,689		
Net change in unrealized appreciation/depreciation	..... 4,836,021 11,516,251 6,713,577 6,943,379		
Dividends to preferred shareholders from:			
Net investment income	..... (1,301,284) (3,429,311) (821,026) (2,026,272)		
Net realized gain	..... -- (193,351) -- (401,327)		
Net increase in net assets resulting from operations	..... 20,303,472 44,952,734 15,370,343 29,011,409		
-----	DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM: Net		
investment income	..... (10,814,624) (21,629,022) (7,441,940) (14,884,571)		
Net realized gain	..... -- (1,003,044) -- (2,498,663)		
Total dividends and distributions	..... (10,814,624) (22,632,066) (7,441,940) (17,383,234)		
-----	ADDITIONAL OFFERING COSTS RELATING TO THE ISSUANCE OF PREFERRED SHARES		
-----	Total increase		
9,488,848 22,320,668 7,928,403 11,628,175	-----		
-----	NET ASSETS APPLICABLE		
TO COMMON SHAREHOLDERS: Beginning of period	..... 479,390,415 457,069,747		
292,370,990 280,742,815	-----		
-----	End of period		
\$488,879,263 \$479,390,415 \$300,299,393 \$292,370,990	=====		
=====	End of period undistributed net investment income		
..... \$ 45,300,367 \$ 42,597,722 \$			
20,634,757 \$ 19,492,189	See Notes to Financial Statements. 49		

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-----	142,920,066	139,367,366	192,337,448	182,610,708	54,881,330	49,353,223	31,453,761	
29,530,517	-----							\$146,929,574
\$142,920,066	\$196,076,855	\$192,337,448	\$55,834,618	\$54,881,330	\$32,814,932	\$31,453,761	=====	
=====	=====	=====	=====	=====	=====	=====	=====	\$
9,472,157	\$ 9,191,501	\$ 13,087,768	\$ 12,149,497	\$ 1,062,242	\$ 669,402	\$ 740,965	\$ 518,789	52 FINANCIAL HIGHLIGHTS
-----	-----	-----	-----	-----	-----	-----	-----	BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST
-----	-----	-----	-----	-----	-----	-----	-----	SIX MONTHS ENDED YEAR ENDED DECEMBER 31, JUNE 30, 2003
-----	-----	-----	-----	-----	-----	-----	-----	(UNAUDITED) 2002 2001(1) 2000(1) 1999(1) 1998(1)
-----	-----	-----	-----	-----	-----	-----	-----	PER COMMON SHARE OPERATING PERFORMANCE: Net
asset value, beginning of period(2)	\$ 17.62	\$ 16.80	\$ 16.62	\$ 16.00	\$ 17.06	\$ 16.80	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----	Investment operations: Net investment income
0.25	0.53	(0.08)	0.54	(1.23)	0.11	Dividends and distributions to preferred shareholders:		
From net investment income	(0.05)	(0.13)	(0.27)	(0.38)	(0.24)	(0.25)	From net realized gain	-- (0.01)
0.00(3) -- -- --	In excess of net realized gain	-- -- -- --	0.00(4)	-----	-----	-----	-----	-----
Net increase (decrease) from investment operations	0.75	1.65	0.98	1.46	(0.26)	1.06	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----	Dividends and distributions to common shareholders: From net investment income
.....	(0.40)	(0.79)	(0.80)	(0.80)	(0.80)	(0.80)	From net realized gain	-- (0.04) 0.003 -- -- --
In excess of net realized gain	-- -- -- --	0.00(4)	-----	-----	-----	-----	-----	Total dividends and
distributions	(0.40)	(0.83)	(0.80)	(0.80)	(0.80)	(0.80)	-----	-----
Capital charge with respect to issuance of preferred shares	-- -- --	(0.04)	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----	Net asset value, end of period(2)
\$ 17.97	\$ 17.62	\$ 16.80	\$ 16.62	\$ 16.00	\$ 17.06	=====	=====	Market price, end of period(2)
\$ 16.58	\$ 15.70	\$ 14.88	\$ 13.75	\$ 16.13	=====	=====	=====	=====
TOTAL INVESTMENT RETURNS ⁵	9.81%	11.15%	11.06%	14.40%	(10.14)%	11.21%	=====	=====
=====	=====	=====	=====	=====	=====	=====	=====	RATIOS TO AVERAGE NET ASSETS OF
COMMON SHAREHOLDERS:(6) Expenses after fees paid indirectly	0.97%(7)	0.98%	1.01%	1.05%	0.93%	0.88%	Expenses before fees paid indirectly	0.97%(7) 0.98% 1.02% 1.05% 0.93% 0.88%
Net investment income before preferred share dividends	6.18%(7)	7.34%	7.87%	8.06%	7.30%	7.10%	Preferred share dividends	0.54%(7) 0.73% 1.60% 2.40% 1.47% 1.49%
Net investment income available to common shareholders	5.64%(7)	6.61%	6.27%	5.66%	5.83%	5.61%	SUPPLEMENTAL DATA: Average net assets of common shareholders (000)	\$483,542 \$468,417 \$460,153 \$438,958 \$452,317 \$458,993
Portfolio turnover	10%	23%	3%	3%	1%	0%	Net assets of common shareholders, end of period (000)	\$488,879 \$479,390 \$457,070 \$452,057 \$435,314 \$464,236
Preferred shares outstanding (000)	\$271,000	\$271,000	\$271,000	\$271,000	\$206,000	\$206,000	Asset coverage per preferred share, end of period	\$ 70,107 \$ 69,235 \$ 67,178 \$ 66,735 \$ 77,857 \$ 81,361

(1) Amounts have been restated to conform to the presentation under the provision of EITF D-98. (2) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (3) Actual amount paid to common shareholders was \$0.004614 for the year ended December 31, 2001. Actual amount paid to preferred shareholders was \$0.001848 per common share for the year ended December 31, 2001. (4) Actual amount paid to common shareholders was \$0.005235 for the year ended December 31, 1998. Actual amount paid to preferred shareholders was \$0.001696 per common share for the year ended December 31, 1998. (5) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (6) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of common shareholders. (7) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 53 FINANCIAL HIGHLIGHTS -----

BLACKROCK INSURED MUNICIPAL TERM TRUST ----- SIX MONTHS ENDED
YEAR ENDED DECEMBER 31, JUNE 30, 2003 -----
(UNAUDITED) 2002 2001(1) 2000(1) 1999(1) 1998(1) ----- PER
COMMON SHARE OPERATING PERFORMANCE: Net asset value, beginning of period(2)..... \$ 11.29 \$ 10.85 \$
10.85 \$ 10.60 \$ 11.22 \$ 11.20 ----- Investment operations: Net investment
income 0.36 0.81 0.89 0.89 0.85 0.85 Net realized and unrealized gain (loss) 0.27 0.41
(0.12) 0.28 (0.68) (0.03) Dividends and distributions to preferred shareholders from: Net investment income
(0.03) (0.08) (0.18) (0.26) (0.17) (0.18) Net realized gain -- (0.02) (0.01) (0.01) -- -- -----
----- Net increase from investment operations 0.60 1.12 0.58 0.90 0.00 0.64 -----
----- Dividends and distributions to common shareholders from: Net investment
income (0.29) (0.58) (0.57) (0.60) (0.62) (0.62) Net realized gain -- (0.10) (0.02) (0.02) -- --
----- Total dividends and distributions to common shareholders
..... (0.29) (0.68) (0.59) (0.62) (0.62) (0.62) ----- Capital change
with respect to issuance of preferred shares -- -- 0.01 (0.03) -- -- -----
----- Net asset value, end of period(2) \$ 11.60 \$ 11.29 \$ 10.85 \$ 10.85 \$ 10.60 \$ 11.22 =====
===== Market price, end of period(2) \$ 11.47 \$
10.94 \$ 10.63 \$ 10.44 \$ 9.44 \$ 11.50 =====

