

BLACKROCK INCOME TRUST INC  
Form N-CSR  
November 10, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES**

Investment Company Act file number 811-05542

Name of Fund: BlackRock Income Trust, Inc. (BKT)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer, BlackRock Income Trust, Inc.,  
800 Scudders Mill Road, Plainsboro, NJ, 08536.

Mailing address: P.O. Box 9011, Princeton, NJ, 08543-9011

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2008

Date of reporting period: 11/01/2007  08/31/2008

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Item 1□ Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

# Annual Report

AUGUST 31, 2008

[BlackRock Core Bond Trust \(BHK\)](#)

[BlackRock High Income Shares \(HIS\)](#)

[BlackRock High Yield Trust \(BHY\)](#)

[BlackRock Income Opportunity Trust, Inc. \(BNA\)](#)

[BlackRock Income Trust, Inc. \(BKT\)](#)

[BlackRock Limited Duration Income Trust \(BLW\)](#)

[BlackRock Strategic Bond Trust \(BHD\)](#)

NOT FDIC INSURED  
MAY LOSE VALUE  
NO BANK GUARANTEE

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## A Letter to Shareholders

### Dear Shareholder

It has been a tumultuous year for investors, marked by almost daily headlines related to the beleaguered housing market, rising food and energy prices, and the escalating credit crisis. The news took an extraordinarily heavy tone shortly after the close of this reporting period as the credit crisis boiled over and triggered unprecedented failures and consolidation in the financial sector, stoking fears of a market and economic collapse and prompting the largest government rescue plan since the Great Depression.

Through it all, the Federal Reserve Board (the Fed) has been aggressive in its attempts to restore order in financial markets. Key moves included slashing the target federal funds rate 325 basis points (3.25%) between September 2007 and April 2008 and providing numerous cash injections and lending programs. As the credit crisis took an extreme turn for the worse in September, the Fed, in concert with five other global central banks, cut interest rates by 50 basis points in a rare move intended to stave off worldwide economic damage from the intensifying financial market turmoil. The U.S. economy managed to grow at a slow-but-positive pace through the second quarter of the year, though the recent events almost certainly portend a global economic recession.

Against this backdrop, U.S. stocks experienced intense volatility (steep declines and quick recoveries), generally posting losses for the current reporting period. Small-cap stocks fared significantly better than their larger counterparts. Non-U.S. markets followed the U.S. on the way down and, notably, decelerated at a faster pace than domestic equities—a stark reversal of recent years trends, when international stocks generally outpaced U.S. stocks.

Treasury securities also traded in a volatile fashion, but rallied overall (yields fell and prices correspondingly rose), as the broader flight-to-quality theme persisted. The yield on 10-year Treasury issues, which fell to 3.34% in March, climbed to the 4.20% range in mid-June as investors temporarily shifted out of Treasury issues in favor of riskier assets (such as stocks and other high-quality fixed income sectors), then declined again to 3.83% by period-end when credit fears resurfaced. Tax-exempt issues posted positive returns, but problems among municipal bond insurers and the collapse in the market for auction rate securities pressured the group throughout the course of the past year. Economic and financial market distress also dampened the performance of high yield issues, which were very volatile due to the macro factors noted above.

Overall, severe market instability resulted in mixed results for the major benchmark indexes:

<b>Total returns as of August 31, 2008</b>	<b>6-month</b>	<b>12-month</b>
U.S. equities (S&P 500 Index)	(2.57)%	(11.14)%
Small cap U.S. equities (Russell 2000 Index)	8.53	(5.48)
International equities (MSCI Europe, Australasia, Far East Index)	(10.18)	(14.41)
Fixed income (Lehman Brothers U.S. Aggregate Index)	0.18	5.86
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	5.12	4.48
High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index)	0.74	(0.66)

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current views on the economy and financial markets, we invite you to visit [www.blackrock.com/funds](http://www.blackrock.com/funds). As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

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Rob Kapito  
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

AUGUST 31, 2008

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## Trust Summary as of August 31, 2008

## BlackRock Core Bond Trust

## Investment Objective

**BlackRock Core Bond Trust (BHK) (the Trust )** seeks to provide high current income with the potential for capital appreciation.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (0.44)% based on market price and 1.87% based on net asset value ( NAV ). For the same period, the closed-end Lipper Corporate Debt Funds BBB-Rated category posted an average return of 0.76% on a NAV basis. All returns reflect reinvestment of dividends. The Trust s allocation to mortgage-backed securities (MBS) which comprised 43% of net assets as of August 31, 2008, benefited performance as MBS outperformed corporate bonds. Conversely, allocations to high yield and preferred securities detracted from performance. The Trust s lower leverage position versus its peers (about 24% of the portfolio as of August 31, 2008) also hurt performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

Symbol on New York Stock Exchange:	BHK
Initial Offering Date:	November 27, 2001
Yield on Closing Market Price as of August 31, 2008 (\$11.51): <sup>1</sup>	6.46%
Current Monthly Distribution per Share: <sup>2</sup>	\$0.062
Current Annualized Distribution per Share: <sup>2</sup>	\$0.744
Leverage as of August 31, 2008: <sup>3</sup>	24%

- 1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- 2 The distribution is not constant and is subject to change.
- 3 As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust s market price and net asset value per share:

	8/31/08	10/31/07	Change	High	Low
Market Price	\$ 11.51	\$ 12.23	(5.89)%	\$ 12.68	\$ 11.06
Net Asset Value	\$ 12.81	\$ 13.63	(6.02)%	\$ 13.77	\$ 12.67

The following unaudited charts show the portfolio composition of the Trust s long-term investments and credit quality allocations of the Trust s corporate bond investments:

## Portfolio Composition

8/31/08      10/31/07

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Corporate Bonds	47%	42%
U.S. Government Agency Mortgage-Backed Securities	18	38
Non-Government Agency Mortgage-Backed Securities	13	9
Asset-Backed Securities	9	4
U.S. Government Obligations	8	4
Preferred Securities	2	2
U.S. Government Agency Mortgage-Backed Securities- Collateralized Mortgage Obligations	2	1
Foreign Government Obligations	1	

**Credit Quality Allocations<sup>4</sup>**

<b>Credit Rating</b>	<b>8/31/08</b>	<b>10/31/07</b>
AAA/Aaa	7%	6%
AA/Aa	18	24
A/A	26	21
BBB/Baa	26	20
BB/Ba	5	7
B/B	13	16
CCC/Caa	4	6
Not Rated	1	

4 Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

## Trust Summary as of August 31, 2008

## BlackRock High Income Shares

## Investment Objective

**BlackRock High Income Shares (HIS) (the Trust )** seeks to provide the highest current income and to a lesser extent capital appreciation, by investing in a diversified portfolio of below investment grade securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (11.04)% based on market price and (3.17)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (14.03)% on a NAV basis. All returns reflect reinvestment of dividends. Amid considerable volatility in credit markets, the Trust's relative performance was aided by conservative positioning, with higher-than-normal credit quality, defensive sector positioning, an allocation to bank loans, and higher-than-normal cash balances. The Trust had much lower leverage (18% as of August 31, 2008) than most of its peers, which also aided relative performance. The Trust's discount to NAV, which widened from 13.4% to 15.7% during the period, accounts for the difference between performance based on price and performance based on NAV.

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## Trust Information

Symbol on New York Stock Exchange:	HIS
Initial Offering Date:	August 10, 1988
Yield on Closing Market Price as of August 31, 2008 (\$1.88): <sup>1</sup>	11.62%
Current Monthly Distribution per Share: <sup>2</sup>	\$0.0182
Current Annualized Distribution per Share: <sup>2</sup>	\$0.2184
Leverage as of August 31, 2008: <sup>3</sup>	18%

- Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- The distribution is not constant and is subject to change.
- As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

	8/31/08	12/31/07	Change	High	Low
Market Price	\$ 1.88	\$ 2.14	(12.15)%	\$ 2.28	\$ 1.84
Net Asset Value	\$ 2.23	\$ 2.47	(9.72)%	\$ 2.47	\$ 2.22

The following unaudited charts show the portfolio composition of the Trust's long-term investments and credit quality allocations of the Trust's corporate bond investments:

## Portfolio Composition



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	8/31/08	12/31/07
Corporate Bonds	86%	93%
Floating Rate Loan Interests	11	5
Preferred Securities	3	2

**Credit Quality Allocations<sup>4</sup>**

<b>Credit Rating</b>	<b>8/31/08</b>	<b>12/31/07</b>
BBB/Baa	4%	1%
BB/Ba	23	21
B/B	52	54
CCC/Caa	16	21
Not Rated	5	3

4 Using the higher of S&P's or Moody's ratings.

## Trust Summary as of August 31, 2008

## BlackRock High Yield Trust

## Investment Objective

**BlackRock High Yield Trust (BHY) (the Trust )** seeks to provide high current income and to a lesser extent to seek capital appreciation by investing in a diversified portfolio of below investment grade securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (11.03)% based on market price and (3.16)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (14.03)% on a NAV basis. All returns reflect reinvestment of dividends. Amid considerable volatility in credit markets, the Trust's relative performance was aided by conservative positioning, with higher-than-normal credit quality, defensive sector positioning, an allocation to bank loans, and higher-than-normal cash balances. The Trust had much lower leverage (12% as of August 31, 2008) than most of its peers, which also aided relative performance. The Trust's discount to NAV, which widened from 12.5% to 12.9% during the period, accounts for the difference between performance based on price and performance based on NAV.

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## Trust Information

Symbol on New York Stock Exchange:	BHY
Initial Offering Date:	December 23, 1998
Yield on Closing Market Price as of August 31, 2008 (\$5.96): <sup>1</sup>	10.27%
Current Monthly Distribution per Share: <sup>2</sup>	\$0.051
Current Annualized Distribution per Share: <sup>2</sup>	\$0.612
Leverage as of August 31, 2008: <sup>3</sup>	12%

- 1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- 2 The distribution is not constant and is subject to change.
- 3 As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

	8/31/08	10/31/07	Change	High	Low
Market Price	\$ 5.96	\$ 6.92	(13.87)%	\$ 7.21	\$ 5.65
Net Asset Value	\$ 6.84	\$ 7.91	(13.53)%	\$ 7.91	\$ 6.82

The following unaudited charts show the ten largest industries and credit quality allocations of the Trust's corporate bond investments:

Ten Largest Industries<sup>4</sup>

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	8/31/08	10/31/07
Media	13%	17%
Oil, Gas & Consumable Fuels	11	8
Wireless Telecommunications Services	6	5
Hotels, Restaurants & Leisure	6	6
Diversified Telecommunications Services	6	4
Independent Power Producers & Energy Traders	5	6
Metals & Mining	4	3
Diversified Financial Services	4	
Specialty Retail	3	4
Chemicals	3	5

- 4 For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine sector and industry sub-classification for reporting ease.

**Credit Quality Allocations<sup>4</sup>**

Credit Rating	8/31/08	10/31/07
BBB/Baa	6%	4%
BB/Ba	24	21
B	52	51
CCC/Caa	15	21
Not Rated	3	3

- 4 Using the higher of S&P's or Moody's ratings.

## Trust Summary as of August 31, 2008

## BlackRock Income Opportunity Trust

## Investment Objective

**BlackRock Income Opportunity Trust (BNA) (the Trust )** seeks to provide current income and capital appreciation in a portfolio of primarily U.S. dollar-denominated securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned 4.76% based on market price and 1.94% based on NAV. For the same period, the closed-end Lipper Corporate Debt Funds BBB-Rated category posted an average return of 0.76% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's relative performance was aided by holdings in U.S. government agency mortgage-backed securities. Conversely, holdings in investment-grade financials, non-agency mortgage securities, high yield bonds and preferred securities detracted from results. The Trust had much lower leverage (22% as of August 31, 2008) than its peers, which also hurt performance. The Trust's discount to NAV, which narrowed modestly during the period, accounts for the difference between performance based on price and performance based on NAV.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

Symbol on New York Stock Exchange:	BNA
Initial Offering Date:	December 20, 1991
Yield on Closing Market Price as of August 31, 2008 (\$9.82): <sup>1</sup>	6.23%
Current Monthly Distribution per Share: <sup>2</sup>	\$0.051
Current Annualized Distribution per Share: <sup>2</sup>	\$0.612
Leverage as of August 31, 2008: <sup>3</sup>	22%

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

	8/31/08	10/31/07	Change	High	Low
Market Price	\$ 9.82	\$ 10.19	(3.63)%	\$ 10.50	\$ 9.06
Net Asset Value	\$ 10.35	\$ 11.02	(6.08)%	\$ 11.16	\$ 10.20

The following unaudited charts show the portfolio composition of the Trust's long-term investments and credit quality allocations of the Trust's corporate bond investments:

## Portfolio Composition

8/31/08      10/31/07

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Corporate Bonds	42%	38%
U.S. Government Agency Mortgage Backed Securities	15	34
Non-U.S. Government Agency Mortgage Backed Securities	14	9
U.S. Government Obligations	11	4
Asset-Backed Securities	10	7
U.S. Government and Agency Mortgage-Backed Securities - Collateralized		
Mortgage Obligations	3	5
Capital Trusts	4	
Foreign Government Obligations	1	
Trust Preferred		2
Municipal Bonds		1

**Credit Quality Allocations<sup>4</sup>**

<b>Credit Rating</b>	<b>8/31/08</b>	<b>10/31/07</b>
AAA/Aaa	8%	8%
AA/Aa	18	21
A/A	28	20
BBB/Baa	26	22
BB/Ba	5	6
B/B	12	17
CCC/Caa	3	6

4 Using the higher of S&P's or Moody's rating's.

## Trust Summary as of August 31, 2008

BlackRock Income Trust Inc.

## Investment Objective

**BlackRock Income Trust Inc. (BKT) (the Trust )** seeks to provide high monthly income while preserving capital by investing in a portfolio of mortgage-backed securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned 6.59% based on market price and 11.98% based on NAV. For the same period, the closed-end Lipper U.S. Mortgage Funds category posted an average return of 1.41% on a NAV basis. All returns reflect reinvestment of dividends. The primary driver behind the Trust's relative outperformance was its large allocation to U.S. government agency mortgage-backed securities (MBS). Meanwhile, small allocations to non-agency MBS and other structured securities detracted from results. The Trust had much lower leverage during the period than its peers, which also hurt performance. The Trust's discount to NAV, which widened modestly during the period, accounts for the difference between performance based on price and performance based on NAV.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

Symbol on New York Stock Exchange:	BKT
Initial Offering Date:	July 22, 1988
Yield on Closing Market Price as of August 31, 2008 (\$6.07): <sup>1</sup>	4.74%
Current Monthly Distribution per Share: <sup>2</sup>	\$0.024
Current Annualized Distribution per Share: <sup>2</sup>	\$0.288

- Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- The distribution rate is not constant and is subject to change.

The table below summarizes the changes in the Trust's market price and net asset value per share:

	8/31/08	10/31/07	Change	High	Low
Market Price	\$ 6.07	\$ 5.81	4.48%	\$ 6.20	\$ 5.23
Net Asset Value	\$ 6.94	\$ 6.53	6.28%	\$ 7.05	\$ 6.35

The following unaudited chart shows the portfolio composition of the Trust's long-term investments:

## Portfolio Composition

	8/31/08	10/31/07
U.S. Government Agency Mortgage-Backed Securities	46%	51%
U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations	28	25
Non U.S. Government Agency Mortgage Backed Securities	18	12

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U.S. Government and Agency Obligations	6	9
Asset-Backed Securities	2	2
Corporate Bonds		1

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ANNUAL REPORT

AUGUST 31, 2008

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## Trust Summary as of August 31, 2008

## BlackRock Limited Duration Income Trust

## Investment Objective

**BlackRock Limited Duration Income Trust (BLW) (the Trust )** seeks to provide current income and capital appreciation.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (7.37)% based on market price and 0.58% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (14.03)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's allocations to high yield loans (58% of net assets as of August 31, 2008) and mortgage securities (21% as of August 31, 2008) benefited relative performance, as those sectors outperformed high yield bonds. The Trust was modestly leveraged (9% as of August 31, 2008) relative to its peers, which also aided relative performance. The Trust's discount to NAV, which widened from 9.9% to 12.8% during the period, accounts for the difference between performance based on price and performance based on NAV.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

Symbol on New York Stock Exchange:	BLW
Initial Offering Date:	July 30, 2003
Yield on Closing Market Price as of August 31, 2008 (\$14.57): <sup>1</sup>	8.65%
Current Monthly Distribution per Share: <sup>2</sup>	\$0.105
Current Annualized Distribution per Share: <sup>2</sup>	\$1.260
Leverage as of August 31, 2008: <sup>3</sup>	9%

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> The distribution is not constant and is subject to change.

<sup>3</sup> As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the Trust's market price and net asset value per share:

	8/31/08	10/31/07	Change	High	Low
Market Price	\$ 14.57	\$ 16.68	(12.65)%	\$ 16.99	\$ 13.60
Net Asset Value	\$ 16.71	\$ 18.52	(9.77)%	\$ 18.52	\$ 16.59

The following unaudited charts show the portfolio composition of the Trust's long-term investments and credit quality allocations of the Trust's corporate bond investments:

## Portfolio Composition

8/31/08      10/31/07



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Floating Rate Loan Interests	46%	42%
Corporate Bonds	32	37
U.S. Government Agency Mortgage Backed Securities	16	16
U.S. Government and Agency Obligations	4	3
Foreign Government Obligations	2	2

**Credit Quality Allocations<sup>4</sup>**

<b>Credit Rating</b>	<b>8/31/08</b>	<b>10/31/07</b>
AAA/Aaa	7%	1%
A/A		4
BBB/Baa	14	8
BB/Ba	17	23
B/B	44	43
CCC/Caa	13	18
Not Rated	5	3

4 Using the higher of S&P's or Moody's rating's.

## Trust Summary as of August 31, 2008

## BlackRock Strategic Bond Trust

## Investment Objective

**BlackRock Strategic Bond Trust (BHD) (the Trust )** seeks total return through high current income and capital appreciation.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (2.53)% based on market price and 1.49% based on NAV. For the same period, the closed-end Lipper General Bond Funds category posted an average return of 2.15% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's allocation to high yield loans (5% of net assets as of August 31, 2008) hurt relative performance as the Trust is in a general bond fund category and high yield bonds underperformed investment-grade bonds. The Trust's discount to NAV, which widened modestly during the period, accounts for the difference between performance based on price and performance based on NAV.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

Symbol on New York Stock Exchange:	BHD
Initial Offering Date:	February 26, 2002
Yield on Closing Market Price as of August 31, 2008 (\$10.85): <sup>1</sup>	8.52%
Current Monthly Distribution per Share: <sup>2</sup>	\$0.077
Current Annualized Distribution per Share: <sup>2</sup>	\$0.924
Leverage as of August 31, 2008: <sup>3</sup>	2%

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> The distribution is not constant and is subject to change.