TOTAL INVESTMENT RETURN(3) 7.57% 9.51% 7.73% 17.81% (12.92)% 10.53% =====
===== RATIOS TO AVERAGE NET ASSETS OF
COMMON SHAREHOLDERS:(4) Expenses after fees paid indirectly 1.01%(5) 1.05% 1.06% 1.11% 0.94%
0.93% Expenses before fees paid indirectly 1.01%(5) 1.06% 1.06% 1.11% 0.94% 0.93% Net investment income
before preferred share dividends 6.43%(5) 7.32% 8.12% 8.40% 7.74% 7.56% Preferred share
dividends 0.56%(5) 0.70% 1.68% 2.44% 1.51% 1.53% Net investment income available to common
shareholders 5.87%(5) 6.62% 6.44% 5.96% 6.23% 6.03%

SUPPLEMENTAL DATA: Average net
assets of common shareholders (000) \$295,052 \$287,692 \$284,390 \$274,553 \$284,075 \$290,004
Portfolio turnover 6% 36% 7% 14% 0% 0% Net assets of common shareholders, end of period (000)
..... 300,299 \$292,371 \$280,743 \$280,965 \$274,320 \$290,469 Preferred shares outstanding (000)
170,400 \$170,400 \$170,400 \$170,400 \$130,000 \$130,000 Asset coverage per preferred share, end of period
..... \$ 69,067 \$ 67,895 \$ 66,195 \$ 66,242 \$ 77,768 \$ 80,868 -----

(1) Amounts have been restated to conform to the presentation under the provisions of EITF D-98. (2) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (3) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (4) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of common shareholders. (5) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 54 FINANCIAL HIGHLIGHTS

BLACKROCK MUNICIPAL 2018 TERM TRUST -----
FOR THE PERIOD SIX MONTHS ENDED OCTOBER 30, 2001(1) JUNE 30, 2003 YEAR ENDED THROUGH
(UNAUDITED) DECEMBER 31, 2002 DECEMBER 31, 2001(2),(3) -----
----- PER COMMON SHARE OPERATING PERFORMANCE: Net asset value, beginning of
period(4) \$ 14.66 \$ 13.66 \$ 14.33 ----- Investment operations: Net investment income
..... 0.61 1.17 0.10 Net realized and unrealized gain (loss) 0.31 0.73 (0.55) Dividends
to preferred shareholders from net investment income (0.05) (0.12) (0.01) -----
----- Net increase (decrease) from investment operations 0.87 1.78 (0.46) -----
Dividends to common shareholders from net investment income (0.39) (0.78) (0.07)
----- Capital charges with respect to issuance of: Common shares -- --

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(0.03) Preferred shares	-- -- (0.11) -----	Total capital charges			
..... -- (0.00)(5) (0.14) -----	Net asset value, end of period(4)				
\$ 15.14 \$ 14.66 \$ 13.66 =====	Market price, end of period(4)				
14.85 \$ 13.43 \$ 13.06 =====	TOTAL INVESTMENT RETURN(6)				
..... 13.62% 8.84% (12.51)% =====	RATIOS TO AVERAGE NET				
ASSETS OF COMMON SHAREHOLDERS:(7) Expenses after fees paid indirectly					
0.93%(8) Expenses before fees paid indirectly	0.94%(8)	0.94%	0.93%(8)	0.92%	
before preferred share dividends	8.31%(8)	8.14%	4.39%(8)	Preferred share dividends	
0.62%(8) 0.84% 0.28%(8) Net investment income available to common shareholders	7.69%(8)	7.30%	4.11%(8)		
SUPPLEMENTAL DATA: Average net assets of common shareholders (000)					
\$ 206,486 Portfolio turnover	10%	53%	0%	Net assets of common shareholders, end of	
\$ 240,785 \$ 233,233 \$ 217,229 Preferred shares outstanding (000)	\$ 137,600				
\$ 137,600 \$ 137,600 Asset coverage per preferred share, end of period	\$ 68,750	\$ 67,381	\$ 64,485	----- (1)	
Commencement of investment operations. This information includes the initial investment by BlackRock Funding, Inc. Net asset value immediately after the closing of the public offering was \$14.30. (2) Amounts have been restated to conform to the presentation under the provisions of EITF D-98. (3) Calculated using the average shares outstanding method. (4) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (5) Less than \$0.005. (6) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (7) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of the common shareholders. (8) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 55 FINANCIAL HIGHLIGHTS ----- BLACKROCK MUNICIPAL TARGET TERM TRUST ----- SIX MONTHS ENDED YEAR ENDED DECEMBER 31, JUNE 30, 2003 ----- (UNAUDITED) 2002 2001(1) 2000(1) 1999(1) 1998(1) ----- PER COMMON SHARE OPERATING PERFORMANCE: Net asset value, beginning of period(2) \$ 11.16 \$ 10.57 \$ 10.67 \$ 10.60 \$ 11.21 \$ 11.22 ----- Investment operations: Net investment income					
0.31 0.70 0.83 0.90 0.85 0.85 Net realized and unrealized gain (loss) .	0.07	0.62	(0.10)	0.05 (0.68) (0.08) Dividends and distributions to preferred shareholders from: Net investment income	
(0.17) Net realized gain	-- (0.01)	(0.02)	-- --	Net increase from investment operations 0.35 1.23 0.54 0.69 0.01 0.60 ----- Dividends and distributions to common shareholders from: Net investment income	
(0.04) (0.06) -- -- -----	(0.29)	(0.60)	(0.58)	(0.60) (0.62) (0.61) Net realized gain	
(0.04) (0.06) -- -- -----	Total dividends and distributions				
(0.64) (0.64) (0.60) (0.62) (0.61) -----	Capital change with respect to issuance of preferred shares				
-- -- 0.003 (0.02) -- -- -----	Net asset value, end of period(2)				
\$ 11.22 \$ 11.16 \$ 10.57 \$ 10.67 \$ 10.60 \$ 11.21 =====	Market price, end of period(2)				
9.94 \$ 9.81 \$ 11.38 =====	TOTAL INVESTMENT RETURN(4)				
4.02% 12.28% 11.16% 7.63% (8.43)% 9.35% =====	RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:(5) Expenses after fees paid indirectly				
0.96%(6) 0.97% 0.96% 1.00% 0.87% 0.80%	Expenses before fees paid indirectly				
0.96%(6) 0.97% 0.98% 1.00% 0.87% 0.80%	Net investment income before preferred share dividends				
5.67%(6) 6.44% 7.73% 8.61% 7.72% 7.63%	Preferred share dividends				
0.60%(6) 0.75% 1.57% 2.48% 1.49% 1.50%	Net investment income available to common shareholders				
5.07%(6) 5.69% 6.16% 6.13% 6.23% 6.13%	SUPPLEMENTAL DATA: Average net assets of common				

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shareholders (000) \$508,495 \$494,694 \$489,251 \$477,169 \$497,324 \$508,037 Portfolio turnover 4% 18% 42% 5% 4% 0% Net assets of common shareholders, end of period (000) \$509,646 \$506,952 \$480,172 \$484,646 \$481,463 \$508,851 Preferred shares outstanding (000) \$299,100 \$299,100 \$299,100 \$225,000 \$225,000 Asset coverage per preferred share, end of period \$ 67,605 \$67,379 \$65,141 \$65,530 \$78,514 \$81,550 ----- (1) Amounts have been restated to conform to the presentation under the provisions of EITF D-98. (2) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (3) Less than \$0.005. (4) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (5) Ratios calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of the common shareholders. (6) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data, for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 56 FINANCIAL HIGHLIGHTS

----- BLACKROCK STRATEGIC MUNICIPAL TRUST -----
SIX MONTHS FOR THE PERIOD ENDED YEAR ENDED DECEMBER 31, AUGUST 25, 1999(1) JUNE 30, 2003
----- THROUGH (UNAUDITED) 2002 2001(2) 2000(2) DECEMBER 31, 1999(2)
----- PER COMMON SHARE OPERATING PERFORMANCE: Net
asset value, beginning of period(3) \$ 15.01 \$ 14.33 \$ 14.75 \$ 13.39 \$ 14.33 -----
Investment operations: Net investment income 0.62 1.26 1.25 1.22 0.30 Net realized and unrealized
gain (loss) 0.67 0.42 (0.58) 1.41 (0.79) Dividends to preferred shareholders: From net investment income
..... (0.05) (0.12) (0.23) (0.35) (0.06) In excess of net investment income -- -- -- (0.01) -----
----- Net increase (decrease) from investment operations 1.24 1.56 0.44 2.27 (0.55) -----
----- Dividends to common shareholders: From net investment income (0.45) (0.88)
(0.86) (0.88) (0.23) In excess of net investment income -- -- -- (0.03) -----
Total dividends (0.45) (0.88) (0.86) (0.91) (0.23) ----- Capital
charges with respect to issuance of: Common shares -- -- -- -- (0.03) Preferred shares
..... -- -- -- -- (0.13) ----- Total capital charges -- -- -- --
-- (0.16) ----- Net asset value, end of period(3) \$ 15.80 \$ 15.01 \$ 14.33 \$
14.75 \$ 13.39 ===== Market price, end of period(3) \$
15.10 \$ 13.78 \$ 13.58 \$ 13.69 \$ 12.50 ===== TOTAL
INVESTMENT RETURN(4) 13.10% 8.03% 5.32% 17.44% (15.17)% =====
===== RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:(5)
Expenses after expense offsets 0.91%(6) 0.98% 0.91% 0.90% 0.94%(6) Expenses before expense offsets
..... 1.31%(6) 1.39% 1.31% 1.30% 1.35%(6) Net investment income before preferred share dividends
..... 8.24%(6) 8.54% 8.40% 8.86% 6.24%(6) Preferred share dividends 0.61%(6)
0.78% 1.58% 2.60% 1.16%(6) Net investment income available to common shareholders 7.63%(6)
7.76% 6.82% 6.26% 5.08%(6) SUPPLEMENTAL DATA: Average net assets of common shareholders (000)
..... \$109,261 \$106,807 \$107,381 \$100,171 \$ 98,300 Portfolio turnover 0% 13% 4% 44% 4% Net assets
of common shareholders, end of period (000) \$114,396 \$108,721 \$103,783 \$106,833 \$ 96,971
Preferred shares outstanding (000) \$ 62,000 \$ 62,000 \$ 62,000 \$ 62,000 \$ 62,000 Asset coverage per
preferred share, end of period \$ 71,131 \$ 68,844 \$ 66,855 \$ 68,092 \$ 64,109 ----- (1)
Commencement of investment operations. This information includes the initial investments by BlackRock Financial
Management, Inc. Net assets value immediately after the closing of the public offering was \$14.30. (2) Amounts have
been restated to conform to the presentation under the provisions of EITF D-98. (3) Net asset value and market price
are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (4) Total investment
return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at
the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for

purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (5) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of the common shareholders. (6) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 57 FINANCIAL HIGHLIGHTS ----- BLACKROCK CALIFORNIA INSURED MUNICIPAL 2008 TERM TRUST ----- SIX MONTHS ENDED YEAR ENDED DECEMBER 31, JUNE 30, 2003 ----- (UNAUDITED) 2002 2001(1) 2000(1) 1999(1) 1998(1) ----- PER COMMON SHARE OPERATING PERFORMANCE: Net asset value, beginning of period(2)..... \$ 17.34 \$ 16.77 \$ 16.72 \$ 16.11 \$ 17.12 \$ 16.69 ----- Investment operations: Net investment income

	2002	2001(1)	2000(1)	1999(1)	1998(1)	
Net realized and unrealized gain (loss)	0.16	0.48	(0.19)	0.52	(1.20)	0.25
Dividends and distributions to preferred shareholders from: Net investment income	(0.04)	(0.11)	(0.24)	(0.35)	(0.21)	(0.23)
Net realized gain	--	(0.03)	(0.01)	--	--	--
Net increase (decrease) from investment operations	0.61	1.52	0.83	1.44	(0.24)	1.20
Dividends and distributions to common shareholders from: Net investment income	(0.39)	(0.81)	(0.77)	(0.77)	(0.77)	(0.77)
Net realized gain	--	(0.14)	(0.02)	--	--	--
Total dividends and distributions	(0.39)	(0.95)	(0.79)	(0.77)	(0.77)	(0.77)
Capital change with respect to issuance of preferred shares	--	0.01	(0.06)	--	--	--
Net asset value, end of period(2)	\$ 17.56	\$ 17.34	\$ 16.77	\$ 16.72	\$ 16.11	\$ 17.12
Market price, end of period(2)	\$ 16.98	\$ 16.44	\$ 15.90	\$ 15.63	\$ 13.88	\$ 15.94
TOTAL INVESTMENT RETURN(3)	5.70%	9.56%	7.06%	18.68%	(8.40)%	9.77%

	2002	2001(1)	2000(1)	1999(1)	1998(1)	
Expenses after fees paid indirectly	1.03%	1.05%	1.08%	1.11%	0.98%	0.91%
Expenses before fees paid indirectly	1.04%	1.06%	1.09%	1.11%	0.98%	0.91%
Net investment income before preferred share dividends	5.59%	6.91%	7.57%	7.74%	7.01%	6.96%
Preferred share dividends	0.43%	0.64%	1.45%	2.14%	1.25%	1.36%
Net investment income available to common shareholders	5.16%	6.27%	6.12%	5.60%	5.76%	5.60%
SUPPLEMENTAL DATA: Average net assets of common shareholders (000)	\$181,302	\$177,861	\$176,424	\$170,286	\$174,070	\$175,760
Portfolio turnover	9%	33%	5%	0%	0%	0%
Net assets of common shareholders, end of period (000)	\$182,766	\$180,498	\$174,487	\$173,974	\$167,672	\$178,134
Preferred shares outstanding (000)	\$104,550	\$104,550	\$104,550	\$104,550	\$78,000	\$78,000
Asset coverage per preferred share, end of period	\$68,706	\$68,161	\$66,735	\$66,629	\$78,765	\$82,111

(1) Amounts have been restated to conform to the presentation under the provisions of EITF D-98. (2) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (3) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (4) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of common shareholders. (5) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 58 FINANCIAL HIGHLIGHTS ----- BLACKROCK CALIFORNIA MUNICIPAL 2018 TERM TRUST ----- FOR THE PERIOD SIX MONTHS