<sup>3</sup> As a percentage of total management assets, which is the total assets of the Trust (including any assets attributable to any borrowing that maybe outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

	8/31/08	10/31/07	Change	High	Low
Market Price	\$ 10.85	\$ 11.88	(8.67)%	\$ 12.12	\$ 10.48
Net Asset Value	\$ 12.76	\$ 13.80	(7.54)%	\$ 13.82	\$ 12.72

The following unaudited charts show the ten largest industries and credit quality allocations of the Trust's corporate bond investments:

Ten Largest Industries<sup>3</sup>

8/31/08      10/31/07

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Media	15%	22%
Diversified Telecommunications Services	10	8
Aerospace & Defense	7	8
Oil, Gas & Consumable Fuels	7	6
Wireless Telecommunications Services	5	3
Commercial Services & Supplies	4	5
Diversified Financial Services	4	2
Electric Utilities	3	4
Independent Power Producers & Energy Traders	3	
Specialty Retail	3	4
Hotels, Restaurants & Leisure		2

<sup>3</sup> For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine sector and industry sub-classification for reporting ease.

**Credit Quality Allocations<sup>4</sup>**

Credit Rating	8/31/08	10/31/07
AAA/Aaa	%	1%
AA/Aa	4	4
A	18	17
BBB/Baa	18	15
BB/Ba	14	12
B	36	37
CCC/Caa	8	12
Not Rated	2	2

<sup>4</sup> Using the higher of S&P's or Moody's rating's.

### The Benefits and Risks of Leveraging

The Trusts may utilize leverage through borrowings or issuance of short-term debt securities. The concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Trust on its longer-term portfolio investments. To the extent that the total assets of each Trust (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Trust's shareholders will benefit from the incremental yield.

Leverage creates risks for shareholders including the likelihood of greater NAV and market price volatility. In addition, there is the risk that fluctuations in interest rates on borrowings may reduce each Trust's yield and negatively impact its NAV and market price. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Trust's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, the Trust's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced.

**Under the Investment Company Act of 1940, the Trusts are permitted to borrow through a credit facility and the issuance of short-term debt securities up to 33<sup>1</sup>/<sub>3</sub>% of total managed assets.** As of August 31, 2008, the Trusts had outstanding leverage from short-term debt securities or credit facility borrowings as a percentage of total managed assets as follows:

	Percent of Leverage
BlackRock Core Bond Trust	24%
BlackRock High Income Shares	18%
BlackRock High Yield Trust	12%
BlackRock Income Opportunity Trust	22%
BlackRock Limited Duration Income Trust, Inc.	9%
BlackRock Strategic Bond Trust	2%

### Swap Agreements

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

## Schedule of Investments August 31, 2008

**BlackRock Core Bond Trust (BHK)**  
 (Percentages shown are based on Net Assets)

Asset-Backed Securities		Par (000)	Value
American Express Issuance Trust Series 2008-2 Class A, 4.02%, 1/18/11	USD	2,580	\$ 2,584,864
Bank of America Credit Card Trust Series 2008-A9 Class A9, 4.07%, 7/16/12		2,485	2,492,806
Chase Issuance Trust:			
Series 2007-A17 Class A, 5.12%, 10/15/14		2,300	2,294,002
Series 2008-A9 Class A9, 4.26%, 5/15/13		2,525	2,499,894
Chase Manhattan Auto Owner Trust Series 2005-B Class A4, 4.88%, 6/15/12		2,469	2,482,893
Citibank Credit Card Issuance Trust Series 2006-A2 Class A2, 4.85%, 2/10/11		2,825	2,841,499
Citibank Omni Master Trust Series 2007-A9A Class A9, 3.571%, 12/23/13 (a)		2,720	2,720,638
Daimler Chrysler Auto Trust Series 2006-A Class A3, 5%, 5/08/10		878	883,046
Ford Credit Auto Owner Trust Series 2006-A Class A4, 5.07%, 12/15/10		2,850	2,839,728
Harley-Davidson Motorcycle Trust Series 2005-2 Class A2, 4.07%, 2/15/12		1,524	1,526,441
Home Equity Asset Trust Series 2007-2 Class 2A1, 2.582%, 7/25/37 (a)		842	771,735
JPMorgan Mortgage Acquisition Corp. Series 2007-CH5 Class A3, 2.582%, 6/25/37 (a)		3,635	3,118,721
MBNA Credit Card Master Note Trust Series 2006-A1 Class A1, 4.90%, 7/15/11		2,825	2,842,981
SLM Student Loan Trust (a):			
Series 2005-5 Class A1, 2.80%, 1/25/18		289	288,343
Series 2008-5 Class A2, 3.90%, 10/25/16		3,200	3,203,840
Series 2008-5 Class A3, 4.10%, 1/25/18		810	827,018
Series 2008-5 Class A4, 4.50%, 7/25/23		2,180	2,244,572
Small Business Administration Class 1:			
Series 2003-P10B, 5.136%, 8/10/13		888	882,117
Series 2004-P10B, 4.754%, 8/10/14		519	500,854
Sterling Bank Trust Series 2004-2 Class Note, 2.081%, 3/30/30 (b)		7,226	270,967
Sterling Coofs Trust Series 1, 2.362%, 4/15/29 (b)		9,987	808,315
USAA Auto Owner Trust Series 2006-1 Class A4, 5.04%, 12/15/11		2,725	2,751,427
<b>Total Asset-Backed Securities 12.0%</b>			<b>41,676,701</b>

**Corporate Bonds**
**Aerospace & Defense 1.2%**

CHC Helicopter Corp., 7.375%, 5/01/14	405	421,200
DRS Technologies, Inc.:		
6.875%, 11/01/13	70	70,875
7.625%, 2/01/18	80	84,200
Hexcel Corp., 6.75%, 2/01/15	140	135,800
Honeywell International, Inc., 5.70%, 3/15/37	975	907,664
Northrop-Grumman Corp., 7.875%, 3/01/26	960	1,122,810
TransDigm, Inc., 7.75%, 7/15/14	120	116,700

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United Technologies Corp., 4.875%, 5/01/15	1,125	1,129,653
		3,988,902

**Air Freight & Logistics 0.5%**

Park-Ohio Industries, Inc., 8.375%, 11/15/14	120	99,000
United Parcel Service, Inc., 6.20%, 1/15/38	1,650	1,660,996
		1,759,996

**Airlines 0.0%**

American Airlines, Inc. Series 99-1, 7.324%, 4/15/11	115	104,650
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**Auto Components 0.1%**

Lear Corp., 8.75%, 12/01/16	250	188,125
Metaldyne Corp., 10%, 11/01/13	250	67,500
		255,625

**Corporate Bonds**

	Par (000)	Value
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**Automobiles 0.2%**

Ford Capital BV, 9.50%, 6/01/10	USD 600	\$ 499,500
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**Building Products 0.1%**

CPG International I, Inc., 10.50%, 7/01/13	200	154,000
Momentive Performance Materials, Inc., 11.50%, 12/01/16	405	315,900
		469,900

**Capital Markets 2.7%**

The Goldman Sachs Group, Inc., 6.75%, 10/01/37	975	857,857
Lehman Brothers Holdings, Inc.:		
4.476%, 9/15/22 (a)	525	485,881
Series MTN, 7%, 9/27/27	1,250	1,114,613
Morgan Stanley:		
3.041%, 1/09/12 (a)	1,340	1,213,564
6.25%, 8/28/17	1,700	1,547,328
6.25%, 8/09/26	525	448,993
Series F, 5.55%, 4/27/17	1,375	1,207,063
UBS AG Series DPNT, 5.875%, 12/20/17 (d)	2,575	2,510,275
		9,385,574

**Chemicals 0.7%**

American Pacific Corp., 9%, 2/01/15	250	242,500
Ames True Temper, Inc., 6.791%, 1/15/12 (a)	650	520,000
Huntsman LLC, 11.50%, 7/15/12	66	68,970
Ineos Group Holdings Plc, 7.875%, 2/15/16 (e)	EUR 285	257,137
Innophos, Inc., 8.875%, 8/15/14	USD 885	907,125
Key Plastics LLC, 11.75%, 3/15/13 (e)	515	180,250
Terra Capital, Inc. Series B, 7%, 2/01/17	80	77,800
		2,253,782

**Commercial Banks 2.8%**

DEPFA ACS Bank, 5.125%, 3/16/37 (e)	3,775	3,583,702
HBOS Treasury Services Plc, 3.75%, 9/30/08 (e)	825	824,073
HSBC Bank USA NA, 5.875%, 11/01/34	775	679,165
HSBC Finance Corp., 6.50%, 5/02/36	300	276,934

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SunTrust Bank Series CD, 4.415%, 6/15/09	1,265	1,271,321
SunTrust Banks, Inc., 4%, 10/15/08	995	994,955
Wachovia Bank NA, 6.60%, 1/15/38	1,925	1,508,139
Wells Fargo & Co., 4.875%, 1/12/11	435	442,144

9,580,433

**Commercial Services & Supplies 0.7%**

DI Finance Series B, 9.50%, 2/15/13	598	593,515
Sally Holdings LLC, 10.50%, 11/15/16	281	282,405
Waste Services, Inc., 9.50%, 4/15/14	590	595,900
West Corp., 11%, 10/15/16	1,100	860,750

2,332,570

**Communications Equipment 0.2%**

Nortel Networks Ltd., 7.041%, 7/15/11 (a)	670	621,425
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**Computers & Peripherals 0.9%**

International Business Machines Corp., 5.70%, 9/14/17 (d)	3,125	3,186,759
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**Consumer Finance 0.1%**

SLM Corp. Series A, 3.10%, 1/27/14 (a)	550	436,128
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**Containers & Packaging 0.7%**

Berry Plastics Holding Corp., 8.875%, 9/15/14	95	78,850
Crown Americas LLC, 7.75%, 11/15/15	150	153,750
Impress Holdings BV, 5.916%, 9/15/13 (a)(e)	300	270,000
Owens-Brockway Glass Container, Inc., 8.25%, 5/15/13	1,500	1,545,000
Pregis Corp., 12.375%, 10/15/13	545	520,475

2,568,075

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
 (Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
<b>Diversified Financial Services 7.1%</b>			
Bank of America Corp.:			
6%, 9/01/17	USD	1,590	\$ 1,513,550
5.75%, 12/01/17		1,355	1,264,028
Bank of America NA, 6.10%, 6/15/17 (h)		1,975	1,894,600
Citigroup, Inc.:			
3.625%, 2/09/09 (f)		3,950	3,943,348
4.25%, 7/29/09 (d)		1,020	1,019,253
4.125%, 2/22/10 (f)(h)		4,790	4,745,031
6.875%, 2/15/98		525	454,043
Ford Motor Credit Co. LLC:			
5.538%, 1/13/12 (a)		125	92,288
7.80%, 6/01/12		340	252,506
General Electric Capital Corp.:			
6.15%, 8/07/37 (d)		6,855	6,500,836
5.875%, 1/14/38		1,525	1,373,163
JPMorgan Chase & Co. 6%, 1/15/18		125	121,048
Structured Asset Repackaged Trust, 3.761%, 1/21/10		1,510	1,462,908
			24,636,602
<b>Diversified Telecommunication Services 5.9%</b>			
AT&T, Inc.:			
6.45%, 6/15/34		780	745,271
6.50%, 9/01/37 (d)		2,875	2,767,090
6.30%, 1/15/38		600	565,778
Bellsouth Telecommunications, Inc., 6.027%, 12/15/95 (g)		1,700	844,274
Cincinnati Bell, Inc., 7.25%, 7/15/13		210	201,863
Comcast Cable Holdings LLC, 7.875%, 8/01/13		10	10,882
Deutsche Telekom International Finance BV, 5.75%, 3/23/16 (d)		3,000	2,882,088
Qwest Communications International, Inc. 7.50%, 2/15/14		180	163,800
Qwest Corp., 6.026%, 6/15/13 (a)		470	434,750
Telecom Italia Capital SA:			
4.95%, 9/30/14		1,075	974,160
6%, 9/30/34		1,550	1,263,092
Telefonica Emisiones SAU, 7.045%, 6/20/36		1,975	2,005,496
Telefonica Europe BV, 7.75%, 9/15/10		725	764,287
Verizon Communications, Inc., 6.40%, 2/15/38 (h)		2,125	1,977,215
Verizon Global Funding Corp., 7.75%, 12/01/30		70	74,485
Verizon Maryland, Inc. Series B, 5.125%, 6/15/33		125	96,769
Verizon New Jersey, Inc.:			
5.875%, 1/17/12		335	340,621
7.85%, 11/15/29		230	239,239
Verizon Virginia, Inc. Series A, 4.625%, 3/15/13 (d)(e)		3,150	3,031,941
Wind Acquisition Finance SA, 10.75%, 12/01/15 (e)		350	358,750
Windstream Corp.:			
8.125%, 8/01/13		500	495,000
8.625%, 8/01/16		230	227,700
			20,464,551
<b>Electric Utilities 3.7%</b>			
Duke Energy Carolinas LLC:			
6.10%, 6/01/37		315	299,916



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6%, 1/15/38	825	798,632
E.ON International Finance BV, 6.65%, 4/30/38 (e)	1,525	1,547,073
EDP Finance BV, 6%, 2/02/18 (e)	1,125	1,115,850
Edison Mission Energy, 7.50%, 6/15/13	115	115,288
Elwood Energy LLC, 8.159%, 7/05/26	116	109,396
Florida Power & Light Co., 4.95%, 6/01/35	950	816,975
Florida Power Corp., 6.40%, 6/15/38	875	890,389
Midwest Generation LLC Series B, 8.56%, 1/02/16	75	77,574
PacifiCorp., 6.25%, 10/15/37	575	558,607
Progress Energy Florida, Inc., 6.35%, 9/15/37	1,325	1,339,408
Public Service Co. of Colorado, 6.25%, 9/01/37	1,200	1,205,120

Corporate Bonds	Par (000)	Value
<b>Electric Utilities (concluded)</b>		
Southern California Edison Co.:		
5.625%, 2/01/36	USD 625	\$ 592,984
Series 05-E, 5.35%, 7/15/35	125	114,091
Series 08-A, 5.95%, 2/01/38	1,075	1,066,372
The Toledo Edison Co., 6.15%, 5/15/37	350	303,055
Virginia Electric and Power Co. Series A, 6%, 5/15/37	2,000	1,890,772
		12,841,502
<b>Electrical Equipment 0.3%</b>		
Superior Essex Communications LLC, 9%, 4/15/12	945	987,525
<b>Electronic Equipment &amp; Instruments 0.3%</b>		
Sanmina-SCI Corp., 8.125%, 3/01/16	1,190	1,073,975
<b>Energy Equipment &amp; Services 0.6%</b>		
Compagnie Generale de Geophysique-Veritas:		
7.50%, 5/15/15	55	54,725
7.75%, 5/15/17	90	89,550
Grant Prideco, Inc. Series B, 6.125%, 8/15/15	80	77,755
North American Energy Partners, Inc., 8.75%, 12/01/11	85	84,575
Transocean, Inc., 6.80%, 3/15/38	1,100	1,097,461
Weatherford International, Inc., 6.80%, 6/15/37	625	619,455
		2,023,521
<b>Food &amp; Staples Retailing 1.4%</b>		
CVS Caremark Corp., 6.25%, 6/01/27	775	736,402
The Pantry, Inc., 7.75%, 2/15/14	1,000	835,000
Rite Aid Corp., 7.50%, 3/01/17	695	576,850
Wal-Mart Stores, Inc.:		
6.50%, 8/15/37	1,900	1,945,089
6.20%, 4/15/38	850	840,835
		4,934,176
<b>Food Products 0.4%</b>		
Kraft Foods, Inc., 7%, 8/11/37	1,455	1,447,751
<b>Gas Utilities 0.2%</b>		
El Paso Natural Gas Co.:		
8.625%, 1/15/22	265	291,788
8.375%, 6/15/32	225	248,850
Targa Resources, Inc., 8.50%, 11/01/13	320	304,000
		844,638

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**Health Care Equipment & Supplies 0.6%**

Biomet, Inc.:		
10.375%, 10/15/17 (i)	340	358,700
11.625%, 10/15/17	340	357,425
DJO Finance LLC, 10.875%, 11/15/14	1,380	1,383,450
		2,099,575

**Health Care Providers & Services 0.5%**

Tenet Healthcare Corp., 6.50%, 6/01/12	1,020	986,850
UnitedHealth Group, Inc., 5.80%, 3/15/36	870	705,586
WellPoint, Inc., 5.95%, 12/15/34	85	73,243
		1,765,679

**Hotels, Restaurants & Leisure 1.5%**

American Real Estate Partners LP:		
8.125%, 6/01/12	3,165	2,947,406
7.125%, 2/15/13	320	279,600
Circus and Eldorado Joint Venture, 10.125%, 3/01/12	1,000	915,000
Gaylord Entertainment Co., 6.75%, 11/15/14	150	130,875
Greektown Holdings, LLC, 10.75%, 12/01/13 (e)(j)	315	237,825
Harrah s Operating Co., Inc., 10.75%, 2/01/18 (e)(i)	880	519,774
Seneca Gaming Corp. Series B, 7.25%, 5/01/12	260	232,050
Wynn Las Vegas LLC, 6.625%, 12/01/14	40	36,450
		5,298,980

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
 (Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
<b>Household Durables 0.7%</b>			
Belvoir Land LLC Series A-1, 5.27%, 12/15/47	USD	350	\$ 256,498
Irwin Land LLC:			
Series A-1, 5.03%, 12/15/25		525	457,044
Series A-2, 5.40%, 12/15/47		1,500	1,211,730
Ohana Military Communities LLC Series 04I, 6.193%, 4/01/49		350	322,063
			2,247,335
<b>Household Products 0.3%</b>			
Kimberly-Clark, Corp., 6.625%, 8/01/37		850	895,861
<b>IT Services 0.4%</b>			
iPayment, Inc., 9.75%, 5/15/14		240	201,000
iPayment Investors LP, 12.75%, 7/15/14 (e)(i)		904	897,607
SunGard Data Systems, Inc., 9.125%, 8/15/13		205	208,075
			1,306,682
<b>Independent Power Producers &amp; Energy Traders 0.1%</b>			
NRG Energy, Inc.:			
7.25%, 2/01/14		50	49,312
7.375%, 2/01/16		285	281,437
			330,749
<b>Industrial Conglomerates 0.6%</b>			
Sequa Corp. (e):			
11.75%, 12/01/15		690	607,200
13.50%, 12/01/15 (i)		1,644	1,338,995
			1,946,195
<b>Insurance 2.6%</b>			
Berkshire Hathaway Finance Corp., 4.75%, 5/15/12		1,075	1,093,455
Chubb Corp., 6%, 5/11/37		1,100	974,401
Hartford Life Global Funding Trusts, 2.946%, 9/15/09 (a)		925	921,618
MetLife, Inc., 5.70%, 6/15/35		1,525	1,315,315
Metropolitan Life Global Funding I, 4.25%, 7/30/09 (e)		1,150	1,140,706
Monument Global Funding Ltd., 2.646%, 6/16/10 (a)		1,810	1,795,071
New York Life Global Funding, 3.875%, 1/15/09 (e)		850	851,380
Prudential Financial, Inc.:			
5.70%, 12/14/36		675	548,496
Series D, 5.90%, 3/17/36		500	420,500
			9,060,942
<b>Machinery 0.3%</b>			
AGY Holding Corp., 11%, 11/15/14		360	334,800
Accuride Corp., 8.50%, 2/01/15		265	170,925
Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (e)		950	693,500

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1,199,225

**Marine 0.3%**

Nakilat, Inc. Series A, 6.067%, 12/31/33 (e)	1,050	916,828
Navios Maritime Holdings, Inc., 9.50%, 12/15/14	141	134,655
		1,051,483

**Media 6.0%**

Affinion Group, Inc., 10.125%, 10/15/13	695	684,575
CMP Susquehanna Corp., 9.875%, 5/15/14	645	403,125
Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (a)	180	180,900
Charter Communications Holdings I, LLC, 11%, 10/01/15	175	134,313
Charter Communications Holdings II, LLC, 10.25%, 9/15/10	1,450	1,391,350
Comcast Cable Holdings LLC, 7.125%, 2/15/28	200	194,967
Comcast Corp.:		
6.50%, 1/15/17	1,750	1,765,076
6.50%, 11/15/35	625	588,010
6.45%, 3/15/37	790	728,613
6.95%, 8/15/37	25	24,397
DirecTV Holdings LLC, 8.375%, 3/15/13	125	129,375
EchoStar DBS Corp.:		
5.75%, 10/01/08	175	175,000
7%, 10/01/13	43	40,850
7.125%, 2/01/16	75	69,000

Corporate Bonds	Par (000)	Value
<b>Media (concluded)</b>		
Network Communications, Inc., 10.75%, 12/01/13	USD 155	\$ 111,406
News America Holdings, Inc.:		
7.70%, 10/30/25	825	885,343
8.45%, 8/01/34	625	710,362
News America, Inc., 7.625%, 11/30/28	985	1,045,827
Nielsen Finance LLC, 10%, 8/01/14	965	977,062
R.H. Donnelley Corp., 11.75%, 5/15/15 (e)	1,720	1,264,200
Rainbow National Services LLC (e):		
8.75%, 9/01/12	200	204,000
10.375%, 9/01/14	943	1,003,116
TCI Communications, Inc., 7.875%, 2/15/26	610	641,780
TL Acquisitions, Inc., 10.50%, 1/15/15 (b)	1,000	855,000
Time Warner Cable, Inc., 7.30%, 7/01/38	2,525	2,537,188
Time Warner Cos., Inc.:		
7.57%, 2/01/24 (d)	3,040	3,078,912
6.95%, 1/15/28	70	66,515
6.625%, 5/15/29	90	82,319
Time Warner, Inc.:		
7.625%, 4/15/31	205	205,128
7.70%, 5/01/32	85	85,746
Windstream Regatta Holdings, Inc., 11%, 12/01/17 (e)	823	477,340
		20,740,795

**Metals & Mining 1.5%**

AK Steel Corp., 7.75%, 6/15/12	995	1,017,388
Falconbridge Ltd.:		
6%, 10/15/15	825	782,225
6.20%, 6/15/35	1,250	1,021,918
Freeport-McMoRan Copper & Gold, Inc.:		
5.883%, 4/01/15 (a)	490	491,294
8.375%, 4/01/17	790	837,400
Teck Cominco Ltd., 6.125%, 10/01/35	1,430	1,156,347

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5,306,572

**Multi-Utilities 0.6%**

DTE Energy Co., 6.35%, 6/01/16	725	722,112
Energy East Corp., 6.75%, 7/15/36	1,500	1,433,321

2,155,433

**Oil, Gas & Consumable Fuels 5.5%**

Amerada Hess Corp., 7.125%, 3/15/33	425	453,535
Anadarko Petroleum Corp., 6.45%, 9/15/36	2,350	2,159,901
Berry Petroleum Co., 8.25%, 11/01/16	140	133,700
Burlington Resources Finance Co., 7.40%, 12/01/31	875	1,000,894
Canadian Natural Resources, Ltd.:		
6.25%, 3/15/38	375	345,397
6.75%, 2/01/39	1,025	1,008,277
Chaparral Energy, Inc., 8.50%, 12/01/15	320	278,400
Chesapeake Energy Corp., 6.375%, 6/15/15	150	139,500
Compton Petroleum Finance Corp., 7.625%, 12/01/13	115	107,956
Conoco Funding Co., 7.25%, 10/15/31	125	144,044
ConocoPhillips Canada Funding Co., 5.95%, 10/15/36	535	534,959
ConocoPhillips Holding Co., 6.95%, 4/15/29	650	711,039
Devon Energy Corp., 7.95%, 4/15/32	625	723,520
EXCO Resources, Inc., 7.25%, 1/15/11	130	128,700
EnCana Corp.:		
6.50%, 8/15/34	670	639,512
6.625%, 8/15/37	700	666,086
6.50%, 2/01/38	325	304,522
Encore Acquisition Co., 6%, 7/15/15	40	34,900
MidAmerican Energy Co., 5.80%, 10/15/36	700	635,538
MidAmerican Energy Holdings Co.:		
5.95%, 5/15/37	800	741,258
6.50%, 9/15/37	1,525	1,521,396

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
 (Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Oil, Gas &amp; Consumable Fuels (concluded)</b>		
Nexen, Inc., 6.40%, 5/15/37	USD 550	\$ 493,311
OPTI Canada, Inc., 8.25%, 12/15/14	450	449,437
Pemex Project Funding Master Trust, 9.375%, 12/02/08	833	846,578
Sabine Pass LNG LP, 7.50%, 11/30/16	330	288,750
Suncor Energy, Inc., 6.50%, 6/15/38	645	617,336
TransCanada PipeLines Ltd., 5.85%, 3/15/36	550	472,153
Valero Energy Corp., 6.625%, 6/15/37	495	436,762
Whiting Petroleum Corp.:		
7.25%, 5/01/12	40	38,600
7.25%, 5/01/13	335	321,600
XTO Energy, Inc.:		
6.75%, 8/01/37	1,925	1,815,643
6.375%, 6/15/38	900	811,318
		19,004,522
<b>Paper &amp; Forest Products 0.5%</b>		
Bowater, Inc., 5.776%, 3/15/10 (a)	80	65,600
Domtar Corp., 7.125%, 8/15/15	60	57,900
NewPage Corp., 10%, 5/01/12	1,625	1,576,250
		1,699,750
<b>Pharmaceuticals 1.9%</b>		
Bristol-Myers Squibb Co., 5.875%, 11/15/36	340	321,443
Eli Lilly & Co., 5.55%, 3/15/37 (d)	2,275	2,167,056
Schering-Plough Corp., 6.55%, 9/15/37	1,125	1,073,429
Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36	1,445	1,301,207
Wyeth:		
6%, 2/15/36	675	663,386
5.95%, 4/01/37	925	888,195
		6,414,716
<b>Professional Services 0.0%</b>		
FTI Consulting, Inc., 7.75%, 10/01/16	100	103,750
<b>Real Estate Investment Trusts (REITs) 0.1%</b>		
AvalonBay Communities, Inc., 6.625%, 9/15/11	350	354,416
<b>Road &amp; Rail 0.1%</b>		
Canadian National Railway Co., 6.25%, 8/01/34	350	350,064
<b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>		
Amkor Technology, Inc.:		
7.75%, 5/15/13	80	75,000
9.25%, 6/01/16	85	82,025
Freescale Semiconductor, Inc.:		
8.875%, 12/15/14	120	97,200
9.125%, 12/15/14 (i)	290	226,200
		480,425

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**Software 0.7%**

BMS Holdings, Inc., 10.595%, 2/15/12 (a)(e)(i)	107	64,117
Oracle Corp., 5.75%, 4/15/18 (d)	2,225	2,231,343
		2,295,460

**Specialty Retail 0.9%**

AutoNation, Inc.:		
4.791%, 4/15/13 (a)	150	123,750
7%, 4/15/14	150	129,750
General Nutrition Centers, Inc.:		
7.199%, 3/15/14 (h)	500	411,745
10.75%, 3/15/15	400	347,000
Lazy Days R.V. Center, Inc., 11.75%, 5/15/12	314	157,000
Michaels Stores, Inc.:		
10%, 11/01/14	380	285,000
11.375%, 11/01/16	110	70,400
Sonic Automotive, Inc. Series B, 8.625%, 8/15/13	2,100	1,617,000
		3,141,645

Corporate Bonds	Par (000)	Value
<b>Textiles, Apparel &amp; Luxury Goods 0.0%</b>		
Quiksilver, Inc., 6.875%, 4/15/15	USD 175	\$ 140,438
<b>Wireless Telecommunication Services 1.8%</b>		
Cricket Communications, Inc., 9.375%, 11/01/14	100	99,125
Digicel Group Ltd. (e):		
8.875%, 1/15/15	240	225,312
9.125%, 1/15/15 (i)	560	506,100
MetroPCS Wireless, Inc., 9.25%, 11/01/14	80	79,300
Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (e)	770	741,125
Rogers Communications, Inc., 7.50%, 8/15/38	1,150	1,180,882
Sprint Capital Corp., 6.875%, 11/15/28	915	777,750
Vodafone Group Plc, 7.75%, 2/15/10 (d)	2,504	2,619,850
		6,229,444
<b>Total Corporate Bonds 58.4%</b>		202,317,696

**Foreign Government Obligations**

Bundesrepublik Deutschland Series 07, 4.25%, 7/04/39	EUR	1,290	1,792,363
France Government Bond, 3.15%, 7/25/32		584	1,012,228
Israel Government AID Bond:			
5.50%, 4/26/24	USD	825	886,652
5.50%, 9/18/33		845	915,864
<b>Total Foreign Government Obligations 1.3%</b>			4,607,107

**Non-Government Agency Mortgage-Backed Securities**

**Collateralized Mortgage Obligations 4.3%**

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American Home Mortgage Assets Series 2006-6 Class A1A, 2.662%, 12/25/46 (a)	354	215,452
Bear Stearns Adjustable Rate Mortgage Series 2004-8 Class 14A1, 5.473%, 11/25/34 (a)	784	722,161
Citigroup Mortgage Loan Trust, Inc. Series 2005-4 Class A, 5.344%, 8/25/35 (a)	718	630,949
Countrywide Alternative Loan Trust:		
Series 2005-64CB Class 1A15, 5.50%, 12/25/35	1,600	1,111,486
Series 2006-01A0 Class 1A1, 4.039%, 8/25/46 (a)	367	231,107
Series 2006-0A19 Class A1, 2.651%, 2/20/47 (a)	532	329,143
Series 2006-0A21 Class A1, 2.661%, 3/20/47 (a)	979	609,134
Countrywide Home Loan Mortgage Pass-Through Trust Series 2006-0A5 Class 2A1, 2.672%, 4/25/46 (a)	424	257,664
Deutsche Alt-A Securities, Inc. Alternate Loan Trust:		
Series 2003-3 Class 2A1, 5.50%, 10/25/33	1,300	1,076,968
Series 2006-0A1 Class A1, 2.672%, 2/25/47 (a)	518	328,640
GSR Mortgage Loan Trust (a):		
Series 2005-AR4 Class 6A1, 5.25%, 7/25/35	717	655,080
Series 2006-0A1 Class 2A1, 2.662%, 8/25/46	1,096	756,121
Harborview Mortgage Loan Trust Series 2006-9 Class 2A1A, 2.676%, 11/19/36 (a)	733	447,191
Homebanc Mortgage Trust Series 2006-2 Class A1, 2.652%, 12/25/36 (a)	1,099	730,074
Maryland Insurance Backed Securities Trust Series 2006-1A, 5.55%, 12/10/65	2,500	1,750,000
Merrill Lynch Mortgage Investors, Inc. Series 2006-A3 Class 3A1, 5.823%, 5/25/36 (a)(k)	1,045	678,964
Structured Asset Securities Corp. Series 2002-AL1 Class A2, 3.45%, 2/25/32	2,096	1,738,939
WaMu Mortgage Pass Through Certificates (a):		
Series 2005-AR10 Class 1A3, 4.834%, 9/25/35	1,800	1,589,221
Series 2007-0A4 Class 1A, 3.849%, 5/25/47	501	300,468
Series 2007-0A5 Class 1A, 3.829%, 6/25/47	860	583,748
		14,742,510

See Notes to Financial Statements.



## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
(Percentages shown are based on Net Assets)

Non-Government Agency Mortgage-Backed Securities	Par (000)	Value
<b>Commercial Mortgage-Backed Securities 12.7%</b>		
Banc of America Commercial Mortgage, Inc. Series 2005-1 Class 4A, 4.988%, 11/10/42 (a)	USD 2,180	\$ 2,142,973
CS First Boston Mortgage Securities Corp. Series 2002-CP5 Class A2, 4.94%, 12/15/35	2,720	2,643,455
Citigroup Commercial Mortgage Trust Series 2008-C7 Class A4, 6.299%, 12/10/49 (a)	1,370	1,283,135
Citigroup/Deutsche Bank Commercial Mortgage Trust Series 2007-CD5 Class A4, 5.886%, 11/15/44 (a)	2,500	2,284,573
Commercial Mortgage Pass-Through Certificates Series 2004-LB3A Class A3, 5.09%, 7/10/37 (a)	960	950,534
First Union National Bank Commercial Mortgage: Series 2001-C3 Class A3, 6.423%, 8/15/33	2,910	2,965,044
Series 2001-C4 Class A2, 6.223%, 12/12/33	2,265	2,298,385
GMAC Commercial Mortgage Securities, Inc. Class A2: Series 1999-C3, 7.179%, 8/15/36 (a)	1,302	1,321,719
Series 2002-C3, 4.93%, 7/10/39	2,350	2,279,239
Heller Financial Commercial Mortgage Asset Series 1999-PH1 Class A2, 6.847%, 5/15/31 (a)	819	819,520
JPMorgan Chase Commercial Mortgage Securities Corp.: Series 2001-C1 Class A3, 5.857%, 10/12/35	2,140	2,150,813
Series 2004-CB8 Class A1A, 4.158%, 1/12/39	976	914,922
Series 2004-CBX Class A4, 4.529%, 1/12/37	2,180	2,118,693
Series 2006-LDP9 Class A3, 5.336%, 5/15/47	960	866,961
JPMorgan Commercial Mortgage Finance Corp. Series 2000-C10 Class A2, 7.371%, 8/15/32 (a)	1,621	1,660,008
LB-UBS Commercial Mortgage Trust (a): Series 2007-C6 Class A4, 5.858%, 7/15/40	1,816	1,660,552
Series 2007-C7 Class A3, 5.866%, 9/15/45	5,000	4,563,787
Merrill Lynch Mortgage Trust Series 2007-C1 Class AM, 6.022%, 6/12/50 (a)(k)	925	792,051
Morgan Stanley Capital I: Series 2005-HQ6 Class A4A, 4.989%, 8/13/42	1,475	1,376,293
Series 2007-IQ16 Class A4, 5.809%, 12/12/49	618	561,011
Series 2007-T27 Class A4, 5.804%, 6/13/42 (a)	995	903,414
Series 2008-T29 Class A4, 6.458%, 1/11/43 (a)	1,370	1,293,780
Salomon Brothers Mortgage Securities VII, Inc. Series 2000-C1 Class A2, 7.52%, 12/18/09 (a)	3,265	3,335,013
Wachovia Bank Commercial Mortgage Trust (a): Series 2005-C21 Class A3, 5.274%, 10/15/44	910	906,421
Series 2006-C25 Class A4, 5.926%, 5/15/43	1,190	1,119,525
Series 2007-C33 Class A4, 6.10%, 2/15/51	995	920,108
		44,131,929
<b>Total Non-Government Agency Mortgage-Backed Securities 17.0%</b>		<b>58,874,439</b>

**U.S. Government Agency Mortgage-Backed Securities**

Fannie Mae Guaranteed Pass Through Certificates: 5.00%, 3/01/21 7/01/36 (l)	7,344	7,120,308
5.50%, 9/15/23 9/15/38 (h)(l)	60,991	60,374,119

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6.00%, 8/01/29 3/01/38	8,406	8,497,446
7.00%, 1/01/31 7/01/32	214	225,617
Freddie Mac Mortgage Participation Certificates:		
5.00%, 8/01/33	70	67,454
5.50%, 11/01/34 5/01/36 (d)	4,502	4,451,684
6.00%, 2/01/13 12/01/18 (h)	2,113	2,164,347
6.277%, 5/01/32	47	47,367
7.00%, 9/01/31	19	20,397
Ginnie Mae MBS Certificates:		
5.50%, 8/15/33 (d)	190	190,620
6.50%, 10/18/37 (l)	200	204,750
<b>Total U.S. Government Agency Mortgage-Backed Securities 24.1%</b>		<b>83,364,109</b>

U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations	Par (000)	Value
Fannie Mae Trust:		
Series 378 Class 5, 5%, 7/01/36 (b)	USD 3,984	\$ 1,000,476
Series 2004-90 Class JH, 1.828%, 11/25/34 (a)(b)	20,628	1,912,141
Series 2005-5 Class PK, 5%, 12/25/34	2,250	2,268,900
Freddie Mac Multiclass Certificates:		
Series 2579 Class HI, 5%, 8/15/17(b)	1,736	200,646
Series 2611 Class QI, 5.50%, 9/15/32 (b)	5,107	890,595
Series 2684 Class SP, 4.986%, 1/15/33 (a)(b)	395	64,189
Series 2825 Class VP, 5.50%, 6/15/15	1,189	1,215,251
Series 3208 Class PS, 4.586%, 8/15/36 (a)(b)	1,942	227,571
Series 3316 Class SB, 4.729%, 8/15/35 (a)(b)	354	47,849
<b>Total U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations 2.3%</b>		<b>7,827,618</b>

**U.S. Government Obligations**

Federal Housing Administration, Hebre Home Hospital, 6.25%, 9/01/28	1,007	1,028,029
Resolution Funding Corp. (m):		
6.196%, 7/15/18	525	343,762
6.30%, 10/15/18	525	338,152
U.S. Treasury Bonds, 6.125%, 11/15/27	1,345	1,634,071
U.S. Treasury Inflation Indexed Bonds:		
2.375%, 1/15/27 (d)	1,534	1,587,066
1.75%, 1/15/28	4,727	4,429,269
U.S. Treasury Notes:		
4%, 8/15/18 (d)	17,125	17,385,882
5%, 5/15/37	545	595,540
4.375%, 2/15/38 (d)	8,115	8,057,310
4.50%, 5/15/38	3,000	3,034,686
<b>Total U.S. Government Obligations 11.1%</b>		<b>38,433,767</b>

**Preferred Securities**

**Capital Trusts**

**Capital Markets 0.1%**

Credit Suisse Guernsey Ltd., 5.86% (a)(c)	494	400,876
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**Commercial Banks 1.9%**

BAC Capital Trust XI, 6.625%, 5/23/36	545	482,819
Barclays Bank Plc, 7.434% (a)(c)(e)	1,975	1,745,051
Credit Agricole SA, 6.637% (a)(c)(e)	250	199,461
RBS Capital Trust IV, 3.496% (a)(c)(d)	475	349,518
Royal Bank of Scotland Group Plc, Series MTN, 7.64% (c)(d)	2,200	1,858,461
Wachovia Corp. Series K, 7.98% (a)(c)(d)	2,550	1,915,790

6,551,100

**Diversified Financial Services 2.4%**

Bank of America Corp. (a)(c):		
Series K, 8%	1,360	1,212,010
Series M, 8.125%	1,050	947,919
Citigroup, Inc. 8.30%, 12/21/57 (a)(h)	2,225	2,008,454
JPMorgan Chase & Co., 7.90% (a)(c)	1,925	1,748,863
JPMorgan Chase Capital XXV, 6.80%, 10/01/37 (d)	2,780	2,373,050