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		ENDED OCTOBER 30, 2001(1) JUNE 30, 2003 YEAR ENDED THROUGH (UNAUDITED) DECEMBER 31, 2002 DECEMBER 31, 2001(2),(3) -----				PER COMMON SHARE			
OPERATING PERFORMANCE: Net asset value, beginning of period(4)									
		\$ 14.59	\$ 13.63	\$ 14.33					
----- Investment operations: Net investment income									
		0.52	1.03	0.09	Net realized and unrealized gain (loss)	(0.01)	0.78	(0.57)	
Dividends to preferred shareholders from net investment income									
		(0.04)	(0.11)	(0.01)	----- Net increase (decrease) from investment operations	0.47	1.70	(0.49)	
Dividends to common shareholders from net investment income									
		(0.37)	(0.74)	(0.06)	----- Capital charges with respect to issuance of: Common shares	--	--	(0.03)	
Preferred shares									
		--	--	(0.12)	----- Total capital charges	--	(0.00)	(0.15)	
Net asset value, end of period(4)									
		\$ 14.69	\$ 14.59	\$ 13.63	=====	=====	=====	=====	Market price, end of period(4)
		\$ 14.40	\$ 13.40	\$ 12.85	=====	=====	=====	=====	TOTAL INVESTMENT RETURN(6)
		10.29%	10.04%	(13.94)%	=====	=====	=====	=====	RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:(7)
Expenses after fees paid indirectly									
		1.02%	(8)	0.99%	(8)	1.07%	(8)	Expenses before fees paid indirectly	1.04%
		(8)	1.03%	1.07%	(8)	Net investment income before preferred share dividends ..	7.25%	(8)	7.33%
		(8)	3.78%	(8)	Preferred share dividends	0.53%	(8)	0.81%	0.27%
		(8)	6.72%	(8)	6.52%	3.51%	(8)	SUPPLEMENTAL DATA: Average net assets of common shareholders (000)	
		\$93,196	\$90,721	\$82,906	Portfolio turnover	6%	42%	0%	Net assets of common shareholders, end of period (000) ..
		\$94,530	\$93,844	\$87,664	Preferred shares outstanding (000)	\$55,525	\$55,525	\$55,525	Asset coverage per preferred share, end of period
		\$67,565	\$67,254	\$64,488	----- (1) Commencement of investment operations. This information includes the initial investment by BlackRock Funding, Inc. Net asset value immediately after the closing of the public offering was \$14.30. (2) Amounts have been restated to conform to the presentation under the provisions of EITF D-98. (3) Calculated using the average shares outstanding method. (4) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (5) Less than \$0.005. (6) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (7) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of the common shareholders. (8) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 59 FINANCIAL HIGHLIGHTS ----- BLACKROCK FLORIDA INSURED MUNICIPAL 2008 TERM TRUST ----- SIX MONTHS ENDED YEAR ENDED DECEMBER 31, JUNE 30, 2003 -----				
		(UNAUDITED) 2002 2001(1) 2000(1) 1999(1) 1998(1) -----				PER COMMON SHARE OPERATING PERFORMANCE: Net asset value, beginning of period(2)			
		\$ 16.41	\$ 16.01	\$ 15.84	\$ 15.56	\$ 16.51	\$ 16.35	----- Investment operations: Net investment income	
		0.44	1.12	1.25	1.24	1.17	1.18	Net realized and unrealized gain (loss) .	0.43
		0.36	(0.04)	0.28	(1.02)	0.08	Dividends and distributions to preferred shareholders from: Net investment income	(0.04)	(0.11)
		(0.25)	(0.37)	(0.24)	Net realized gain	--	(0.04)	(0.01)	--
----- Net increase (decrease) from investment operations									
		0.83	1.33	0.95	1.15	(0.09)	1.02	----- Dividends and distributions to common shareholders from: Net investment income	
		(0.37)	(0.75)	(0.75)	(0.81)	(0.86)	(0.86)	Net realized gain	--
		(0.18)	(0.04)	--	--	----- Total dividends and distributions			
		(0.37)	(0.93)	(0.79)	(0.81)	(0.86)	(0.86)	----- Capital change with respect to issuance of preferred shares	
		--	--	0.01	(0.06)	--	--	----- Net asset value, end of period(2)	
		\$ 16.87	\$ 16.41	\$ 16.01	\$ 15.84	\$ 15.56	\$ 16.51	=====	

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Market price, end of period(2)	\$ 16.59	\$ 15.91	\$ 15.40	\$ 14.00	\$ 14.13	\$ 16.81
TOTAL INVESTMENT RETURN(3)	6.72%	9.61%	15.90%	4.96%	(11.12)%	10.32%
RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:(4)						
Expenses after fees paid indirectly	1.05%(5)	1.05%	1.10%	1.14%	0.99%	0.93%
Expenses before fees paid indirectly	1.06%(5)	1.06%	1.12%	1.14%	0.99%	0.93%
Net investment income before preferred share dividends	5.37%(5)	6.90%	7.75%	7.94%	7.25%	7.17%
Preferred share dividends	0.43%(5)	0.70%	1.55%	2.39%	1.50%	1.48%
Net investment income available to common shareholders	4.94%(5)	6.20%	6.20%	5.55%	5.75%	5.69%
SUPPLEMENTAL DATA:						
Average net assets of common shareholders (000)	\$ 144,773	\$ 141,064	\$ 140,004	\$ 135,492	\$ 140,225	\$ 142,817
Portfolio turnover	5%	52%	7%	0%	3%	0%
Net assets of common shareholders, end of period (000)	\$ 146,930	\$ 142,920	\$ 139,367	\$ 137,917	\$ 135,459	\$ 143,769
Preferred shares outstanding (000)	\$ 84,150	\$ 84,150	\$ 84,150	\$ 84,150	\$ 66,000	\$ 66,000
Asset coverage per preferred share, end of period	\$ 68,654	\$ 67,460	\$ 66,406	\$ 65,982	\$ 76,312	\$ 79,460
<p>(1) Amounts have been restated to conform to the presentation under the provisions of EITF D-98. (2) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (3) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (4) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of common shareholders. (5) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements.</p>						
60 FINANCIAL HIGHLIGHTS						
BLACKROCK NEW YORK INSURED MUNICIPAL 2008 TERM TRUST						
SIX MONTHS ENDED YEAR ENDED						
DECEMBER 31, JUNE 30, 2003	(UNAUDITED) 2002					
2001(1)	2000(1)	1999(1)	1998(1)	PER COMMON SHARE		
OPERATING PERFORMANCE:						
Net asset value, beginning of period(2)	\$ 17.09	\$ 16.22	\$ 16.17	\$ 15.63	\$ 16.74	\$ 16.53
Investment operations: Net investment income	0.50	1.13	1.25	1.24	1.16	1.16
Net realized and unrealized gain (loss)	0.25	0.75	(0.17)	0.53	(1.18)	0.15
Dividends and distributions to preferred shareholders from: Net investment income	(0.05)	(0.11)	(0.26)	(0.38)	(0.23)	(0.25)
Net realized gain	--	(0.03)	(0.01)	--	--	--
Net increase (decrease) from investment operations	0.70	1.74	0.81	1.39	(0.25)	1.06
Dividends and distributions to common shareholders from: Net investment income	(0.37)	(0.75)	(0.75)	(0.80)	(0.86)	(0.85)
Net realized gain	--	(0.12)	(0.02)	--	--	--
Total dividends and distributions	(0.37)	(0.87)	(0.77)	(0.80)	(0.86)	(0.85)
Capital change with respect to issuance of preferred shares	--	0.01	(0.05)	--	--	--
Net asset value, end of period(2)	\$ 17.42	\$ 17.09	\$ 16.22	\$ 16.17	\$ 15.63	\$ 16.74
Market price, end of period(2)	\$ 16.88	\$ 16.22	\$ 15.50	\$ 14.75	\$ 14.69	\$ 16.69
TOTAL INVESTMENT RETURN(3)	6.45%	10.47%	10.48%	6.10%	(6.96)%	10.76%
RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:(4)						
Expenses after fees paid indirectly	1.03%(5)	1.04%	1.10%	1.12%	0.99%	0.92%
Expenses before fees paid indirectly	1.03%(5)	1.05%	1.10%	1.12%	0.99%	0.92%
Net investment income before preferred share dividends	5.91%(5)	6.75%	7.59%	7.85%	7.13%	7.03%
Preferred share dividends	0.55%(5)	0.68%	1.56%	2.40%	1.42%	1.51%
Net investment income available to common shareholders	5.36%(5)	6.07%	6.03%	5.45%	5.71%	5.52%
SUPPLEMENTAL DATA:						
Average net assets of common shareholders (000)	\$ 193,940					

period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. See Notes to Financial Statements. 62 FINANCIAL HIGHLIGHTS ----- BLACKROCK PENNSYLVANIA STRATEGIC MUNICIPAL TRUST ----- SIX MONTHS FOR THE PERIOD ENDED YEAR ENDED DECEMBER 31, AUGUST 25, 1999(1) JUNE 30, 2003 ----- THROUGH (UNAUDITED) 2002 2001(2) 2000(2) DECEMBER 31, 1999(2) ----- PER COMMON SHARE OPERATING PERFORMANCE: Net asset value, beginning of period(3) \$ 15.61 \$ 14.65 \$ 14.62 \$ 13.40 \$ 14.33 ----- Investment operations: Net investment income 0.57 1.17 1.17 1.18 0.27 Net realized and unrealized gain (loss) 0.56 0.73 (0.08) 1.29 (0.66) Dividends to preferred shareholders: From net investment income (0.04) (0.11) (0.24) (0.33) (0.06) In excess of net investment income -- -- (0.03) -- -- Net increase (decrease) from investment operations 1.09 1.79 0.85 2.11 (0.45) ----- Dividends to common shareholders: From net investment income (0.42) (0.83) (0.82) (0.82) (0.21) In excess of net investment income -- -- (0.06) (0.02) ----- Total dividends (0.42) (0.83) (0.82) (0.88) (0.23) ----- Capital charges with respect to issuance of: Common shares -- -- -- (0.03) Preferred shares -- -- -- (0.01) (0.22) ----- Total capital charges -- -- -- (0.01) (0.25) ----- Net asset value, end of period(3) \$ 16.28 \$ 15.61 \$ 14.65 \$ 14.62 \$ 13.40 ===== Market price, end of period(3) \$ 15.30 \$ 14.33 \$ 14.03 \$ 13.13 \$ 13.38 ===== TOTAL INVESTMENT RETURN(4) 9.86% 8.19% 13.12% 5.08% (9.43)% ===== RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:(5) Expenses after expense offsets 1.13%(6) 1.34% 1.11% 1.22% 1.20%(6) Expenses before expense offsets 1.56%(6) 1.75% 1.55% 1.63% 1.61%(6) Net investment income before preferred share dividends 7.31%(6) 7.69% 7.86% 8.49% 5.63%(6) Preferred share dividends 0.52%(6) 0.71% 1.63% 2.60% 1.17%(6) Net investment income available to common shareholders 6.79%(6) 6.98% 6.23% 5.89% 4.46%(6) SUPPLEMENTAL DATA: Average net assets of common shareholders (000) \$31,909 \$30,545 \$30,122 \$27,920 \$26,882 Portfolio turnover 0% 7% 16% 28% 1% Net assets of common shareholders, end of period (000) \$32,815 \$31,454 \$29,531 \$29,469 \$26,995 Preferred shares outstanding (000) \$17,500 \$17,500 \$17,500 \$17,500 Asset coverage per preferred share, end of period \$71,882 \$69,939 \$67,194 \$67,112 \$63,571 ----- (1) Commencement of investment operations. This information includes the initial investment by BlackRock Financial Management, Inc. Net asset value immediately after the closing of the public offering was \$14.30. (2) Amounts have been restated to conform to the presentation under the provisions of EITF D-98. (3) Net asset value and market price are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday. (4) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results. (5) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of the common shareholders. (6) Annualized. The information above represents the unaudited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares. 63 NOTES TO FINANCIAL STATEMENTS (UNAUDITED) -----

NOTE 1. ORGANIZATION & ACCOUNTING POLICIES The BlackRock Insured Municipal 2008 Term Trust Inc. ("Municipal Insured 2008"), The BlackRock Insured Municipal Term Trust Inc. ("Insured Municipal"), The BlackRock Municipal Target Term Trust Inc. ("Municipal Target"), The BlackRock California Insured Municipal 2008 Term Trust Inc. ("California Insured 2008") and The BlackRock New York Insured Municipal 2008 Term Trust Inc. ("New York Insured 2008") were organized as Maryland corporations. BlackRock Municipal 2018 Term Trust ("Municipal 2018"), The BlackRock Strategic Municipal Trust ("Municipal Strategic"), BlackRock California

Municipal 2018 Term Trust ("California 2018"), BlackRock New York Municipal 2018 Term Trust ("New York 2018") and The BlackRock Pennsylvania Strategic Municipal Trust ("Pennsylvania Strategic") were organized as Delaware statutory trusts. The BlackRock Florida Insured Municipal 2008 Term Trust ("Florida Insured 2008") was organized as a Massachusetts business trust. Municipal Insured 2008, Insured Municipal, Municipal 2018, Municipal Target and Municipal Strategic are registered as diversified closed-end management investment companies under the Investment Company Act of 1940, as amended. California Insured 2008, California 2018, Florida Insured 2008, New York Insured 2008, New York 2018 and Pennsylvania Strategic are registered as non-diversified closed-end management investment companies under the Investment Company Act of 1940, as amended. Municipal Insured 2008, California Insured 2008, Florida Insured 2008 and New York Insured 2008 are herein referred to as the 2008 Trusts. Municipal 2018, California 2018 and New York 2018 are herein referred to as the 2018 Trusts. Municipal Strategic and Pennsylvania Strategic are herein referred to as the Strategic Trusts. The following is a summary of significant accounting policies followed by the Trusts.

SECURITIES VALUATION: Municipal securities (including commitments to purchase such securities 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 Directors/Trustees (the "Board"). In determining the value of a particular security, pricing services may use certain information with respect to transactions in such securities, quotations from bond dealers, market transactions in comparable securities and various relationships between securities. Short-term investments may be valued at amortized cost. Any securities or other assets for which such current market quotations are not readily available are valued at fair value as determined in good faith under procedures established by, and under the general supervision and responsibility of, each Trust's Board.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME: Securities transactions are recorded on trade date. Realized and unrealized gains and losses are calculated on the identified cost basis. Each Trust also records interest income on an accrual basis and amortizes premium and accretes discount to interest income on securities purchased using the interest method.

FINANCIAL FUTURES CONTRACTS: A futures contract is an agreement between two parties to buy and sell a financial instrument for a set price on a future date. Initial margin deposits are made upon entering into futures contracts and can be either cash or securities. During the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by "marking-to-market" on a daily basis to reflect the market value of the contract at the end of each day's trading. Variation margin payments are made or received, depending upon whether unrealized gains or losses are incurred. When the contract is closed, a Trust records 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. Financial futures contracts, when used by the Trusts, help in maintaining a targeted duration. Futures contracts can be sold to effectively shorten an otherwise longer duration portfolio. In the same sense, futures contracts can be purchased to lengthen a portfolio that is shorter than its duration target. Thus, by buying or selling futures contracts, the Trusts may attempt to manage the duration of positions so that changes in interest rates do not change the duration of the portfolio unexpectedly.

SEGREGATION: In cases in which the Investment Company Act of 1940, as amended, and the interpretive positions of the Securities and Exchange Commission ("SEC") require that each Trust segregate assets in connection with certain investments (e.g., when issued securities, reverse repurchase agreements or futures contracts), 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.

FEDERAL INCOME TAXES: It is each Trust's intention to continue to be treated as a regulated investment company under the Internal Revenue Code and to distribute sufficient net income to shareholders. For this reason and because substantially all of the gross income of each Trust consists of tax-exempt interest, no Federal income tax provisions are required.

DIVIDENDS AND DISTRIBUTIONS: Each Trust declares and pays dividends and distributions to common shareholders monthly from net investment income, net realized short-term capital gains and other sources, if necessary. Net long-term capital gains, if any, in excess of loss carryforwards may be distributed annually. Dividends and distributions are recorded on the ex-dividend date. Dividends and distributions to preferred shareholders are accrued and determined as described in Note 4.