8,290,296

**Electric Utilities 0.2%**

PECO Energy Capital Trust IV, 5.75%, 6/15/33	790	657,741
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**Insurance 1.4%**

The Allstate Corp., 6.50%, 5/15/57 (a)	1,950	1,591,512
American International Group, Inc., 8.175%, 5/15/58 (a)(e)	1,230	950,030
Lincoln National Corp., 6.05%, 4/20/67 (a)	675	529,291
Progressive Corp., 6.70%, 6/15/37 (a)	605	495,684
The Travelers Cos., Inc., 6.25%, 3/15/67 (a)	675	574,860
ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (a)(e)	675	581,494

4,722,871

**Total Capital Trusts 6.0%**

20,622,884

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Core Bond Trust (BHK)  
(Percentages shown are based on Net Assets)

Preferred Stocks	Shares	Value
<b>Diversified Financial Services 0.1%</b>		
Citigroup, Inc. Series AA, 8.125%	25,500	\$ 506,940
<b>Total Preferred Stocks 0.1%</b>		506,940
<b>Total Preferred Securities 6.1%</b>		21,129,824

Other Interests (n)	Beneficial Interest (000)	
<b>Health Care Providers &amp; Services 0.0%</b>		
Critical Care Systems International, Inc. (o)	USD 2	637
<b>Total Other Interests 0.0%</b>		637
<b>Total Long-Term Investments (Cost \$478,486,079) 132.3%</b>		458,231,898

Short-Term Securities	Par (000)	
<b>U.S. Government &amp; Agency Obligations 0.9%</b>		
Federal Home Loan Bank, 2.60%, 9/02/08 (p)	USD 400	400,000
U.S. Treasury Bills, 1.79%, 9/25/08 (p)	2,600	2,597,126
<b>Total Short-Term Securities (Cost \$2,997,126) 0.9%</b>		2,997,126

Options Purchased	Contracts (q)	
<b>Call Swaptions Purchased</b>		
Receive a fixed rate of 5.12% and pay a floating rate based on 3-month LIBOR, expiring November 2010	11	398,475
Receive a fixed rate of 5.39% and pay a floating rate based on 3-month LIBOR, expiring March 2012	6	410,758
Receive a fixed rate of 5.47% and pay a floating rate based on 3-month LIBOR, expiring May 2012	11	729,814
Receive a fixed rate of 6.025% and pay a floating rate based on 3-month LIBOR, expiring June 2012	7	680,542

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2,219,589

**Put Swaptions Purchased**

Pay a fixed rate of 5.12% and receive a floating rate based on 3-month LIBOR, expiring November 2010	11	230,549
Pay a fixed rate of 5.39% and receive a floating rate based on 3-month LIBOR, expiring March 2012	6	272,026
Pay a fixed rate of 5.47% and receive a floating rate based 3-month LIBOR, expiring May 2012	11	443,363
Pay a fixed rate of 6.025% and receive a floating rate based on 3-month LIBOR, expiring June 2012	7	201,169
		1,147,107

**Total Options Purchased**

(Cost \$2,586,423) 1.0% 3,366,696

**Total Investments Before TBA Sale Commitments and Options Written (Cost \$484,069,628\*) 134.2%**

464,595,720

**TBA Sale Commitments**

**Par  
(000)**

Fannie Mae Guaranteed Pass Through Certificates:			
5.00%, 3/01/21 7/01/36	USD	(4,100)	(3,945,389)
5.50%, 9/15/23 9/15/38		(9,900)	(9,787,754)
6.00%, 8/01/29 3/01/38		(2,700)	(2,729,257)
Freddie Mac Mortgage Participation Certificates,			
5.50%, 11/01/34 5/01/36		(4,500)	(4,441,955)
Ginnie Mae MBS Certificates, 5.50%, 8/15/33		(100)	(99,531)

**Total TBA Sale Commitments**

(Proceeds \$20,649,320) (6.1)% (21,003,886)

**Options Written**

**Contracts**

**Value**

**Call Option Written**

30-Year U.S. Treasury Bonds, expiring November 2008 at \$118 100 \$ (181,250)

**Call Swaptions Written (q)**

Pay a fixed rate of 4.58% and receive a floating rate based on 3-month LIBOR, expiring May 2009	9	(219,870)
Pay a fixed rate of 4.94% and receive floating rate based on 3-month LIBOR, expiring December 2008	14	(524,986)
Pay a fixed rate of 5.01% and receive a floating rate based on 3-month LIBOR, expiring November 2008	4	(162,520)
Pay a fixed rate of 5.05% and receive a floating rate based on 3-month LIBOR, expiring May 2011	10	(494,250)
Pay a fixed rate of 5.08% and receive a floating rate based on 3-month LIBOR, expiring May 2011	6	(307,544)
Pay a fixed rate of 5.0825% and receive a floating rate based on 3-month LIBOR, expiring July, 2010	3	(121,990)
Pay a fixed rate of 5.325% and receive a floating rate based on 3-month LIBOR, expiring July 2013	8	(322,972)
Pay a fixed rate of 5.485% and receive a floating rate based on 3-month LIBOR, expiring October 2009	4	(308,709)

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Pay a fixed rate of 5.67% and receive a floating rate based on 3-month LIBOR, expiring January 2010	11	(899,151)
		(3,361,992)
<b>Put Swaptions Written (q)</b>		
Receive a fixed rate of 3.10% and pay a floating rate based on 3-month LIBOR, expiring October 2008	20	(127,745)
Receive a fixed rate of 4.58% and pay a floating rate based on 3-month LIBOR, expiring May 2009	9	(287,325)
Receive a fixed rate of 4.94% and pay a floating rate based on 3-month LIBOR, expiring December 2008	14	(131,320)
Receive a fixed rate of 5.01% and pay a floating rate based on 3-month LIBOR, expiring November 2008	4	(19,310)
Receive a fixed rate of 5.05% and pay a floating rate based on 3-month LIBOR, expiring May 2011	10	(468,630)
Receive a fixed rate of 5.08% and pay a floating rate based on 3-month LIBOR, expiring May 2011	6	(277,904)
Receive a fixed rate of 5.0825% and pay a floating rate based on 3-month LIBOR, expiring July, 2010	3	(91,080)
Receive a fixed rate of 5.325% and pay a floating rate based on 3-month LIBOR, expiring July 2013	8	(248,470)
Receive a fixed rate of 5.485% and pay a floating rate based on 3-month LIBOR, expiring October 2009	4	(68,612)
Receive a fixed rate of 5.67% and pay a floating rate based on 3-month LIBOR, expiring January 2010	12	(163,565)
		(1,883,961)
<b>Total Options Written</b> <b>(Premiums Received \$5,724,085) (1.5)%</b>		(5,427,203)
<b>Total Investments, Net of TBA Sale Commitments and Options Written 126.6%</b>		438,164,631
<b>Liabilities in Excess of Other Assets (26.6)%</b>		(91,988,005)
<b>Net Assets 100.0%</b>		\$ 346,176,626

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Core Bond Trust (BHK)

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 484,079,937
Gross unrealized appreciation	\$ 4,718,525
Gross unrealized depreciation	(24,202,742)
Net unrealized depreciation	\$ (19,484,217)

- (a) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.  
 (b) Represents the interest only portion of a mortgage-backed security and has either a nominal or a notional amount of principal.  
 (c) Security is perpetual in nature and has no stated maturity date.  
 (d) All or a portion of the security has been pledged as collateral for reverse repurchase agreements.  
 (e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.  
 (f) All or a portion of the security has been pledged as collateral in connection with open financial futures contracts.  
 (g) Represents a step bond. Rate shown reflects the effective yield at the time of purchase.  
 (h) All or a portion of the security has been pledged as collateral in connection with swaps.  
 (i) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.  
 (j) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.  
 (k) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Purchase Cost	Sale Cost	Realized Gain	Income
Merrill Lynch Mortgage Investors, Inc. Series 2006-A3 Class 3A1, 5.823%, 5/25/36	\$ 720,827			\$ 1,014
Merrill Lynch Mortgage Trust Series 2007-C1 Class AM, 6.022%, 6/12/50				\$ 53,024

- (l) Represents or includes a to-be-announced transaction. The Trust has committed to purchasing securities for which all specific information is not available at this time.  
 (m) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.  
 (n) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.  
 (o) Security is fair valued.  
 (p) Rate shown is the yield to maturity as of the date of purchase.  
 (q) One contract represents a notional amount of \$1,000,000.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Reverse repurchase agreements outstanding as of August 31, 2008 were as follows:

## Counterparty

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	Interest Rate	Trade Date	Maturity Date	Net Closing Amount	Face Amount
Credit Suisse Securities LLC	2.60%	8/14/08	Open	\$ 14,179,559	\$ 14,161,150
Lehman Brothers International	2.10%	7/12/08	Open	1,466,454	1,459,219
Lehman Brothers International	2.75%	7/13/08	Open	23,076,597	22,934,688
Lehman Brothers International	2.00%	8/07/08	Open	7,893,079	7,881,694
Lehman Brothers International	2.40%	8/12/08	9/11/08	46,298,649	46,237,000
Lehman Brothers International	2.15%	8/15/08	Open	6,669,957	6,662,794
Lehman Brothers International	2.03%	8/26/08	Open	8,357,047	8,353,750
<b>Total</b>				\$ 107,941,342	\$ 107,690,295

See Notes to Financial Statements.



## Schedule of Investments (continued)

## BlackRock Core Bond Trust (BHK)

Foreign currency exchange contracts as of August 31, 2008 were as follows:

Currency Purchased		Currency Sold	Settlement Date	Unrealized Appreciation
USD	5,479,338	EUR 3,501,040	10/23/08	\$ 358,360
USD	1,081,352	EUR 683,500	10/23/08	81,595
USD	964,232	EUR 611,500	10/23/08	69,789
EUR	224,000	USD 326,786	10/23/08	859
<b>Total</b>				\$ 510,603

Financial futures contracts purchased as of August 31, 2008 were as follows:

Contracts	Issue	Expiration Date	Face Value	Unrealized Appreciation (Depreciation)
968	30-Year U.S. Treasury Bond	September 2008	\$ 110,702,598	\$ 3,702,902
224	30-Year U.S. Treasury Bond	December 2008	\$ 26,388,643	(110,643)
<b>Total</b>				\$ 3,592,259

Financial futures contracts sold as of August 31, 2008 were as follows:

Contracts	Issue	Expiration Date	Face Value	Unrealized Depreciation
164	2-Year U.S. Treasury Bond	September 2008	\$ 34,479,811	\$ (441,939)
253	2-Year U.S. Treasury Bond	December 2008	\$ 53,664,638	(42,518)
1,512	5-Year U.S. Treasury Bond	September 2008	\$ 167,884,772	(2,144,353)
588	5-Year U.S. Treasury Bond	December 2008	\$ 65,565,600	(253,650)
<b>Total</b>				\$ (2,882,460)

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Swaps outstanding as of August 31, 2008 were as follows:

		Notional Amount (000)	Unrealized Appreciation (Depreciation)
Receive a fixed rate of 4.88% and pay a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Financing Expires August 2009	USD	40,200	\$ 729,889
Receive a fixed rate of 4.7709% and pay a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Financing Expires August 2009	USD	27,800	475,478
Receive a fixed rate of 4.62377% and pay a floating rate based on 3-month LIBOR Broker, Credit Suisse First Boston Expires September 2009	USD	50,000	813,357
Receive a fixed rate of 5% and pay a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires November 2010	USD	4,600	153,324
Pay a fixed rate of 4.922% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Financing Expires March 2011	USD	13,500	(451,813)
Receive a fixed rate of 5.496% and pay a floating rate based on 3-month LIBOR Broker, Bank of America NA Expires July 2011	USD	25,100	1,288,037
Receive a fixed rate of 4.95% and pay a floating rate based on 3-month LIBOR Broker, UBS Warburg Expires November 2011	USD	2,200	82,144
Receive a fixed rate of 5.025% and pay a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires November 2011	USD	3,000	118,177
Pay a fixed rate of 5.0016% and receive a floating rate based on 3-month LIBOR Broker, UBS Warburg Expires January 2012	USD	8,300	(327,056)
Pay a fixed rate of 5.58875% and receive a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires July 2012	USD	42,000	(2,610,056)
Receive a fixed rate of 5.07625% and pay a floating rate based on 3-month LIBOR Broker, Citibank NA Expires August 2012	USD	82,500	3,644,976
Receive a fixed rate of 5.10531% and pay a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires August 2012	USD	19,500	882,193
Receive a fixed rate of 5.0565% and pay a floating rate based on 3-month LIBOR Broker, Bank of America NA Expires August 2012	USD	49,300	2,115,995

See Notes to Financial Statements.



## Schedule of Investments (continued)

## BlackRock Core Bond Trust (BHK)

		Notional Amount (000)	Unrealized Appreciation (Depreciation)
Receive a fixed rate of 4.9034% and pay a floating rate based on 3-month LIBOR Broker, Barclay Bank PLC Expires September 2012	USD	30,000	\$ 1,129,706
Receive a fixed rate of 4.856% and pay a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires October 2012	USD	9,400	339,537
Receive a fixed rate of 4.32% and pay a floating rate based on 3-month LIBOR Broker, Citibank NA Expires November 2012	USD	10,500	161,228
Receive a fixed rate of 4.25% and pay a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires November 2012	USD	2,625	33,138
Pay a fixed rate of 4.2424% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Financing Expires December 2012	USD	45,000	(586,230)
Receive a fixed rate of 3.66375% and pay a floating rate based on 3-month LIBOR Broker, Citibank NA Expires April 2013	USD	7,300	(98,928)
Receive a fixed rate of 5.29375% and pay a floating rate based on 6-month British Pound Sterling LIBOR Broker, Deutsche Bank AG London Expires April 2013	GBP	2,000	(12,234)
Receive a fixed rate of 5.14% and pay a floating rate based on 6-month British Pound Sterling LIBOR Broker, Deutsche Bank AG London Expires April 2013	GBP	2,000	(23,647)
Receive a fixed rate of 4.2825% and pay a floating rate based on 3-month LIBOR Broker, Credit Suisse First Boston Expires July 2013	USD	82,500	973,111
Receive a fixed rate of 4.2125% and pay a floating rate based on 3-month LIBOR Broker, Morgan Stanley Capital Services Expires August 2013	USD	13,200	109,287
Pay a fixed rate of 4.51% and receive a floating rate based on 3-month LIBOR Broker, Citibank NA Expires October 2014	USD	41,200	(718,403)
Receive a fixed rate of 5.005% and pay a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires October 2014	USD	9,500	421,059
Pay a fixed rate of 4.5% and receive a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires May 2015	USD	2,800	(41,936)
Receive a fixed rate of 4.725% and pay a floating rate based on 3-month LIBOR			

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		Notional Amount (000)	Unrealized Appreciation (Depreciation)
Broker, Morgan Stanley Capital Services Expires August 2015	USD	6,200	173,326
Receive a fixed rate of 4.87% and pay a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires January 2016	USD	5,000	\$ 178,409
Receive a fixed rate of 5.723% and pay a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires July 2016	USD	4,800	439,916
Pay a fixed rate of 5.155% and receive a floating rate based on 3-month LIBOR Broker, Citibank NA Expires September 2017	USD	10,900	(577,741)
Pay a fixed rate of 5.04015% and receive a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires September 2017	USD	12,500	(560,294)
Pay a fixed rate of 5.3075% and receive a floating rate based on 3-month LIBOR Broker, Barclay Bank PLC Expires October 2017	USD	13,800	(897,403)
Pay a fixed rate of 5.115% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Financing Expires March 2018	USD	6,600	(330,034)
Receive a fixed rate of 4.311% and pay a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires May 2018	USD	6,600	(90,312)
Receive a fixed rate of 4.7058% and pay a floating rate based on 3-month LIBOR Broker, UBS Warburg Expires July 2018	USD	8,700	148,211
Pay a fixed rate of 4.52165% and receive a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires July 2018	USD	12,300	(27,080)
Receive a fixed rate of 5.411% and pay a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires August 2022	USD	8,545	656,068
Pay a fixed rate of 5.365% and receive a floating rate based on 3-month LIBOR Broker, Bank of America NA Expires September 2027	USD	8,000	(591,485)
Pay a fixed rate of 5.0605% and receive a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires November 2037	USD	6,200	(224,788)
Pay a fixed rate of 5.06276% and receive a floating rate based on 3-month LIBOR Broker, Citibank NA Expires December 2037	USD	1,300	(47,544)
Pay a fixed rate of 5.0639% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Financing Expires December 2037	USD	1,300	(47,770)

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See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Core Bond Trust (BHK)

	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Pay a fixed rate of 4.785% and receive a floating rate based on 3-month LIBOR Broker, Citibank NA Expires January 2038	USD 2,000	\$ 14,638
Pay a fixed rate of 4.601% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Financing Expires January 2038	USD 5,000	181,923
Pay a fixed rate of 4.8375% and receive a floating rate based on the 3-month LIBOR Broker, Morgan Stanley Capital Services Expires January 2038	USD 6,000	(5,900)
Receive a fixed rate of 5.29750% and pay a floating rate based on 3-month LIBOR Broker, Citibank NA Expires February 2038	USD 700	51,907
Receive a fixed rate of 5.1575% and pay a floating rate based on 3-month LIBOR Broker, Citibank NA Expires June 2038	USD 1,000	51,774
<b>Total</b>		<b>\$ 7,096,154</b>

## Currency Abbreviations:

EUR Euro

GBP British Pound

USD U.S. Dollar

See Notes to Financial Statements.