ESTIMATES: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

DEFERRED COMPENSATION AND

BLACKROCK CLOSED-END SHARE EQUIVALENT INVESTMENT PLAN: Under the revised deferred compensation plan approved by each Trust's Board, non-interested Directors/Trustees may elect to defer receipt of all or a portion of their annual compensation. As of January 1, 2003, the Board elected to require its non-interested members to defer a portion of their annual complex compensation pursuant to the plan. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of other BlackRock closed-end funds selected by the Directors/Trustees. The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Trust. Each Trust may, however, elect to invest in common shares of those Trusts selected by the Directors/Trustees in order to match its deferred compensation obligations.

64 RECLASSIFICATION OF CAPITAL ACCOUNTS: In order to present undistributed (distribution in excess of) net investment income ("UNII") and accumulated net realized gain ("Accumulated Gain") more closely to its tax character the following accounts, for each of the Strategic Trusts, were increased (decreased):

TRUST UNII ACCUMULATED GAIN -----	Municipal Strategic	\$(1,420)	\$1,420
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65 PENNSYLVANIA STRATEGIC (6) 6 NOTE 2. AGREEMENTS Each Trust has an Investment Management Agreement with BlackRock Advisors, Inc. (the "Advisor"), a wholly owned subsidiary of BlackRock, Inc. BlackRock Financial Management, Inc., a wholly owned subsidiary of BlackRock, Inc., serves as sub-advisor to the 2018 Trusts. BlackRock, Inc. is an indirect majority owned subsidiary of The PNC Financial Services Group, Inc. The investment management agreement on the 2018 Trusts and Strategic Trusts covers both investment advisory and administration services. Each 2008 Trust has an Administration Agreement with Princeton Administrators, L.P. ("Princeton"), an indirect wholly owned affiliate of Merrill Lynch & Co., Inc. Insured Municipal has an Administration Agreement with UBS Global Asset Management (US) Inc. ("UBSGAM") (formerly Brinson Advisors, Inc.), an indirect wholly owned asset management subsidiary of UBS AG. Municipal Target has an Administration Agreement with Prudential Investments LLC ("PI"), an indirect wholly owned subsidiary of Prudential Financial, Inc. Each Trust's investment advisory fee paid to the Advisor is computed weekly and payable monthly based on an annual rate, 0.35% for the 2008 Trusts, Insured Municipal and Municipal Target, 0.40% for the 2018 Trusts and 0.60% for the Strategic Trusts, of the Trust's average weekly managed assets. "Managed assets" means the total assets of the Trust (including any assets attributable to any preferred shares that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). The Advisor has voluntarily agreed to waive a portion of the investment advisory fee or other expenses on the Strategic Trusts as a percentage of managed assets as follows: 0.25% for the first five years of each of the Trust's operations, 0.20% in year six, 0.15% in year seven, 0.10% in year eight and 0.05% in year nine. The administration fee paid to each Trust's respective administrator, other than the 2018 Trusts and Strategic Trusts, is computed weekly and payable monthly based on an annual rate, 0.10% to UBSGAM and Princeton and 0.07% to PI, of the Trust's average weekly managed assets. On May 22, 2003, the Boards of the 2008 Trusts, Insured Municipal and Municipal Target approved the change of each Trust's current administrator to the Advisor. The new administration agreements become effective September 1, 2003, except for Insured Municipal, which becomes effective August 15, 2003. Each Trust's fee structure, as described above, will remain unchanged under the new administration agreements. Pursuant to the agreements, the Advisor provides continuous supervision of the investment portfolio and pays the compensation of officers of each Trust who are affiliated persons of the Advisor. The Advisor pays occupancy and certain clerical and accounting costs for the 2018 Trusts and the Strategic Trusts. Each Trust's administrator pays occupancy and certain clerical and accounting costs of their respective Trust(s). Each Trust bears all other costs and expenses, which include reimbursements to the Advisor for certain operational support services provided to each Trust. Pursuant to the terms of the custody agreement, each Trust received earning credits from its custodian for positive cash balances maintained, which are used to offset custody fees. For the six months ended June 30, 2003, the following earning credits were used to offset custody fees:

TRUST EARNING CREDITS	Municipal Insured 2008	\$ 5,255
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California 2018	\$4,997	Insured Municipal	1,452	Florida Insured 2008	7,808	Municipal 2018	4,048	New York Insured 2008	7,085	Municipal Target	3,731	New York 2018	4,493	Municipal Strategic	3,690	Pennsylvania Strategic	6,125	California Insured 2008	11,222
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NOTE 3. PORTFOLIO SECURITIES Purchases and sales of investment securities, other than short-term investments, for the six months ended June 30, 2003, were as follows:

TRUST PURCHASES SALES	Municipal Insured 2008	\$101,980,595	\$75,290,000	California 2018	\$10,252,212	\$ 9,026,655	Insured Municipal	33,077,816	28,854,072	Florida Insured 2008	12,331,982	12,298,801	Municipal 2018	37,455,200	39,009,086	New York Insured 2008	
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13,266,691 16,726,573 Municipal Target 28,875,764 31,726,765 New York 2018 4,183,350 4,084,762 Municipal Strategic -- 1,039,040 Pennsylvania Strategic -- 2,460,000 California Insured 2008 23,669,102 25,999,800 65 At June 30, 2003, the total cost of securities for Federal income tax purposes and the aggregate gross unrealized appreciation and depreciation for securities held by each Trust were as follows: TRUST COST APPRECIATION

DEPRECIATION NET ----- Municipal Insured 2008 \$696,161,283 \$62,812,183 \$ 94,228 \$62,717,955 Insured Municipal 430,870,825 39,706,282 87,324 39,618,958 Municipal 2018 362,386,931 16,267,601 6,474,306 9,793,295 Municipal Target 748,432,889 54,046,102 -- 54,046,102 Municipal Strategic 162,940,228 17,514,650 6,460,292 11,054,358 California Insured 2008 262,906,033 21,436,207 25,507 21,410,700 California 2018 150,204,040 6,035,017 3,360,286 2,674,731 Florida Insured 2008 211,896,162 16,032,400 -- 16,032,400 New York Insured 2008 274,211,086 27,053,269 101 27,053,168 New York 2018 80,803,824 5,069,618 628,552 4,441,066 Pennsylvania Strategic 43,343,957 4,325,962 78,819 4,247,143 For Federal income tax purposes, the following Trusts had capital loss carryforwards at June 30, 2003. These amounts may be used to offset future realized capital gains, if any: CAPITAL LOSS CAPITAL LOSS TRUST CARRYFORWARD AMOUNT EXPIRES TRUST CARRYFORWARD AMOUNT EXPIRES -----

----- Municipal Strategic \$ 760,288 06/10 Pennsylvania Strategic \$ 408,700 06/10 1,802,842 06/09 89,327 06/09 ----- 78,019 06/08 \$ 498,027 ----- ===== \$2,641,149 ===== Accordingly, no capital gain distributions are expected to be paid to shareholders of a Trust until that Trust has net realized capital gains in excess of its capital loss carryforward amounts. Each of the Strategic Trusts has a tax year end of June 30th. Details of open financial futures contracts at June 30, 2003, were as follows: NUMBER OF EXPIRATION VALUE AT VALUE AT UNREALIZED TRUST CONTRACTS TYPE DATE TRADE DATE JUNE 30, 2003 DEPRECIATION