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## Schedule of Investments August 31, 2008

BlackRock High Income Shares (HIS)  
(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
<b>Aerospace &amp; Defense 1.7%</b>			
CHC Helicopter Corp., 7.375%, 5/01/14	USD	679	\$ 707,200
DRS Technologies, Inc.:			
6.875%, 11/01/13		170	172,125
7.625%, 2/01/18		170	178,925
Hawker Beechcraft Acquisitions Co. LLC, 8.875%, 4/01/15		140	139,300
Hexcel Corp., 6.75%, 2/01/15		405	392,850
L-3 Communications Corp., 5.875%, 1/15/15		140	131,950
TransDigm, Inc., 7.75%, 7/15/14		300	291,750
			2,014,100
<b>Airlines 0.2%</b>			
American Airlines, Inc. Series 99-1, 7.324%, 4/15/11		280	254,800
<b>Auto Components 2.5%</b>			
Allison Transmission, Inc.(a):			
11%, 11/01/15		265	243,800
11.25%, 11/01/15 (b)		695	611,600
The Goodyear Tire & Rubber Co.:			
7.857%, 8/15/11		420	422,100
8.625%, 12/01/11		682	702,460
Lear Corp., 8.75%, 12/01/16		370	278,425
Meritor Automotive Inc., 6.80%, 2/15/09		22	21,670
Metaldyne Corp., 10%, 11/01/13		935	252,450
Stanadyne Corp. Series 1, 10%, 8/15/14		525	493,500
			3,026,005
<b>Automobiles 1.0%</b>			
Ford Capital BV, 9.50%, 6/01/10		1,330	1,107,225
Ford Motor Co., 8.90%, 1/15/32		300	159,000
			1,266,225
<b>Building Products 1.4%</b>			
CPG International I, Inc., 10.50%, 7/01/13		540	415,800
Momentive Performance Materials, Inc., 11.50%, 12/01/16		945	737,100
Ply Gem Industries, Inc., 11.75%, 6/15/13 (a)		635	577,850
			1,730,750
<b>Chemicals 3.2%</b>			
American Pacific Corp., 9%, 2/01/15		400	388,000
Ames True Temper, Inc., 6.791%, 1/15/12 (c)		1,070	856,000
Hexion U.S. Finance Corp.:			
7.304%, 11/15/14 (c)		275	209,688
9.75%, 11/15/14		250	208,125
Innophos, Inc., 8.875%, 8/15/14		1,170	1,199,250
Key Plastics LLC, 11.75%, 3/15/13 (a)		205	71,750
MacDermid, Inc., 9.50%, 4/15/17 (a)		755	690,825
Terra Capital, Inc. Series B, 7%, 2/01/17		265	257,713



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3,881,351

**Commercial Services & Supplies 3.3%**

ARAMARK Corp., 8.50%, 2/01/15	85	85,637
Casella Waste Systems, Inc., 9.75%, 2/01/13	400	396,000
DI Finance Series B, 9.50%, 2/15/13	904	897,220
Sally Holdings LLC:		
9.25%, 11/15/14	90	91,013
10.50%, 11/15/16	529	531,645
Waste Services, Inc., 9.50%, 4/15/14	800	808,000
West Corp.:		
9.50%, 10/15/14	375	319,688
11%, 10/15/16	1,195	935,087
		4,064,290

**Communications Equipment 0.4%**

Nortel Networks Ltd., 7.041%, 7/15/11 (c)	555	514,762
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**Construction Materials 1.2%**

Nortek Holdings, Inc., 10%, 12/01/13 (a)	1,580	1,477,300
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**Corporate Bonds**

	Par (000)	Value
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**Containers & Packaging 5.5%**

Berry Plastics Holding Corp., 6.651%, 9/15/14 (c)	USD	300	\$	225,000
Crown Americas LLC, 7.75%, 11/15/15		255		261,375
Graphic Packaging International Corp., 9.50%, 8/15/13		65		61,100
Impress Holdings BV, 5.916%, 9/15/13 (a)(c)		775		697,500
Jefferson Smurfit Corp. US, 7.50%, 6/01/13		1,000		830,000
Owens-Brockway Glass Container, Inc., 8.25%, 5/15/13		2,600		2,678,000
Pregis Corp., 12.375%, 10/15/13		1,034		987,470
Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17		1,140		912,000
				6,652,445

**Diversified Financial Services 4.0%**

Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 (a)		240		241,200
FCE Bank Plc, 7.125%, 1/16/12	EUR	1,100		1,345,966
Ford Motor Credit Co LLC:				
8.625%, 11/01/10	USD	140		116,957
5.538%, 1/13/12 (c)		290		214,108
7.80%, 6/01/12		1,500		1,113,998
GMAC LLC:				
6.875%, 8/28/12		710		416,518
5.011%, 12/01/14 (c)		560		294,082
6.75%, 12/01/14		405		219,901
8%, 11/01/31		675		364,061
Leucadia National Corp., 8.125%, 9/15/15		600		603,750
				4,930,541

**Diversified Telecommunication Services 5.9%**

Broadview Networks Holdings, Inc., 11.375%, 9/01/12		440		378,400
Cincinnati Bell, Inc., 7.25%, 7/15/13		2,085		2,004,206
Qwest Capital Funding, Inc., 7%, 8/03/09		230		229,713
Qwest Communications International, Inc., 7.50%, 2/15/14		1,280		1,164,800
Qwest Corp., 6.026%, 6/15/13 (c)		850		786,250
Wind Acquisition Finance SA, 10.75%, 12/01/15 (a)		1,100		1,127,500
Windstream Corp.:				
8.125%, 8/01/13		855		846,450
8.625%, 8/01/16		645		638,550

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7,175,869

**Electric Utilities 1.5%**

Edison Mission Energy, 7.50%, 6/15/13	35	35,087
Elwood Energy LLC, 8.159%, 7/05/26	453	427,327
Homer City Funding LLC Series B, 8.734%, 10/01/26	150	162,499
NSG Holdings LLC, 7.75%, 12/15/25 (a)	565	542,400
Salton Sea Funding Corp. Series E, 8.30%, 5/30/11	619	657,639

1,824,952

**Electrical Equipment 1.0%**

Coleman Cable, Inc., 9.875%, 10/01/12	400	372,000
Superior Essex Communications LLC, 9%, 4/15/12	830	867,350

1,239,350

**Electronic Equipment & Instruments 0.8%**

NXP BV, 5.541%, 10/15/13 (c)	440	342,100
Sanmina-SCI Corp., 8.125%, 3/01/16	725	654,313

996,413

**Energy Equipment & Services 1.6%**

Compagnie Generale de Geophysique-Veritas: 7.50%, 5/15/15	135	134,325
7.75%, 5/15/17	220	218,900
Grant Prideco, Inc. Series B, 6.125%, 8/15/15	100	97,193
North American Energy Partners, Inc., 8.75%, 12/01/11	1,560	1,552,200

2,002,618

**Food & Staples Retailing 0.3%**

Rite Aid Corp., 7.50%, 3/01/17	445	369,350
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**Food Products 0.4%**

Del Monte Corp., 8.625%, 12/15/12	475	479,750
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See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Income Shares (HIS)**  
 (Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
<b>Gas Utilities 0.3%</b>			
El Paso Natural Gas Co., 8.375%, 6/15/32	USD	50	\$ 55,300
Targa Resources, Inc., 8.50%, 11/01/13		345	327,750
			383,050
<b>Health Care Equipment &amp; Supplies 3.0%</b>			
Biomet, Inc.:			
10.375%, 10/15/17 (b)		120	126,600
11.625%, 10/15/17		120	126,150
Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 (b)		610	509,350
DJO Finance LLC, 10.875%, 11/15/14		2,400	2,406,000
Hologic, Inc., 2%, 12/15/37 (d)(e)		395	322,419
			3,490,519
<b>Health Care Providers &amp; Services 1.9%</b>			
Community Health Systems, Inc.			
8.875%, 7/15/15		250	252,500
Tenet Healthcare Corp.:			
6.375%, 12/01/11		125	120,625
6.50%, 6/01/12		1,735	1,678,613
United Surgical Partners International, Inc.,			
8.875%, 5/01/17		346	297,560
			2,349,298
<b>Hotels, Restaurants &amp; Leisure 5.2%</b>			
American Real Estate Partners LP, 7.125%, 2/15/13		735	642,206
Caesars Entertainment, Inc., 7.875%, 3/15/10		500	426,250
Gaylord Entertainment Co.:			
8%, 11/15/13		1,000	917,500
6.75%, 11/15/14		450	392,625
Great Canadian Gaming Corp., 7.25%, 2/15/15 (a)		1,390	1,310,075
Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(f)(g)		649	489,995
Harrah s Operating Co., Inc., 10.75%, 2/01/18 (a)(b)		1,470	868,258
Seneca Gaming Corp. Series B, 7.25%, 5/01/12		630	562,275
Travelport LLC, 7.436%, 9/01/14 (c)		170	133,875
Tropicana Entertainment LLC, 9.625%, 12/15/14 (f)(g)		215	68,800
Virgin River Casino Corp., 9%, 1/15/12		585	410,963
Wynn Las Vegas LLC, 6.625%, 12/01/14		100	91,125
			6,313,947
<b>Household Durables 0.6%</b>			
Jarden Corp., 7.50%, 5/01/17		690	614,100
The Yankee Candle Co., Inc., 9.75%, 2/15/17		100	63,500
			677,600
<b>IT Services 2.1%</b>			
First Data Corp., 9.875%, 9/24/15 (a)		575	495,937
iPayment, Inc., 9.75%, 5/15/14		335	280,562

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iPayment Investors LP, 12.75%, 7/15/14 (a)(b)	1,507	1,496,148
SunGard Data Systems, Inc., 9.125%, 8/15/13	310	314,650
		2,587,297

**Independent Power Producers & Energy Traders 3.4%**

AES Red Oak LLC Series B, 9.20%, 11/30/29	1,250	1,256,250
Energy Future Holding Corp., 11.25%, 11/01/17 (a)(b)	1,600	1,576,000
NRG Energy, Inc.:		
7.25%, 2/01/14	100	98,625
7.375%, 2/01/16	570	562,875
Texas Competitive Electric Holdings Co. LLC (a):		
10.50%, 11/01/16 (b)	430	410,650
Series B, 10.25%, 11/01/15	290	289,275
		4,193,675

**Industrial Conglomerates 1.8%**

Sequa Corp.(a):		
11.75%, 12/01/15	1,150	1,012,000
13.50%, 12/01/15 (b)	1,499	1,221,634
		2,233,634

Corporate Bonds	Par (000)	Value
<b>Insurance 0.8%</b>		
Alliant Holdings I, Inc., 11%, 5/01/15 (a)	USD 800	\$ 712,000
USI Holdings Corp., 6.679%, 11/15/14 (a)(c)	310	247,225
		959,225

**Leisure Equipment & Products 0.3%**

Easton-Bell Sports, Inc., 8.375%, 10/01/12	430	365,500
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**Machinery 2.6%**

AGY Holding Corp., 11%, 11/15/14	890	827,700
Accuride Corp., 8.50%, 2/01/15	340	219,300
RBS Global, Inc., 8.875%, 9/01/16	370	345,025
Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (a)	1,720	1,255,600
Terex Corp.:		
7.375%, 1/15/14	175	172,375
8%, 11/15/17	330	325,875
		3,145,875

**Marine 0.2%**

Navios Maritime Holdings, Inc., 9.50%, 12/15/14	254	242,570
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**Media 13.6%**

Affinion Group, Inc., 10.125%, 10/15/13	1,045	1,029,325
CMP Susquehanna Corp., 9.875%, 5/15/14	865	540,625
Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (c)	750	753,750
Charter Communications Holdings I, LLC, 11%, 10/01/15	455	347,313
Charter Communications Holdings II, LLC, 10.25%, 9/15/10	2,860	2,743,025
Charter Communications Operating, LLC, 8.375%, 4/30/14 (a)	500	481,875
Dex Media West LLC, 9.875%, 8/15/13	1,183	910,910
DirecTV Holdings LLC:		
8.375%, 3/15/13	300	310,500
7.625%, 5/15/16 (a)	640	638,400

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EchoStar DBS Corp.:		
7%, 10/01/13	192	182,400
7.125%, 2/01/16	325	299,000
Harland Clarke Holdings Corp.:		
7.554%, 5/15/15 (c)	160	112,800
9.50%, 5/15/15	190	149,150
Network Communications, Inc., 10.75%, 12/01/13	830	596,562
Nielsen Finance LLC, 10%, 8/01/14	1,780	1,802,250
ProtoStar I Ltd., 12.50%, 10/15/12 (a)(c)(d)	1,382	1,340,759
R.H. Donnelley Corp., 11.75%, 5/15/15 (a)	870	639,450
Rainbow National Services LLC, 10.375%, 9/01/14 (a)	1,653	1,758,379
Sinclair Broadcast Group, Inc. Class A, 4.875%, 7/15/18 (e)	225	206,156
TL Acquisitions, Inc., 10.50%, 1/15/15 (a)	1,570	1,342,350
Virgin Media, Inc., 6.50%, 11/15/16 (a)(d)	195	178,913
Windstream Regatta Holdings, Inc., 11%, 12/01/17 (a)	304	176,320

16,540,212

**Metals & Mining 4.3%**

AK Steel Corp., 7.75%, 6/15/12	415	424,338
Aleris International, Inc.:		
9%, 12/15/14	200	156,000
10%, 12/15/16	680	474,300
FMG Finance Property Ltd. (a):		
10%, 9/01/13	240	256,800
10.625%, 9/01/16	735	823,200
Freeport-McMoRan Copper & Gold, Inc.:		
5.883%, 4/01/15 (c)	430	431,135
8.375%, 4/01/17	1,720	1,823,200
Ryerson, Inc. (a):		
10.176%, 11/01/14 (c)	180	171,900
12%, 11/01/15	125	122,500
Steel Dynamics, Inc., 7.375%, 11/01/12	230	227,700
Vedanta Resources Plc, 9.50%, 7/18/18 (a)	295	294,586

5,205,659

**Multiline Retail 0.3%**

Neiman Marcus Group, Inc., 9%, 10/15/15 (b)	345	335,512
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See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Income Shares (HIS)**  
(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
<b>Oil, Gas &amp; Consumable Fuels 7.8%</b>			
Atlas Energy Resources LLC, 10.75%, 2/01/18 (a)	USD	575	\$ 577,875
Berry Petroleum Co., 8.25%, 11/01/16		275	262,625
Chaparral Energy, Inc., 8.50%, 12/01/15		100	87,000
Chesapeake Energy Corp.:			
6.375%, 6/15/15		350	325,500
6.625%, 1/15/16		235	220,312
7.25%, 12/15/18		650	633,750
2.25%, 12/15/38 (d)		375	351,563
Compton Petroleum Finance Corp., 7.625%, 12/01/13		245	229,994
Connacher Oil and Gas Ltd., 10.25%, 12/15/15 (a)		605	624,662
Corral Finans AB, 7.713%, 4/15/10 (a)(b)		928	858,692
Denbury Resources, Inc., 7.50%, 12/15/15		75	73,219
EXCO Resources, Inc., 7.25%, 1/15/11		1,115	1,103,850
Encore Acquisition Co., 6%, 7/15/15		130	113,425
Forest Oil Corp., 7.25%, 6/15/19		1,035	952,200
OPTI Canada, Inc., 8.25%, 12/15/14		980	978,775
Petrohawk Energy Corp., 7.875%, 6/01/15 (a)		300	279,750
Sabine Pass LNG LP, 7.50%, 11/30/16		210	183,750
SandRidge Energy, Inc., 8%, 6/01/18 (a)		455	426,563
Whiting Petroleum Corp.:			
7.25%, 5/01/12		150	144,750
7.25%, 5/01/13		1,155	1,108,800
			9,537,055
<b>Paper &amp; Forest Products 2.6%</b>			
Abitibi-Consolidated, Inc., 8.85%, 8/01/30		80	29,600
Bowater, Inc.:			
9%, 8/01/09		270	251,100
5.776%, 3/15/10 (c)		350	287,000
Domtar Corp.:			
7.875%, 10/15/11		100	102,750
7.125%, 8/15/15		160	154,400
NewPage Corp.:			
10%, 5/01/12		1,260	1,222,200
12%, 5/01/13		435	406,725
Norske Skog Canada Ltd., 7.375%, 3/01/14		175	122,937
Verso Paper Holdings LLC Series B:			
6.551%, 8/01/14 (c)		130	115,700
9.125%, 8/01/14		465	437,100
			3,129,512
<b>Pharmaceuticals 0.5%</b>			
Angiotech Pharmaceuticals, Inc., 6.56%, 12/01/13 (c)		630	557,550
<b>Professional Services 0.2%</b>			
FTI Consulting, Inc., 7.75%, 10/01/16		275	285,312
<b>Real Estate Management &amp; Development 0.9%</b>			
Realogy Corp.:			
10.50%, 4/15/14		680	401,200
11%, 4/15/14 (b)		1,045	491,150

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12.375%, 4/15/15	325	149,500
		1,041,850

**Semiconductors & Semiconductor Equipment 0.9%**

Amkor Technology, Inc.:		
7.75%, 5/15/13	160	150,000
9.25%, 6/01/16	155	149,575
Freescale Semiconductor, Inc.:		
8.875%, 12/15/14	160	129,600
9.125%, 12/15/14 (b)	360	280,800
Spansion, Inc., 5.935%, 6/01/13 (a)(c)	550	382,250
		1,092,225

**Software 0.1%**

BMS Holdings, Inc., 10.595%, 2/15/12 (a)(b)(c)	198	118,705
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Corporate Bonds	Par (000)	Value
<b>Specialty Retail 5.7%</b>		
Asbury Automotive Group, Inc., 7.625%, 3/15/17	USD 240	\$ 171,600
AutoNation, Inc.:		
4.791%, 4/15/13 (c)	360	297,000
7%, 4/15/14	360	311,400
General Nutrition Centers, Inc.:		
7.199%, 3/15/14 (b)(c)	800	658,791
10.75%, 3/15/15	990	858,825
Group 1 Automotive, Inc., 2.25%, 6/15/36 (e)	470	280,238
Lazy Days R.V. Center, Inc., 11.75%, 5/15/12	2,307	1,153,500
Michaels Stores, Inc.:		
10%, 11/01/14	680	510,000
11.375%, 11/01/16	490	313,600
Rent-A-Center, Inc. Series B, 7.50%, 5/01/10	1,910	1,871,800
United Auto Group, Inc., 7.75%, 12/15/16	710	575,988
		7,002,742

**Textiles, Apparel & Luxury Goods 0.2%**

Quiksilver, Inc., 6.875%, 4/15/15	350	280,875
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**Wireless Telecommunication Services 8.0%**

American Tower Corp., 7.125%, 10/15/12	1,000	1,020,000
Centennial Communications Corp.:		
8.541%, 1/01/13 (c)	650	646,750
8.125%, 2/01/14	645	654,675
Cricket Communications, Inc.:		
10.875%, 11/01/14	540	535,275
10%, 7/15/15 (a)	40	40,200
Digicel Group Ltd. (a):		
8.875%, 1/15/15	590	553,892
9.125%, 1/15/15 (b)	1,320	1,192,950
FiberTower Corp., 9%, 11/15/12 (d)	300	198,000
iPCS, Inc., 4.926%, 5/01/13 (c)	280	248,500
MetroPCS Wireless, Inc., 9.25%, 11/01/14	1,415	1,402,619
Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (a)	1,980	1,905,750
Rural Cellular Corp., 8.25%, 3/15/12	350	364,438
Sprint Capital Corp., 7.625%, 1/30/11	1,025	1,025,000
		9,788,049

<b>Total Corporate Bonds 103.2%</b>		125,758,319
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**Floating Rate Loan Interests****Auto Components 0.6%**

Dana Corp. Term Advance, 6.75%, 1/31/15	724	665,302
Delphi Automotive Systems:		
Initial Tranche C, 8.50%, 12/31/08	136	112,596
Subsequent Tranche C Term Loan, 8.50%, 12/31/08	14	11,467
		789,365

**Automobiles 0.5%**

Ford Motor Term Loan, 5.47%, 12/16/13	425	328,978
General Motors Corp. Term Secured Loan, 5.163%, 11/29/13	374	276,154
		605,132

**Building Products 2.1%**

Building Material Corp. of America Term Loan Advance, 5.438% - 5.5625%, 2/24/14	249	213,943
CPG International, I Inc. Term Loan B, 7.85%, 2/28/11	1,500	1,470,000
Stile Acquisition (Masonite International):		
Canadian Term Loan, 4.63% - 5.046%, 4/06/13	498	424,086
U.S. Term Loan, 4.63% - 5.046%, 4/06/13	500	426,070
		2,534,099

**Chemicals 1.1%**

PQ Corp. Second Lien Loan, 9.30%, 7/30/15	1,500	1,297,500
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See Notes to Financial Statements.



## Schedule of Investments (continued)

**BlackRock High Income Shares (HIS)**  
(Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
<b>Health Care Providers &amp; Services 1.2%</b>		
Community Health Systems, Inc. Term Loan B, 5.06%, 6/18/14	USD 714	\$ 674,347
Rotech Healthcare, Inc. Term Loan, 9.676%, 9/26/11 (b)	808	764,352
		1,438,699
<b>Hotels, Restaurants &amp; Leisure 0.9%</b>		
Travelport, Inc. Term Loan, 9.793%, 3/27/12 (b)	1,834	1,127,704
<b>Household Products 0.2%</b>		
Spectrum Brands, Inc.:		
Dollar Term Loan B, 6.669% - 6.804%, 3/30/13	271	232,982
Letter of Credit, 2.31375%, 3/30/13	13	11,765
		244,747
<b>Independent Power Producers &amp; Energy Traders 1.6%</b>		
Calpine Corp. First Priority Term Loan, 5.685%, 3/29/14	300	278,625
Texas Competitive Electric Holdings Co., LLC (TXU):		
Initial Tranche Term Loan B-2, 5.963% - 6.303%, 10/10/14	249	231,821
Initial Tranche Term Loan B-3, 5.963% - 6.303%, 10/10/14	1,489	1,384,538
		1,894,984
<b>Machinery 0.8%</b>		
Navistar International Transportation Corp.:		
Revolving Credit, 5.686%, 6/30/12	245	225,706
Term Loan, 6.292%, 6/30/12	680	626,450
Rexnord Corp. Loan, 9.676%, 3/01/13 (b)	186	148,673
		1,000,829
<b>Media 3.1%</b>		
Cengage (Thomson Learning, Inc.) Tranche 1 Incremental Term Loan 2, 7.50%, 7/05/14	750	742,500
HMH Publishing (Education Media):		
Mezzanine Term Loan, 5.50% - 6.46375%, 11/14/14	2,586	2,068,985
Tranche A Term Loan B, 6.46375%, 11/14/14	1,098	985,890
		3,797,375
<b>Oil, Gas &amp; Consumable Fuels 0.8%</b>		
Turbo Beta Limited Dollar Facility, 14.50%, 3/15/18 (h)	1,003	983,338
<b>Paper &amp; Forest Products 0.3%</b>		
Verso Paper Holdings LLC:		
Term Loan, 9.03313%, 2/01/13	421	394,800
<b>Total Floating Rate Loan Interests 13.2%</b>		<b>16,108,572</b>

Common Stocks (g)	Shares	
<b>Containers &amp; Packaging 0.2%</b>		
Owens-Illinois, Inc.	4,745	211,627
<b>Machinery 0.0%</b>		
Goss Holdings Inc. Class B (h)	64,467	1
<b>Wireless Telecommunication Services 0.0%</b>		
Crown Castle International Corp.	495	18,513
<b>Total Common Stocks 0.2%</b>		<b>230,141</b>

Preferred Securities	Par (000)	Value
<b>Capital Trusts</b>		
<b>Diversified Financial Services 1.1%</b>		
Citigroup, Inc., 8.40% (c)(i)	USD 1,210	\$ 1,027,314
JPMorgan Chase & Co., 7.90% (c)(i)	350	317,975
<b>Total Capital Trusts 1.1%</b>		<b>1,345,289</b>

Preferred Stocks	Shares	
<b>Containers &amp; Packaging 0.4%</b>		
Smurfit-Stone Container Corp., 7% (b)(d)	30,000	525,000
<b>Independent Power Producers &amp; Energy Traders 0.8%</b>		
NTG Energy, Inc., 4%	500	954,375
<b>Media 0.2%</b>		
Emmis Communications Corp. Class A, 6.25% (d)	10,300	260,075
<b>Wireless Telecommunication Services 0.5%</b>		
Crown Castle International Corp., 6.25% (d)	10,000	547,500
<b>Total Preferred Stocks 1.9%</b>		<b>2,286,950</b>
<b>Total Preferred Securities 3.0%</b>		<b>3,632,239</b>

Other Interests (j)	Beneficial Interest (000)

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<b>Health Care Providers &amp; Services 0.0%</b>			
Critical Care Systems International, Inc. (h)	USD	5	1,591
<b>Total Other Interests 0.0%</b>			1,591
<b>Total Long-Term Investments (Cost \$161,390,640) 119.6%</b>			145,730,862
<hr/>			
<b>Short-Term Securities</b>		<b>Par (000)</b>	
<b>U.S. Government &amp; Agency Obligations 1.3%</b>			
Federal Home Loan Bank, 2.60%, 9/02/08 (k)		1,600	1,600,000
<b>Total Short-Term Securities (Cost \$1,600,000) 1.3%</b>			1,600,000
<b>Total Investments (Cost \$162,990,640*) 120.9%</b>			147,330,862
<b>Liabilities in Excess of Other Assets (20.9)%</b>			(25,522,519)
<b>Net Assets 100.0%</b>			\$ 121,808,343

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

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## Schedule of Investments (concluded)

## BlackRock High Income Shares (HIS)

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 163,361,591
Gross unrealized appreciation	\$ 1,367,022
Gross unrealized depreciation	(17,397,751)
Net unrealized depreciation	\$ (16,030,729)

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Convertible security.
- (e) Represents a step bond. Rate shown reflects the effective yield at time of purchase.
- (f) Issuer filed for bankruptcy or is in default of interest payments.
- (g) Non-income producing security.
- (h) Security is fair valued.
- (i) Security is perpetual in nature and has no stated maturity date.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Rate shown is yield to maturity as of the date of purchase.
- For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

Currency Purchased	Currency Sold	Settlement Date	Unrealized Appreciation
USD 1,397,924	EUR 948,000	10/23/08	\$11,282

Currency abbreviations:

EUR Euro  
USD U.S. Dollar

Effective January 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( FAS 157 ). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

- Level 1 - price quotations in active markets/exchanges for identical securities
- Level 2 - other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates) or other market-corroborated inputs)

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Level 3 - unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Trust's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of August 31, 2008 in determining the fair valuation of the Trust's investments:

Valuation Inputs	Investments in Securities	Other Financial Instruments*
Level 1	\$ 230,140	\$
Level 2	146,115,792	11,282
Level 3	984,930	
<b>Total</b>	<b>\$ 147,330,862</b>	<b>\$ 11,282</b>

\* Other financial instruments are foreign currency exchange contracts.

The following is a reconciliation of investments for unobservable inputs (Level 3):

	Investments in Securities
Balance, as of December 31, 2007	\$ 1,592
Accrued discounts/premiums	
Realized gain (loss)	
Change in unrealized appreciation (depreciation)	
Net purchases (sales)	983,338
Net transfers in/out of Level 3	
Balance, as of August 31, 2008	\$ 984,930

See Notes to Financial Statements.

## Schedule of Investments August 31, 2008

BlackRock High Yield Trust (BHY)  
(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Aerospace &amp; Defense 1.2%</b>		
CHC Helicopter Corp., 7.375%, 5/01/14	\$ 170	\$ 176,800
DRS Technologies, Inc.:		
6.875%, 11/01/13	40	40,500
7.625%, 2/01/18	100	105,250
Hexcel Corp., 6.75%, 2/01/15	80	77,600
L-3 Communications Corp., 5.875%, 1/15/15	20	18,850
TransDigm, Inc., 7.75%, 7/15/14	100	97,250
		516,250
<b>Air Freight &amp; Logistics 0.2%</b>		
Park-Ohio Industries, Inc., 8.375%, 11/15/14	85	70,125
<b>Airlines 0.2%</b>		
American Airlines, Inc. Series 99-1, 7.324%, 4/15/11	95	86,450
<b>Auto Components 2.7%</b>		
Allison Transmission, Inc. (a):		
11%, 11/01/15	95	87,400
11.25%, 11/01/15 (b)	235	206,800
The Goodyear Tire & Rubber Co.:		
7.857%, 8/15/11	135	135,675
8.625%, 12/01/11	236	243,080
Lear Corp., 8.75%, 12/01/16	135	101,587
Metaldyne Corp., 10%, 11/01/13	255	68,850
Stanadyne Corp. Series 1, 10%, 8/15/14	350	329,000
		1,172,392
<b>Automobiles 1.1%</b>		
Ford Capital BV, 9.50%, 6/01/10	520	432,900
Ford Motor Co., 8.90%, 1/15/32	125	66,250
		499,150
<b>Building Products 1.2%</b>		
CPG International I, Inc., 10.50%, 7/01/13	150	115,500
Momentive Performance Materials, Inc., 11.50%, 12/01/16	285	222,300
Ply Gem Industries, Inc., 11.75%, 6/15/13 (a)	220	200,200
		538,000
<b>Capital Markets 0.5%</b>		
Marsico Parent Co., LLC, 10.625%, 1/15/16 (a)	174	146,160
Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(b)	64	53,512
Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (a)(b)	43	36,080
		235,752
<b>Chemicals 3.3%</b>		
American Pacific Corp., 9%, 2/01/15	140	135,800

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Ames True Temper, Inc., 6.791%, 1/15/12 (c)	265	212,000
Hexion U.S. Finance Corp.:		
7.304%, 11/15/14 (c)	100	76,250
9.75%, 11/15/14	75	62,437
Huntsman LLC, 11.50%, 7/15/12	95	99,275
Innophos, Inc., 8.875%, 8/15/14	545	558,625
Key Plastics LLC, 11.75%, 3/15/13 (a)	70	24,500
MacDermid, Inc., 9.50%, 4/15/17 (a)	265	242,475
Terra Capital, Inc. Series B, 7%, 2/01/17	40	38,900

1,450,262

**Commercial Services & Supplies 2.8%**

ARAMARK Corp., 8.50%, 2/01/15	55	55,412
DI Finance Series B, 9.50%, 2/15/13	201	199,492
Sally Holdings LLC:		
9.25%, 11/15/14	35	35,394
10.50%, 11/15/16	179	179,895
US Investigations Services, Inc., 10.50%, 11/01/15 (a)	100	89,000
Waste Services, Inc., 9.50%, 4/15/14	185	186,850
West Corp.:		
9.50%, 10/15/14	125	106,563
11%, 10/15/16	475	371,688

1,224,294

<b>Corporate Bonds</b>	<b>Par (000)</b>	<b>Value</b>
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**Communications Equipment 0.3%**

Nortel Networks Ltd., 7.041%, 7/15/11 (c)	\$ 145	\$ 134,487
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**Construction Materials 1.1%**

Nortek Holdings, Inc., 10%, 12/01/13 (a)	530	495,550
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**Containers & Packaging 2.6%**

Berry Plastics Holding Corp., 6.651%, 9/15/14 (c)	75	56,250
Cascades, Inc., 7.25%, 2/15/13	175	147,875
Crown Americas LLC, 7.75%, 11/15/15	85	87,125
Graphic Packaging International Corp., 9.50%, 8/15/13	30	28,200
Impress Holdings BV, 5.916%, 9/15/13 (a)(c)	270	243,000
Pregis Corp., 12.375%, 10/15/13	310	296,050
Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17	375	300,000

1,158,500

**Diversified Financial Services 3.5%**

CDX North America High Yield Series 6-T1, 8.625%, 6/29/11	490	494,596
Ford Motor Credit Co. LLC:		
5.538%, 1/13/12 (c)	110	81,213
7.80%, 6/01/12	500	371,332
GMAC LLC:		
5.011%, 12/01/14 (c)	225	118,158
6.75%, 12/01/14	230	124,882
8%, 11/01/31	240	129,444
Leucadia National Corp., 8.125%, 9/15/15	200	201,250

1,520,875

**Diversified Telecommunication Services 5.3%**

Asia Global Crossing Ltd., 13.375%, 10/15/10 (d)(e)	2,000	90,000
Broadview Networks Holdings, Inc., 11.375%, 9/01/12	180	154,800
Cincinnati Bell, Inc., 7.25%, 7/15/13	405	389,306

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Qwest Communications International, Inc., 7.50%, 2/15/14	875	796,250
Qwest Corp., 6.026%, 6/15/13 (c)	230	212,750
Wind Acquisition Finance SA, 10.75%, 12/01/15 (a)	375	384,375
Windstream Corp.:		
8.125%, 8/01/13	200	198,000
8.625%, 8/01/16	120	118,800

2,344,281

**Electric Utilities 1.7%**

Elwood Energy LLC, 8.159%, 7/05/26	449	423,908
Homer City Funding LLC Series B, 8.734%, 10/01/26	97	104,838
NSG Holdings LLC, 7.75%, 12/15/25 (a)	170	163,200
Sithe/Independence Funding Corp. Series A, 9%, 12/30/13	36	37,903

729,849

**Electrical Equipment 1.1%**

Coleman Cable, Inc., 9.875%, 10/01/12	155	144,150
Superior Essex Communications LLC, 9%, 4/15/12	305	318,725

462,875

**Electronic Equipment & Instruments 0.8%**

NXP BV, 5.541%, 10/15/13 (c)	125	97,187
Sanmina-SCI Corp., 8.125%, 3/01/16	255	230,137

327,324

**Energy Equipment & Services 1.2%**

Compagnie Generale de Geophysique-Veritas:		
7.50%, 5/15/15	50	49,750
7.75%, 5/15/17	80	79,600
Grant Prideco, Inc. Series B, 6.125%, 8/15/15	50	48,597
Hornbeck Offshore Services, Inc. Series B, 6.125%, 12/01/14	5	4,650
North American Energy Partners, Inc., 8.75%, 12/01/11	335	333,325

515,922

**Food & Staples Retailing 1.0%**

The Pantry, Inc., 7.75%, 2/15/14	265	221,275
Rite Aid Corp., 7.50%, 3/01/17	250	207,500

428,775

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock High Yield Trust (BHY)  
(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Gas Utilities 0.4%</b>		
Targa Resources, Inc., 8.50%, 11/01/13	\$ 200	\$ 190,000
<b>Health Care Equipment &amp; Supplies 3.0%</b>		
Biomet, Inc.:		
10%, 10/15/17	75	81,000
10.375%, 10/15/17 (b)	120	126,600
11.625%, 10/15/17	100	105,125
Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 (b)	150	125,250
DJO Finance LLC, 10.875%, 11/15/14	760	761,900
Hologic, Inc., 2%, 12/15/37 (f)(g)	145	118,356
		1,318,231
<b>Health Care Providers &amp; Services 2.0%</b>		
Community Health Systems, Inc., 8.875%, 7/15/15	40	40,400
Tenet Healthcare Corp.:		
6.375%, 12/01/11	45	43,425
6.50%, 6/01/12	615	595,012
United Surgical Partners International, Inc., 8.875%, 5/01/17	119	102,340
Viant Holdings, Inc., 10.125%, 7/15/17 (a)	115	97,175
		878,352
<b>Hotels, Restaurants &amp; Leisure 5.7%</b>		
American Real Estate Partners LP:		
8.125%, 6/01/12	185	161,644
7.125%, 2/15/13	300	279,375
Gaylord Entertainment Co.:		
8%, 11/15/13	40	36,700
6.75%, 11/15/14	280	244,300
Great Canadian Gaming Corp., 7.25%, 2/15/15 (a)	320	301,600
Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(d)(e)	174	131,370
Harrah's Operating Co., Inc. (a):		
10.75%, 2/01/16	525	353,063
10.75%, 2/01/18 (b)	702	414,638
Seneca Gaming Corp. Series B, 7.25%, 5/01/12	140	124,950
Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (a)	40	32,500
Travelport LLC, 7.436%, 9/01/14 (c)	60	47,250
Tropicana Entertainment LLC,		
9.625%, 12/15/14 (d)(e)	25	8,000
Virgin River Casino Corp., 9%, 1/15/12	445	312,613
Wynn Las Vegas LLC, 6.625%, 12/01/14	70	63,788
		2,511,791
<b>Household Durables 0.3%</b>		
Jarden Corp., 7.50%, 5/01/17	150	133,500
The Yankee Candle Co., Inc., 9.75%, 2/15/17	30	19,050
		152,550
<b>IT Services 1.9%</b>		

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First Data Corp., 9.875%, 9/24/15 (a)	195	168,188
iPayment, Inc., 9.75%, 5/15/14	120	100,500
iPayment Investors LP, 12.75%, 7/15/14 (a)(b)	500	494,450
SunGard Data Systems, Inc., 9.125%, 8/15/13	85	86,275

849,413

**Independent Power Producers & Energy Traders 4.4%**

AES Red Oak LLC:		
Series A, 8.54%, 11/30/19	127	129,476
Series B, 9.20%, 11/30/29	500	502,500
Energy Future Holding Corp., 11.25%, 11/01/17 (a)(b)	575	566,375
NRG Energy, Inc.:		
7.25%, 2/01/14	130	128,212
7.375%, 2/01/16	385	380,188
Texas Competitive Electric Holdings Co. LLC (a):		
10.50%, 11/01/16 (b)	160	152,800
Series B, 10.25%, 11/01/15	70	69,825

1,929,376

Corporate Bonds	Par (000)	Value
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**Industrial Conglomerates 1.7%**

Sequa Corp. (a):		
11.75%, 12/01/15	\$ 380	\$ 334,400
13.50%, 12/01/15 (b)	496	404,403

738,803

**Insurance 0.8%**

Alliant Holdings I, Inc., 11%, 5/01/15 (a)	300	267,000
USI Holdings Corp., 6.679%, 11/15/14 (a)(c)	100	79,750

346,750

**Leisure Equipment & Products 0.2%**

Easton-Bell Sports, Inc., 8.375%, 10/01/12	115	97,750
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**Machinery 2.0%**

AGY Holding Corp., 11%, 11/15/14	200	186,000
Accuride Corp., 8.50%, 2/01/15	85	54,825
RBS Global, Inc., 8.875%, 9/01/16	85	79,262
Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (a)	510	372,300
Terex Corp.:		
7.375%, 1/15/14	55	54,175
8%, 11/15/17	135	133,312

879,874

**Marine 0.2%**

Navios Maritime Holdings, Inc., 9.50%, 12/15/14	106	101,230
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**Media 12.3%**

Affinion Group, Inc., 10.125%, 10/15/13	390	384,150
CMP Susquehanna Corp., 9.875%, 5/15/14	290	181,250
CSC Holdings, Inc. Series B, 7.625%, 4/01/11	45	45,225
Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (c)	175	175,875
Charter Communications Holdings I, LLC, 11%, 10/01/15	190	145,301
Charter Communications Holdings II, LLC, 10.25%, 9/15/10	850	815,625
Dex Media West LLC, 9.875%, 8/15/13	40	30,800

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DirecTV Holdings LLC:		
8.375%, 3/15/13	125	129,375
7.625%, 5/15/16 (a)	240	239,400
EchoStar DBS Corp.:		
7%, 10/01/13	40	38,000
7.125%, 2/01/16	260	239,200
Harland Clarke Holdings Corp.:		
7.554%, 5/15/15 (c)	50	35,250
9.50%, 5/15/15	60	47,100
Intelsat Corp., 6.875%, 1/15/28	210	161,700
Network Communications, Inc., 10.75%, 12/01/13	245	176,094
Nielsen Finance LLC, 10%, 8/01/14	560	567,000
ProtoStar I Ltd., 12.50%, 10/15/12 (a)(c)(f)	401	388,922
R.H. Donnelley Corp., 11.75%, 5/15/15 (a)	404	296,940
Rainbow National Services LLC (a):		
8.75%, 9/01/12	310	316,200
10.375%, 9/01/14	318	338,273
TL Acquisitions, Inc., 10.50%, 1/15/15 (a)	590	504,450
Virgin Media, Inc., 6.50%, 11/15/16 (a)(f)	75	68,813
Windstream Regatta Holdings, Inc., 11%, 12/01/17 (a)	150	87,000
		5,411,943