----- LONG POSITIONS: Insured Municipal 4 5 Yr. U.S. T-Note Sep. '03 \$464,388 \$460,500 \$(3,888) New York Insured 2008 4 5 Yr. U.S. T-Note Sep. '03 464,388 460,500 (3,888) NOTE 4. CAPITAL There are 200 million of \$0.01 par value common shares authorized for each of the 2008 Trusts, Insured Municipal and Municipal Target. There are an unlimited number of \$0.001 par value common shares authorized for each of the 2018 Trusts and Strategic Trusts. Each Trust may classify or reclassify any unissued common shares into one or more series of preferred shares. At June 30, 2003, the common shares outstanding and the shares owned by affiliates of the Advisor of each Trust were as follows: COMMON SHARES COMMON TRUST OUTSTANDING SHARES OWNED -----

----- Municipal Insured 2008 27,207,093 -- Insured Municipal 25,885,639 -- Municipal 2018 15,908,028 8,028 Municipal Target 45,410,639 -- Municipal Strategic 7,242,261 -- California Insured 2008 10,407,093 -- California 2018 6,433,028 8,028 Florida Insured 2008 8,707,093 -- New York Insured 2008 11,257,093 -- New York 2018 3,633,028 8,028 Pennsylvania Strategic 2,015,492 -- As of June 30, 2003, each Trust had the following series of preferred shares outstanding as listed in the table below. The preferred shares have a liquidation value of \$25,000 per share plus any accumulated unpaid dividends. 66 TRUST AND SERIES SHARES TRUST AND SERIES SHARES

----- Municipal Insured 2008 Municipal Strategic--W7 2,480 T7 4,660 California Insured 2008 R7 2,060 W7 2,622 T28 2,060 W28 1,560 R28 2,060 California 2018--M7 2,221 Insured Municipal M7 4,216 Florida Insured 2008--R7 3,366 M28 2,600 New York Insured 2008 Municipal 2018 F7 2,672 F28 1,710 W7 2,752 New York 2018--T7 1,256 R7 2,752 Pennsylvania Strategic--W7 700 Municipal Target W7 5,964 F7 3,000 W28 3,000 Dividends on seven-day preferred shares are cumulative at a rate which is reset every seven days based on the results of an auction. Dividends on 28 day preferred shares are cumulative at a rate which is reset every 28 days based on the results of an auction. The dividend ranges on the preferred shares for each of the Trusts for the six months ended June 30, 2003, were as follows: TRUST LOW HIGH TRUST LOW HIGH -----

----- Municipal Insured 2008 0.70% 1.50% California 2018 0.60% 1.09% Insured Municipal 0.60 1.29 Florida Insured 2008 0.80 1.55 Municipal 2018 0.85 1.30 New York Insured 2008 0.72 1.20 Municipal Target 0.70 1.44 New York 2018 0.70 1.25 Municipal Strategic 0.70 1.55 Pennsylvania Strategic 0.65 1.20 California Insured 2008 0.65 1.20 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 would be 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 or 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 Declaration of Trust/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 as a single class. However, holders of preferred shares, voting as a separate class, are also entitled to elect two Directors/Trustees for each Trust. In addition, the Investment Company Act of 1940, as amended, 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 and (c) change its business so as to cease to be an investment company. NOTE 5.

DIVIDENDS On May 22, 2003, the Boards of Municipal Strategic and Pennsylvania Strategic voted to change each Trust's monthly distribution per common share, effective with the distribution declared on July 1, 2003, to \$0.079585 and \$0.073965, respectively. Subsequent to June 30, 2003, the Board of each Trust declared dividends from undistributed earnings per common share payable August 1, 2003, to shareholders of record on July 15, 2003. The per share common dividends declared were: **COMMON DIVIDEND COMMON DIVIDEND TRUST PER SHARE TRUST PER SHARE**

----- Municipal Insured 2008 \$0.066250 California 2018 \$0.061250 Insured Municipal 0.047917 Florida Insured 2008 0.062500 Municipal 2018 0.065000 New York Insured 2008 0.062500 Municipal Target 0.047917 New York 2018 0.061250 Municipal Strategic 0.079585 Pennsylvania Strategic 0.073965 California Insured 2008 0.064375 67 The dividends declared on preferred shares for the period July 1, 2003 to July 31, 2003, for each of the Trusts were as follows: **DIVIDENDS TRUST AND SERIES DECLARED TRUST AND SERIES DECLARED**

----- Municipal Insured 2008 California Insured 2008 T7 \$85,418 W7 \$47,904 R7 22,186 W28 21,544 T28 79,784 California 2018--M7 30,694 R28 27,645 Florida Insured 2008--R7 43,017 Insured Municipal New York Insured 2008 M7 66,517 F7 31,957 M28 49,322 F28 24,539 Municipal 2018 New York 2018--T7 23,801 W7 45,298 Pennsylvania Strategic--W7 11,606 R7 37,400 Municipal Target W7 106,577 F7 46,740 W28 105,870 Municipal Strategic--W7 43,797 68 **DIVIDEND REINVESTMENT PLANS**

----- Pursuant to each Trust's Dividend Reinvestment Plan (the "Plan"), common shareholders of the 2008 Trusts, Insured Municipal and Municipal Target may elect to enroll, while the common shareholders of the 2018 Trusts and Strategic Trusts are automatically enrolled, to have all distributions of dividends and capital gains reinvested by EquiServe Trust Company, N.A. (the "Plan Agent") in the respective Trust's shares pursuant to the Plan. Shareholders who elect not to participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan. After a 2008 Trust, Insured Municipal, 2018 Trust and/or Municipal Target declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants' account, by the purchase of outstanding shares on the open market, on the Trust's primary exchange or elsewhere ("open market purchases"). These Trusts will not issue any new shares under the Plan. After a Strategic Trust declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants' account, depending upon the circumstances described below, either (i) through receipt of unissued but authorized shares from the Trust ("newly issued shares") or (ii) by open market purchases. If, on the dividend payment date, the NAV is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the payment date, the dollar amount of the dividend will be divided by 95% of the market price on the payment date. If, on the dividend payment date, the NAV is greater than the market value per share plus estimated brokerage commissions (such condition being referred to herein as "market discount"), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open market purchases. Participants in the Plan may withdraw from the Plan upon written notice to the Plan Agent and will receive certificates for whole Trust shares and a cash payment for any fraction of a Trust share. The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by each Trust. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in

connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any Federal income tax that may be payable on such dividends or distributions. Each Trust reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan, however, each Trust reserves the right to amend the Plan to include a service charge payable by the participants. All correspondence concerning the Plan should be directed to the Plan Agent at 150 Royall Street, Canton, MA 02021, or by calling (800) 699-1BFM. 69 ADDITIONAL INFORMATION

----- We are required by the Internal Revenue Code to advise you within 60 days of a Trust's tax year-end as to the Federal tax status of dividends paid by the Trusts during such tax year. Accordingly, during the tax year-ended June 30, 2003, all dividends paid by the Strategic Trusts (the only Trusts with June 30th tax year-ends) were federally tax-exempt interest dividends. The Joint Annual Meeting of Shareholders was held on May 22, 2003, to elect a certain number of Directors/Trustees for each of the following Trusts to three-year terms, unless otherwise indicated, expiring in 2006: MUNICIPAL INSURED 2008

----- Elected the Class I Directors and in accordance with Maryland law elected Robert S. Kapito and Walter F. Mondale, for the remainder of their term, as follows: DIRECTOR VOTES FOR VOTES WITHHELD

----- Richard E. Cavanagh 10,084 37 Robert S. Kapito 25,967,374 265,150 James Clayburn La Force, Jr. 25,947,703 284,821 Walter F. Mondale 25,859,589 372,935 INSURED MUNICIPAL

----- Elected the Class II Directors and in accordance with Maryland law elected Robert S. Kapito, for the remainder of his term, as follows: DIRECTOR VOTES FOR VOTES WITHHELD

----- Frank J. Fabozzi 6,025 44 Robert S. Kapito 24,766,028 187,446 Walter F. Mondale 24,532,259 421,215 Ralph L. Schlosstein 24,778,267 175,207 MUNICIPAL 2018