**Metals & Mining 3.6%**

AK Steel Corp., 7.75%, 6/15/12	85	86,912
Aleris International, Inc.:		
9%, 12/15/14 (b)	120	93,600
10%, 12/15/16	125	87,187
FMG Finance Property Ltd.(a):		
10%, 9/01/13	85	90,950
10.625%, 9/01/16	205	229,600
Freeport-McMoRan Copper & Gold, Inc.:		
5.883%, 4/01/15 (c)	240	240,634
8.375%, 4/01/17	415	439,900

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Yield Trust (BHY)**  
 (Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Metals &amp; Mining (concluded)</b>		
Ryerson, Inc. (a):		
10.176%, 11/01/14 (c)	\$ 60	\$ 57,300
12%, 11/01/15	85	83,300
Steel Dynamics, Inc., 7.375%, 11/01/12	80	79,200
Vedanta Resources Plc, 9.50%, 7/18/18 (a)	105	104,853
		1,593,436
<b>Multiline Retail 0.3%</b>		
Neiman Marcus Group, Inc., 9%, 10/15/15 (b)	115	111,837
<b>Oil, Gas &amp; Consumable Fuels 10.8%</b>		
Atlas Energy Resources LLC, 10.75%, 2/01/18 (a)	210	211,050
Berry Petroleum Co., 8.25%, 11/01/16	80	76,400
Chaparral Energy, Inc., 8.50%, 12/01/15	100	87,000
Chesapeake Energy Corp.:		
6.375%, 6/15/15	90	83,700
6.625%, 1/15/16	250	234,375
7.25%, 12/15/18	125	121,875
2.25%, 12/15/38 (f)	125	117,188
Compton Petroleum Finance Corp., 7.625%, 12/01/13	100	93,875
Connacher Oil and Gas Ltd., 10.25%, 12/15/15 (a)	200	206,500
Corral Finans AB, 7.713%, 4/15/10 (a)(b)	338	312,250
Denbury Resources, Inc., 7.50%, 12/15/15	30	29,287
EXCO Resources, Inc., 7.25%, 1/15/11	370	366,300
Encore Acquisition Co., 6%, 7/15/15	40	34,900
Forest Oil Corp.:		
7.25%, 6/15/19	190	174,800
7.25%, 6/15/19 (a)	175	161,000
Frontier Oil Corp., 6.625%, 10/01/11	65	63,212
Newfield Exploration Co., 6.625%, 9/01/14	30	28,238
OPTI Canada, Inc., 8.25%, 12/15/14	440	439,450
Overseas Shipholding Group, Inc., 7.50%, 2/15/24	350	319,375
Petrohawk Energy Corp., 7.875%, 6/01/15 (a)	50	46,625
Range Resources Corp., 7.375%, 7/15/13	185	183,150
Sabine Pass LNG LP, 7.50%, 11/30/16	130	113,750
SandRidge Energy, Inc., 8%, 6/01/18 (a)	165	154,688
Tennessee Gas Pipeline Co., 8.375%, 6/15/32	160	176,960
Transcontinental Gas Pipe Line Corp. Series B, 8.875%, 7/15/12	400	443,852
Whiting Petroleum Corp.:		
7.25%, 5/01/12	125	120,625
7.25%, 5/01/13	370	355,200
		4,755,625
<b>Paper &amp; Forest Products 2.6%</b>		
Abitibi-Consolidated, Inc., 8.85%, 8/01/30	35	12,950
Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (a)	18	14,782
Bowater, Inc.:		
9%, 8/01/09	60	55,800
5.776%, 3/15/10 (c)	130	106,600
Domtar Corp., 7.125%, 8/15/15	40	38,600
NewPage Corp.:		
10%, 5/01/12	520	504,400

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12%, 5/01/13	160	149,600
Norske Skog Canada Ltd., 7.375%, 3/01/14	120	84,300
Verso Paper Holdings LLC Series B:		
6.551%, 8/01/14 (c)	40	35,600
9.125%, 8/01/14	165	155,100
		1,157,732

**Pharmaceuticals 0.5%**

Angiotech Pharmaceuticals, Inc., 6.56%, 12/01/13 (c)	230	203,550
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**Professional Services 0.2%**

FTI Consulting, Inc., 7.75%, 10/01/16	100	103,750
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Corporate Bonds	Par (000)	Value
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**Real Estate Management & Development 0.7%**

Realogy Corp.:		
10.50%, 4/15/14	\$ 200	\$ 118,000
11%, 4/15/14 (b)	255	119,850
12.375%, 4/15/15	105	48,300
		286,150

**Semiconductors & Semiconductor Equipment 1.3%**

Amkor Technology, Inc.:		
7.75%, 5/15/13	40	37,500
9.25%, 6/01/16	125	120,625
Freescale Semiconductor, Inc.:		
8.875%, 12/15/14	100	81,000
9.125%, 12/15/14 (b)	235	183,300
Spansion, Inc., 5.935%, 6/01/13 (a)(c)	190	132,050
		554,475

**Software 0.1%**

BMS Holdings, Inc., 10.595%, 2/15/12 (a)(b)(c)	72	43,121
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**Specialty Retail 3.4%**

Asbury Automotive Group, Inc., 7.625%, 3/15/17	60	42,900
AutoNation, Inc.:		
4.791%, 4/15/13 (c)	80	66,000
7%, 4/15/14	90	77,850
General Nutrition Centers, Inc.:		
7.199%, 3/15/14 (b)(c)	250	203,852
10.75%, 3/15/15	280	243,600
Group 1 Automotive, Inc., 2.25%, 6/15/36 (g)	25	14,906
Lazy Days R.V. Center, Inc., 11.75%, 5/15/12	475	237,500
Michaels Stores, Inc.:		
10%, 11/01/14	150	112,500
11.375%, 11/01/16	130	83,200
Rent-A-Center, Inc. Series B, 7.50%, 5/01/10	250	245,000
United Auto Group, Inc., 7.75%, 12/15/16	180	146,025
		1,473,333

**Textiles, Apparel & Luxury Goods 0.2%**

Quiksilver, Inc., 6.875%, 4/15/15	100	80,250
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**Thriffs & Mortgage Finance 0.0%**

Residential Capital LLC, 8.50%, 5/15/10 (a)	7	4,830
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**Trading Companies & Distributors 0.3%**

Russel Metals, Inc., 6.375%, 3/01/14	125	117,500
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**Wireless Telecommunication Services 6.1%**

Centennial Communications Corp.:		
8.541%, 1/01/13 (c)	220	218,900
8.125%, 2/01/14	455	461,825
Cricket Communications, Inc.:		
9.375%, 11/01/14	40	39,650
10.875%, 11/01/14	180	178,425
10%, 7/15/15 (a)	10	10,050
Digicel Group Ltd.(a):		
8.875%, 1/15/15	130	122,044
9.125%, 1/15/15 (b)	294	265,702
iPCS, Inc., 4.926%, 5/01/13 (c)	90	79,875
MetroPCS Wireless, Inc., 9.25%, 11/01/14	515	510,494
Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (a)	445	428,312
Sprint Capital Corp., 7.625%, 1/30/11	355	355,000

2,670,277

**Total Corporate Bonds 96.8%**

42,473,042

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Yield Trust (BHY)**  
 (Percentages shown are based on Net Assets)

Floating Rate Loan Interests	Par (000)	Value
<b>Auto Components 0.8%</b>		
Dana Corp. Term Advance, 6.75%, 1/31/15	\$ 325	\$ 298,269
Delphi Automotive Systems Initial Tranche C Loan, 8.50%, 12/31/08	50	41,354
		339,623
<b>Automobiles 0.4%</b>		
Ford Motor Term Loan, 5.47%, 12/16/13	150	116,098
General Motors Corp. Secured Term Loan, 5.163%, 11/29/13	100	73,641
		189,739
<b>Building Products 1.1%</b>		
Building Material Corp. of America Term Loan Advance, 5.438% - 5.5625%, 2/24/14	150	128,366
Stile Acquisition (Masonite International): Canadian Term Loan, 4.63% - 5.046%, 4/06/13	198	168,851
U.S. Term Loan, 4.63% - 5.046%, 4/06/13	200	170,149
		467,366
<b>Chemicals 1.0%</b>		
PQ Corp. Second Lien Loan, 9.30%, 7/30/15	500	432,500
<b>Health Care Providers &amp; Services 1.2%</b>		
Community Health Systems, Inc. Term Loan B, 4.228%, 7/15/14	285	269,739
Rotech Healthcare, Inc. Term Loan, 9.135%, 9/26/11 (b)	288	242,330
		512,069
<b>Hotels, Restaurants &amp; Leisure 0.6%</b>		
Travelport, Inc. Term Loan, 9.793%, 3/27/12 (b)	446	274,351
<b>Household Products 0.2%</b>		
Spectrum Brands, Inc.:		
Dollar Term Loan B, 6.669% - 6.804%, 3/30/13	80	68,524
Letter of Credit, 2.31375%, 3/30/13	4	3,460
		71,984
<b>Independent Power Producers &amp; Energy Traders 1.8%</b>		
Calpine Corp. First Priority Term Loan, 5.685%, 3/29/14	100	92,875
Texas Competitive Electric Holdings Co., LLC (TXU) Term Loan:		
Initial Tranche Term Loan B-2, 5.963% - 6.303%, 10/10/14	248	231,239
Initial Tranche Term Loan B-3, 5.963% - 6.303%, 10/10/14	496	461,513
		785,627
<b>Machinery 0.8%</b>		

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Navistar International Transportation Corp.:		
Revolving Credit, 5.686%, 6/30/12	90	82,913
Term Loan, 6.292%, 6/30/12	245	225,706
Rexnord Corp. Loan, 9.676%, 3/01/13 (b)	58	46,460

355,079

**Media 3.9%**

Affinion Group, Inc. Loan, 9.3675%, 3/01/12	325	272,594
Cengage (Thomson Learning, Inc.) Tranche 1		
Incremental Term Loan 2, 7.50%, 7/05/14	250	247,500
HMH Publishing (Education Media):		
Mezzanine Term Loan, 6.46375%, 11/14/14	1,034	827,594
Tranche A Term Loan, 6.46375%, 11/14/14	439	394,356

1,742,044

**Paper & Forest Products 0.4%**

Verso Paper Holdings LLC Term Loan, 9.033%, 2/01/13	179	168,000
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**Total Floating Rate Loan Interests 12.2%** 5,338,382

**Common Stocks**

**Shares**

**Paper & Forest Products 0.0%**

Ainsworth Lumber Co. Ltd.	2,234	6,418
Ainsworth Lumber Co. Ltd. (a)	2,507	7,215

13,633

**Common Stocks**

**Shares**

**Value**

**Specialty Retail 0.0%**

Mattress Discounters Corp. (d)(h)	14,992	\$
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**Total Common Stocks 0.0%** 13,633

**Preferred Securities**

**Par  
(000)**

**Capital Trusts**

**Diversified Financial Services 1.1%**

Citigroup, Inc., 8.40% (c)(i)	\$	420	356,588
JPMorgan Chase & Co., 7.90% (c)(i)		130	118,105

**Total Capital Trusts 1.1%** 474,693

**Preferred Stocks**

**Shares**

**Capital Markets 0.0%**



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Marsico Parent Superholdco, LLC, 16.75% (a)	12	10,260
<b>Total Preferred Stocks 0.0%</b>		10,260
<b>Total Preferred Securities 1.1%</b>		484,953

**Warrants (j)**

<b>Communications Equipment 0.0%</b>		
PF Net Communications, Inc. (expires 5/15/10) (a)	600	
<b>Diversified Telecommunication Services 0.0%</b>		
NEON Communications, Inc. (expires 12/02/12) (h)	53,622	1
<b>Total Warrants 0.0%</b>		1

**Other Interests (k)**

	<b>Beneficial Interest (000)</b>	
<b>Health Care Providers &amp; Services 0.0%</b>		
Critical Care Systems International, Inc. (h)	\$ 5	1,592
<b>Total Other Interests 0.0%</b>		1,592
<b>Total Long Term Investments (Cost \$56,353,746) 110.1%</b>		48,311,603

**Short-Term Securities**

	<b>Par (000)</b>	
<b>U.S. Government &amp; Agency Obligations 3.4%</b>		
Federal Home Loan Bank, 2.60%, 9/02/08 (l)	1,500	1,500,000
<b>Total Short-Term Securities (Cost \$1,500,000) 3.4%</b>		1,500,000

**Options Purchased**

	<b>Contracts</b>	
<b>Call Options Purchased</b>		
Marsico Parent Superholdco LLC, expiring December 2019 at \$942.86	3	5,070
<b>Total Options Purchased (Cost \$2,933) 0.0%</b>		5,070

<b>Total Investments (Cost \$57,856,679*) 113.5%</b>		49,816,673
<b>Liabilities in Excess of Other Assets (13.5)%</b>		(5,919,892)
<b>Net Assets 100.0%</b>	\$	43,896,781

See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2008

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## Schedule of Investments (concluded)

## BlackRock High Yield Trust (BHY)

\* The cost and unrealized appreciation (depreciation) of investments, as of August 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$	57,886,965
Gross unrealized appreciation	\$	216,977
Gross unrealized depreciation		(8,287,269)
Net unrealized depreciation	\$	(8,070,292)

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Non-income producing security.
- (e) Issuer filed for bankruptcy or is in default of interest payments.
- (f) Convertible security.
- (g) Represents a step bond. Rate shown reflects the effective yield at time of purchase.
- (h) Security is fair valued.
- (i) Security is perpetual in nature and has no stated maturity date.
- (j) Warrants entitle the Trust to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (l) Rate shown is the yield to maturity as of the date of purchase.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Swaps outstanding as of August 31, 2008 were as follows:

	Notional Amount (000)	Unrealized Appreciation
Sold credit default protection on Cooper Tire & Rubber Co. and received 7.70% Broker, Lehman Brothers Special Financing Expires, September 2013	\$ 200	\$ 61

See Notes to Financial Statements.



## Schedule of Investments August 31, 2008

BlackRock Income Opportunity Trust, Inc. (BNA)  
(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Aerospace &amp; Defense 0.8%</b>		
CHC Helicopter Corp., 7.375%, 5/01/14	\$ 450	\$ 468,000
DRS Technologies, Inc.:		
6.875%, 11/01/13	80	81,000
7.625%, 2/01/18	80	84,200
Hexcel Corp., 6.75%, 2/01/15	150	145,500
Honeywell International, Inc., 5.70%, 3/15/37	915	851,808
TransDigm, Inc., 7.75%, 7/15/14	140	136,150
United Technologies Corp., 4.875%, 5/01/15 (a)	1,250	1,255,170
		3,021,828
<b>Air Freight &amp; Logistics 0.5%</b>		
Park-Ohio Industries, Inc., 8.375%, 11/15/14	165	136,125
United Parcel Service, Inc., 6.20%, 1/15/38 (a)	1,710	1,721,395
		1,857,520
<b>Airlines 0.0%</b>		
American Airlines, Inc. Series 99-1, 7.324%, 4/15/11	120	109,200
<b>Auto Components 0.1%</b>		
Lear Corp., 8.75%, 12/01/16	270	203,175
Metaldyne Corp., 10%, 11/01/13	295	79,650
		282,825
<b>Biotechnology 0.4%</b>		
Amgen, Inc. Series WI, 2.889%, 11/28/08 (a)(b)	1,325	1,322,792
<b>Building Products 0.1%</b>		
CPG International I, Inc., 10.50%, 7/01/13	230	177,100
Momentive Performance Materials, Inc., 11.50%, 12/01/16	440	343,200
		520,300
<b>Capital Markets 3.4%</b>		
Credit Suisse (USA) Inc.:		
6.125%, 11/15/11 (c)	700	721,003
7.125%, 7/15/32	1,000	1,056,473
The Goldman Sachs Group, Inc.:		
6.60%, 1/15/12	1,000	1,034,832
6.75%, 10/01/37	850	747,875
Lehman Brothers Holdings, Inc.:		
5.625%, 1/24/13	1,415	1,321,318
4.80%, 3/13/14	100	86,665
6.50%, 7/19/17	225	199,173
4.476%, 9/15/22 (b)	575	532,155
Series MTN, 7%, 9/27/27	550	490,430
Morgan Stanley:		
3.041%, 1/09/12 (b)	960	869,419
6.25%, 8/28/17	1,200	1,092,232
6.25%, 8/09/26 (a)	2,100	1,795,970

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UBS AG Series DPNT, 5.875%, 12/20/17	1,925	1,876,613
		11,824,158

**Chemicals 0.6%**

American Pacific Corp., 9%, 2/01/15	280	271,600
Ames True Temper, Inc., 6.791%, 1/15/12 (b)	720	576,000
Huntsman LLC, 11.50%, 7/15/12	72	75,240
Innophos, Inc., 8.875%, 8/15/14	975	999,375
Key Plastics LLC, 11.75%, 3/15/13 (e)	565	197,750
		2,119,965

**Commercial Banks 2.8%**

DEPFA ACS Bank, 5.125%, 3/16/37 (e)	4,150	3,939,699
HSBC Finance Corp., 6.50%, 5/02/36	1,275	1,176,969
Wachovia Bank NA, 6.60%, 1/15/38 (a)	2,125	1,664,829
Wells Fargo & Co., 4.625%, 8/09/10	1,000	1,012,446
Wells Fargo Bank NA, 7.55%, 6/21/10 (a)	2,000	2,104,410
		9,898,353

**Corporate Bonds**

	Par (000)	Value
<b>Commercial Services &amp; Supplies 1.3%</b>		
Casella Waste Systems, Inc., 9.75%, 2/01/13	\$ 2,250	\$ 2,227,500
DI Finance Series B, 9.50%, 2/15/13	679	673,908
Sally Holdings LLC, 10.50%, 11/15/16 (e)	136	136,680
Waste Services, Inc., 9.50%, 4/15/14	600	606,000
West Corp., 11%, 10/15/16	1,210	946,825
		4,590,913

**Communications Equipment 0.2%**

Nortel Networks Ltd., 7.041%, 7/15/11 (b)	855	793,012
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**Computers & Peripherals 1.0%**

International Business Machines Corp., 5.70%, 9/14/17 (a)	3,450	3,518,182
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**Consumer Finance 0.1%**

SLM Corp. Series A, 3.10%, 1/27/14 (b)	600	475,776
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**Containers & Packaging 0.3%**

Berry Plastics Holding Corp., 8.875%, 9/15/14	115	95,450
Crown Americas LLC, 7.75%, 11/15/15	150	153,750
Impress Holdings BV, 5.916%, 9/15/13 (b)(e)	330	297,000
Pregis Corp., 12.375%, 10/15/13	535	510,925
		1,057,125

**Diversified Financial Services 6.7%**

<b>Bank of America Corp:</b>		
7.80%, 2/15/10 (a)	2,450	2,553,250
6%, 9/01/17	1,795	1,708,693
5.75%, 12/01/17	980	914,205
<b>Bank of America NA:</b>		
5.30%, 3/15/17	600	544,465
6.10%, 6/15/17	1,975	1,894,600
<b>Citigroup, Inc.:</b>		
4.125%, 2/22/10 (a)(c)	5,230	5,180,901
6.875%, 2/15/98	550	475,664
<b>Ford Motor Credit Co. LLC:</b>		