----- Elected the Class II Trustees as follows: TRUSTEE VOTES FOR VOTES WITHHELD

----- Frank J. Fabozzi 5,393 -- Walter F. Mondale 15,493,007 336,401 Ralph L. Schlosstein 15,572,337 257,071 MUNICIPAL TARGET TERM

----- Elected the Class II Directors and in accordance with Maryland law elected Robert S. Kapito, for the remainder of his term, as follows: DIRECTOR VOTES FOR VOTES WITHHELD

----- Frank J. Fabozzi 10,528 50 Robert S. Kapito 42,241,469 287,902 Walter F. Mondale 41,985,359 544,012 Ralph L. Schlosstein 42,234,950 294,421 MUNICIPAL STRATEGIC

----- Elected the Class III Trustees as follows: TRUSTEE VOTES FOR VOTES WITHHELD

----- Andrew F. Brimmer 7,070,337 104,432 Kent Dixon 7,082,132 92,637 Robert S. Kapito 7,082,132 92,637 CALIFORNIA INSURED 2008

----- Elected the Class I Directors and in accordance with Maryland law elected Robert S. Kapito and Walter F. Mondale, for the remainder of their term, as follows: DIRECTOR VOTES FOR VOTES WITHHELD

----- Richard E. Cavanagh 4,022 2 Robert S. Kapito 9,976,969 66,329 James Clayburn La Force, Jr. 9,978,421 64,877 Walter F. Mondale 9,935,763 107,535 70 CALIFORNIA 2018

----- Elected the Class II Trustees as follows: TRUSTEE VOTES FOR VOTES WITHHELD

----- Frank J. Fabozzi 2,170 -- Walter F. Mondale 6,358,823 54,493 Ralph L. Schlosstein 6,385,011 28,305 FLORIDA INSURED 2008

----- Elected the Class I Trustees as follows: TRUSTEE VOTES FOR VOTES WITHHELD

----- Richard E. Cavanagh 3,032 12 James Clayburn La Force, Jr. 8,407,062 68,617 NEW YORK INSURED 2008

----- Elected the Class I Directors and in accordance with Maryland law elected Robert S. Kapito and Walter F. Mondale, for the remainder of their term, as follows: DIRECTOR VOTES FOR VOTES WITHHELD

----- Richard E. Cavanagh 4,323 2 Robert S. Kapito 10,638,552 49,146 James Clayburn La Force, Jr. 10,631,384 56,314 Walter F. Mondale 10,621,224 66,474 NEW YORK 2018

----- Elected the Class II Trustees as follows: TRUSTEE VOTES FOR VOTES WITHHELD

----- Frank J. Fabozzi 1,079 -- Walter F. Mondale 3,574,820 57,209 Ralph L. Schlosstein 3,587,482 44,547 PENNSYLVANIA STRATEGIC

----- Elected the Class III Trustees as follows: TRUSTEE VOTES FOR VOTES WITHHELD

----- Andrew F. Brimmer 1,918,787 33,554 Kent Dixon 1,938,734 13,607 Robert S. Kapito 1,939,034 13,307

----- (1) Robert S. Kapito's term will expire in 2004. (2) Walter F. Mondale's term will expire in 2005. 71 BLACKROCK CLOSED-END FUNDS DIRECTORS/TRUSTEES Ralph L. Schlosstein, CHAIRMAN Andrew F. Brimmer Richard E. Cavanagh Kent Dixon Frank J. Fabozzi Robert S. Kapito James Clayburn La Force, Jr. Walter F. Mondale OFFICERS Robert S. Kapito, PRESIDENT Henry Gabbay, TREASURER Anne Ackerley, VICE PRESIDENT Kevin M. Klingert, VICE PRESIDENT Richard M. Shea, VICE PRESIDENT/TAX James Kong, ASSISTANT TREASURER Vincent B. Tritto, SECRETARY Brian P. Kindelan, ASSISTANT SECRETARY INVESTMENT ADVISOR BlackRock Advisors, Inc. 100 Bellevue Parkway Wilmington, DE 19809 (800) 227-7BFM

SUB-ADVISOR(1) BlackRock Financial Management, Inc. 40 East 52nd Street New York, NY 10022 CUSTODIAN State Street Bank and Trust Company One Heritage Drive North Quincy, MA 02171 TRANSFER AGENT EquiServe Trust Company, N.A. 150 Royall Street Canton, MA 02021 (800) 699-1BFM AUCTION AGENT(1) Bank of New York 100 Church Street, 8th Floor New York, NY 10286 AUCTION AGENT(2) Deutsche Bank Trust Company Americas 60 Wall Street, 27th Floor New York, NY 10005 INDEPENDENT ACCOUNTANTS Deloitte & Touche LLP 200 Berkeley Street Boston, MA 02116 LEGAL COUNSEL Skadden, Arps, Slate, Meagher & Flom LLP Four Times Square New York, NY 10036 LEGAL COUNSEL - INDEPENDENT DIRECTORS/TRUSTEES Debevoise & Plimpton 919 Third Avenue New York, NY 10022 This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Trust shares. Statements and other information contained in this report are as dated and are subject to change. BlackRockAdvisors, Inc.(3) 100 Bellevue Parkway Wilmington, DE 19809 (800) 227-7BFM Municipal 2018 Strategic Municipal California Municipal 2018 New York Municipal 2018 Pennsylvania Strategic Municipal Princeton Administrators, L.P.(3) P.O. Box 9095 Princeton, NJ 08543-9095 (800) 227-7BFM Insured Municipal 2008 California Insured Municipal 2008 Florida Insured Municipal 2008 New York Insured Municipal 2008 Prudential Investments LLC(3) Gateway Center Three 100 Mulberry Street Newark, NJ 07102-4077 (800) 227-7BFM Municipal Target UBS Global Asset Management (US) Inc.(3) 51 West 52nd Street 21st Floor New York, NY 10019 (800) 227-7BFM Insured Municipal ----- (1) For the 2018 Trusts only. (2) For the Trusts, except the 2018 Trusts. (3) Provides administrative services for the Trust(s) listed directly below its name. Effective September 1, 2003, BlackRock Advisors, Inc. will provide the administrative services for all the Trusts. The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Trusts at (800) 227-7BFM. This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Trust shares. Statements and other information contained in this report are as dated and subject to change.

BLACKROCK [LOGO] ITEM 2. CODE OF ETHICS. Not applicable for semi-annual reports. ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT. Not applicable for semi-annual reports. ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES. Not applicable for semi-annual reports. ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS. Not applicable for semi-annual reports. ITEM 6. [RESERVED.] ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES. Not applicable for semi-annual reports. ITEM 8. [RESERVED.] ITEM 9. CONTROLS AND PROCEDURES. (a) The Trust's principal executive officer and principal financial officer have evaluated the Trust's disclosure controls and procedures within 90 days of this filing and have concluded that the Trust's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported timely. (b) The Trust's principal executive officer and principal financial officer are aware of no changes in the Trust's internal control over financial reporting that occurred during the Trust's most recent fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting. ITEM 10. EXHIBITS. (a)(1) Code of Ethics - Not applicable for semi-annual reports. (a)(2) Certifications of principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (b) Certification of principal executive officer and principal financial officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002. SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. (Registrant) The BlackRock Insured Municipal 2008 Term Trust Inc. By: /s/ Henry Gabbay ----- Name: Henry Gabbay Title: Treasurer Date: 6/27/03 Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By: /s/ Robert S. Kapito ----- Name: Robert S. Kapito Title: Principal Executive Officer Date: 6/27/03 By: /s/ Henry Gabbay ----- Name: Henry Gabbay Title: Principal Financial Officer Date: 6/27/03