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5.538%, 1/13/12 (b)	120	88,597
7.80%, 6/01/12	380	282,213
General Electric Capital Corp. (a):		
6.75%, 3/15/32	3,000	3,031,767
6.15%, 8/07/37	7,610	7,216,829
		23,891,184

**Diversified Telecommunication Services 4.8%**

AT&T, Inc., 6.50%, 9/01/37 (a)	4,075	3,922,049
Bellsouth Telecommunications, Inc., 6.207%, 12/15/95 (f)	1,700	844,274
Cincinnati Bell, Inc., 7.25%, 7/15/13	470	451,787
Deutsche Telekom International Finance BV, 5.75%, 3/23/16	325	312,226
Qwest Communications International, Inc., 7.50%, 2/15/14	55	50,050
Qwest Corp., 6.026%, 6/15/13 (b)	375	346,875
Telecom Italia Capital SA, 4.95%, 9/30/14 (a)	4,375	3,964,603
Telefonica Emisiones SAU, 7.045%, 6/20/36	1,000	1,015,441
Verizon Communications, Inc., 6.40%, 2/15/38 (a)	2,100	1,953,953
Verizon Global Funding Corp., 7.75%, 6/15/32	575	609,433
Verizon Maryland, Inc.:		
Series A, 6.125%, 3/01/12 (c)	1,355	1,385,788
Series B, 5.125%, 6/15/33	540	418,043
Verizon Virginia, Inc. Series A, 4.625%, 3/15/13	750	721,891
Wind Acquisition Finance SA, 10.75%, 12/01/15 (e)	360	369,000
Windstream Corp.:		
8.125%, 8/01/13	410	405,900
8.625%, 8/01/16	250	247,500
		17,018,813

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Electric Utilities 3.8%</b>		
Duke Energy Carolinas LLC:		
6.10%, 6/01/37	\$ 325	\$ 309,437
6%, 1/15/38	850	822,833
E.ON International Finance BV, 6.65%, 4/30/38 (e)	1,575	1,597,797
EDP Finance BV, 6%, 2/02/18 (e)	1,250	1,239,834
Edison Mission Energy, 7.50%, 6/15/13	130	130,325
Elwood Energy LLC, 8.159%, 7/05/26	170	160,675
Florida Power & Light Co., 4.95%, 6/01/35	575	494,485
Florida Power Corp:		
6.35%, 9/15/37 (a)	1,450	1,465,767
6.40%, 6/15/38	800	814,070
Midwest Generation LLC Series B, 8.56%, 1/02/16	84	86,193
PacifiCorp., 6.25%, 10/15/37	650	631,469
Public Service Co. of Colorado, 6.25%, 9/01/37	1,350	1,355,760
Southern California Edison Co.:		
5.625%, 2/01/36	675	640,422
Series 05-E, 5.35%, 7/15/35	150	136,909
Series 08-A, 5.95%, 2/01/38	1,100	1,091,171
Toledo Edison Co./The, 6.15%, 5/15/37	350	303,055
Virginia Electric and Power Co. Series A, 6%, 5/15/37 (a)	2,200	2,079,849
		13,360,051
<b>Electrical Equipment 0.3%</b>		
Superior Essex Communications LLC, 9%, 4/15/12	950	992,750
<b>Electronic Equipment &amp; Instruments 0.3%</b>		
Sanmina-SCI Corp., 8.125%, 3/01/16	1,280	1,155,200
<b>Energy Equipment &amp; Services 0.6%</b>		
Compagnie Generale de Geophysique-Veritas:		
7.50%, 5/15/15	60	59,700
7.75%, 5/15/17	100	99,500
Grant Prideco, Inc. Series B, 6.125%, 8/15/15	90	87,474
North American Energy Partners, Inc., 8.75%, 12/01/11	85	84,575
Transocean, Inc., 6.80%, 3/15/38	1,175	1,172,288
Weatherford International, Inc., 6.80%, 6/15/37 (e)	625	619,455
		2,122,992
<b>Food &amp; Staples Retailing 1.2%</b>		
CVS Caremark Corp., 6.25%, 6/01/27	850	807,667
Rite Aid Corp., 7.50%, 3/01/17	770	639,100
Wal-Mart Stores, Inc.:		
6.20%, 4/15/38	850	840,835
6.50%, 8/15/37 (a)	1,975	2,021,869
		4,309,471
<b>Food Products 0.5%</b>		
Kraft Foods, Inc., 7%, 8/11/37 (a)	1,670	1,661,680
<b>Gas Utilities 0.1%</b>		



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El Paso Natural Gas Co., 8.375%, 6/15/32	150	165,900
Targa Resources, Inc., 8.50%, 11/01/13	360	342,000
		507,900

**Health Care Equipment & Supplies 0.4%**

DJO Finance LLC, 10.875%, 11/15/14	1,530	1,533,825
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**Health Care Providers & Services 0.4%**

Tenet Healthcare Corp., 6.50%, 6/01/12	1,640	1,586,700
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**Hotels, Restaurants & Leisure 0.3%**

American Real Estate Partners LP, 7.125%, 2/15/13	350	305,813
Gaylord Entertainment Co., 6.75%, 11/15/14	250	218,125
Greektown Holdings, LLC, 10.75%, 12/01/13 (e)(g)(h)	305	230,275
Seneca Gaming Corp. Series B, 7.25%, 5/01/12	290	258,825
Wynn Las Vegas LLC, 6.625%, 12/01/14	25	22,781

1,035,819

**Corporate Bonds**

Par  
(000)

Value

**Household Durables 0.3%**

Irwin Land LLC:		
Series A-1, 5.03%, 12/15/25	\$ 575	\$ 500,572
Series A-2, 5.30%, 12/15/35	780	639,304

1,139,876

**Household Products 0.3%**

Kimberly-Clark, Corp., 6.625%, 8/01/37	975	1,027,605
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**IT Services 0.4%**

iPayment, Inc., 9.75%, 5/15/14	270	226,125
iPayment Investors LP, 12.75%, 7/15/14 (e)(i)	994	986,734
SunGard Data Systems, Inc., 9.125%, 8/15/13	195	197,925

1,410,784

**Independent Power Producers & Energy Traders 0.1%**

NRG Energy, Inc.:		
7.25%, 2/01/14	50	49,312
7.375%, 2/01/16	285	281,437

330,749

**Industrial Conglomerates 0.4%**

Sequa Corp. (e):		
11.75%, 12/01/15	760	668,800
13.50%, 12/01/15 (i)	786	639,994

1,308,794

**Insurance 1.7%**

Chubb Corp., 6%, 5/11/37	1,415	1,253,434
Hartford Life Global Funding Trusts, 2.946%, 9/15/09 (b)	1,020	1,016,271
MetLife, Inc., 5.70%, 6/15/35	1,200	1,035,002
Monument Global Funding Ltd., 2.646%, 6/16/10 (b)	1,990	1,973,587
Prudential Financial, Inc., 5.70%, 12/14/36	950	771,957

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6,050,251

**Machinery 0.4%**

AGY Holding Corp., 11%, 11/15/14	400	372,000
Accuride Corp., 8.50%, 2/01/15	305	196,725
Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (e)	1,050	766,500
		1,335,225

**Marine 0.3%**

Nakilat, Inc. Series A, 6.067%, 12/31/33 (e)	1,100	960,487
Navios Maritime Holdings, Inc., 9.50%, 12/15/14 (e)	188	179,540
		1,140,027

**Media 6.8%**

Affinion Group, Inc., 10.125%, 10/15/13	740	728,900
CMP Susquehanna Corp., 9.875%, 5/15/14 (e)	690	431,250
Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (b)	161	161,805
Charter Communications Holdings I, LLC, 11%, 10/01/15	115	88,262
Charter Communications Holdings II, LLC, 10.25%, 9/15/10	1,375	1,319,100
Comcast Cable Communications Holdings, Inc., 8.375%, 3/15/13	1,415	1,562,925
Comcast Cable Communications LLC, 6.75%, 1/30/11	1,000	1,037,489
Comcast Corp., 6.95%, 8/15/37 (a)	1,805	1,761,445
DirecTV Holdings LLC, 8.375%, 3/15/13	140	144,900
EchoStar DBS Corp.:		
5.75%, 10/01/08	180	180,000
7%, 10/01/13	48	45,600
7.125%, 2/01/16	75	69,000
Network Communications, Inc., 10.75%, 12/01/13	195	140,156
News America Holdings, Inc.:		
8.45%, 8/01/34 (a)	2,475	2,813,035
8.15%, 10/17/36	145	160,176

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
(Percentages shown are based on Net Assets)

Corporate Bonds	Par (000)	Value
<b>Media (concluded)</b>		
Nielsen Finance LLC, 10%, 8/01/14	\$ 1,100	\$ 1,113,750
R.H. Donnelley Corp., 11.75%, 5/15/15 (e)	669	491,715
Rainbow National Services LLC (e):		
8.75%, 9/01/12	225	229,500
10.375%, 9/01/14	1,070	1,138,212
TCI Communications, Inc., 8.75%, 8/01/15	1,495	1,630,676
TL Acquisitions, Inc., 10.50%, 1/15/15 (e)	1,100	940,500
Time Warner Cable, Inc.:		
9.125%, 1/15/13 (a)	3,000	3,274,242
7.57%, 2/01/24	1,635	1,655,928
6.55%, 5/01/37	800	737,370
7.30%, 7/01/38	1,925	1,934,292
Windstream Regatta Holdings, Inc., 11%, 12/01/17 (e)	977	566,660
		24,356,888
<b>Metals &amp; Mining 1.7%</b>		
AK Steel Corp., 7.75%, 6/15/12	1,115	1,140,088
Falconbridge Ltd.:		
6%, 10/15/15	600	568,891
6.20%, 6/15/35	1,550	1,267,178
Freeport-McMoRan Copper & Gold, Inc.:		
5.883%, 4/01/15 (b)	660	661,742
8.375%, 4/01/17	1,225	1,298,500
Teck Cominco Ltd., 6.125%, 10/01/35	1,570	1,269,555
		6,205,954
<b>Multi-Utilities 0.6%</b>		
DTE Energy Co., 6.35%, 6/01/16	450	448,208
Energy East Corp., 6.75%, 7/15/36	1,675	1,600,541
		2,048,749
<b>Oil, Gas &amp; Consumable Fuels 5.2%</b>		
Anadarko Petroleum Corp., 6.45%, 9/15/36	2,625	2,412,656
Berry Petroleum Co., 8.25%, 11/01/16	160	152,800
Burlington Resources Finance Co., 7.40%, 12/01/31 (c)	950	1,086,685
Canadian Natural Resources, Ltd.:		
6.25%, 3/15/38	500	460,529
6.75%, 2/01/39	950	934,501
Chaparral Energy, Inc., 8.50%, 12/01/15	380	330,600
Chesapeake Energy Corp., 6.375%, 6/15/15	175	162,750
Compton Petroleum Finance Corp., 7.625%, 12/01/13	90	84,488
Conoco Funding Co., 7.25%, 10/15/31	150	172,853
ConocoPhillips Canada Funding Co., 5.95%, 10/15/36	150	149,988
ConocoPhillips Holding Co., 6.95%, 4/15/29	700	765,734
Devon Energy Corp., 7.95%, 4/15/32	650	752,461
EXCO Resources, Inc., 7.25%, 1/15/11	435	430,650
EnCana Corp.:		
6.50%, 8/15/34	70	66,815
6.625%, 8/15/37	775	737,452
6.50%, 2/01/38	675	632,468
Encore Acquisition Co., 6%, 7/15/15	50	43,625

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MidAmerican Energy Co., 5.80%, 10/15/36	800	726,329
MidAmerican Energy Holdings Co.:		
5.95%, 5/15/37	950	880,244
6.50%, 9/15/37	1,725	1,720,924
Nexen, Inc., 6.40%, 5/15/37	600	538,157
OPTI Canada, Inc., 8.25%, 12/15/14	490	489,387
Sabine Pass LNG LP, 7.50%, 11/30/16	350	306,250
Suncor Energy, Inc., 6.50%, 6/15/38	400	382,844
TransCanada PipeLines Ltd., 5.85%, 3/15/36	600	515,076
Valero Energy Corp., 6.625%, 6/15/37	550	485,291
Whiting Petroleum Corp.:		
7.25%, 5/01/12	40	38,600
7.25%, 5/01/13	375	360,000
XTO Energy, Inc.:		
6.75%, 8/01/37	2,125	2,004,281
6.375%, 6/15/38	925	833,854
		18,658,292

Corporate Bonds	Par (000)	Value
<b>Paper &amp; Forest Products 0.2%</b>		
Bowater, Inc., 5.776%, 3/15/10 (b)	\$ 90	\$ 73,800
Domtar Corp., 7.125%, 8/15/15	80	77,200
NewPage Corp., 10%, 5/01/12	485	470,450
		621,450

<b>Pharmaceuticals 2.2%</b>		
Bristol-Myers Squibb Co., 5.875%, 11/15/36	1,135	1,073,053
Eli Lilly & Co., 5.55%, 3/15/37 (a)	2,495	2,376,617
Schering-Plough Corp., 6.55%, 9/15/37	1,250	1,192,699
Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36	1,475	1,328,221
Wyeth, 5.95%, 4/01/37 (a)	1,775	1,704,375
		7,674,965

<b>Professional Services 0.0%</b>		
FTI Consulting, Inc., 7.75%, 10/01/16	125	129,688

<b>Real Estate Investment Trusts (REITs) 0.3%</b>		
AvalonBay Communities, Inc., 6.625%, 9/15/11	1,000	1,012,618

<b>Road &amp; Rail 0.3%</b>		
Canadian National Railway Co., 6.375%, 10/15/11	1,000	1,054,686

<b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>		
Amkor Technology, Inc.:		
7.75%, 5/15/13	90	84,375
9.25%, 6/01/16	75	72,375
Freescale Semiconductor, Inc.:		
8.875%, 12/15/14	130	105,300
9.125%, 12/15/14 (i)	315	245,700
		507,750

<b>Software 0.7%</b>		
BMS Holdings, Inc., 10.595%, 2/15/12 (b)(e)(i)	120	72,030
Oracle Corp., 5.75%, 4/15/18	2,300	2,306,557
		2,378,587

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<b>Specialty Retail 0.5%</b>		
AutoNation, Inc.:		
4.791%, 4/15/13 (b)	160	132,000
7%, 4/15/14	170	147,050
General Nutrition Centers, Inc.:		
7.584%, 3/15/14 (b)(i)	500	418,302
10.75%, 3/15/15	450	390,375
Lazy Days R.V. Center, Inc., 11.75%, 5/15/12	362	181,000
Michaels Stores, Inc.:		
10%, 11/01/14	435	326,250
11.375%, 11/01/16	150	96,000
		1,690,977
<b>Textiles, Apparel &amp; Luxury Goods 0.1%</b>		
Quiksilver, Inc., 6.875%, 4/15/15	250	200,625
<b>Wireless Telecommunication Services 1.3%</b>		
Cricket Communications, Inc., 9.375%, 11/01/14	105	104,081
Digicel Group Ltd., 8.875%, 1/15/15 (e)	270	253,476
MetroPCS Wireless, Inc., 9.25%, 11/01/14	80	79,300
Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (e)	935	899,937
Rogers Communications, Inc., 7.50%, 8/15/38	1,175	1,206,553
Sprint Capital Corp.:		
6.875%, 11/15/28	930	790,500
8.75%, 3/15/32	350	340,375
Vodafone Group Plc, 7.75%, 2/15/10	1,000	1,046,266
		4,720,488
<b>Total Corporate Bonds 54.9%</b>		195,573,362

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
 (Percentages shown are based on Net Assets)

Asset-Backed Securities	Par (000)	Value
American Express Issuance Trust Series 2008-2 Class A, 4.02%, 1/18/11	\$ 2,655	\$ 2,660,005
Ameriquest Mortgage Securities, Inc. Series 2004-R11 Class A1, 2.774%, 11/25/34 (b)	1,103	809,610
Bank of America Credit Card Trust Series 2008-A9 Class A9, 4.07%, 7/16/12	2,555	2,563,026
Capital Auto Receivables Asset Trust Series 2006-1 Class A3, 5.03%, 10/15/09	582	582,790
Chase Issuance Trust Series 2006-A3 Class A3, 2.457%, 7/15/11 (b)	2,650	2,634,254
Chase Issuance Trust Series 2007-A17 Class A, 5.12%, 10/15/14	2,600	2,593,220
Chase Issuance Trust Series 2008-A9 Class A9, 4.26%, 5/15/13	2,605	2,579,098
Chase Manhattan Auto Owner Trust Series 2005-B Class A4, 4.88%, 6/15/12	2,733	2,748,917
Citibank Credit Card Issuance Trust Series 2006-A2 Class A2, 4.85%, 2/10/11	3,125	3,143,251
Citibank Omni Master Trust Series 2007-A9A Class A9, 3.571%, 12/23/13 (b)	2,795	2,795,655
Daimler Chrysler Auto Trust Series 2006-A Class A3, 5%, 5/08/10	979	984,635
Ford Credit Auto Owner Trust Series 2006-A Class A3, 5.05%, 3/15/10	871	872,862
Harley-Davidson Motorcycle Trust Series 2005-2 Class A2, 4.07%, 2/15/12	1,690	1,692,358
Home Equity Asset Trust Series 2007-2 Class 2A1, 2.582%, 7/25/37 (b)	912	835,814
JPMorgan Mortgage Acquisition Corp. Series 2007-CH5 Class A3, 2.582%, 6/25/37 (b)	3,730	3,200,228
MBNA Credit Card Master Note Trust (e): Series 2006-A1 Class A1, 4.90%, 7/15/11	3,075	3,094,573
Series 2006-A4 Class A4, 2.457%, 9/15/11 (b)	4,050	4,029,295
Morgan Stanley ABS Capital I Series 2006-HE5 Class A2A, 2.542%, 8/25/36 (b)	275	272,590
SLM Student Loan Trust Series 2008-5 (b): Class A2, 3.90%, 10/25/16	3,300	3,303,960
Class A3, 4.10%, 1/25/18	840	857,648
Class A4, 4.50%, 7/25/23	2,250	2,316,645
Small Business Administration Participation Certificates Series 1996-20K Class 1, 6.95%, 11/01/16	603	619,129
Sterling Bank Trust Series 2004-2 Class Note, 2.081%, 3/30/30 (j)	7,844	294,135
Sterling Coofs Trust Series 1, 2.362%, 4/15/29 (j)	9,834	795,891
USAA Auto Owner Trust Series 2006-1 Class A3, 5.01%, 9/15/10 (e)	923	928,069
Wachovia Auto Owner Trust Series 2006-A Class A4, 5.38%, 3/20/13	2,275	2,173,853
<b>Total Asset-Backed Securities 13.8%</b>		<b>49,381,511</b>

## Foreign Government Obligations

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Bundesrepublik Deutschland Series 07, 4.25%, 7/04/39	EUR	1,340	1,861,834
France Government Bond, 3.15%, 7/25/32		603	1,046,168
<b>Total Foreign Government Obligations</b>	<b>0.8%</b>		2,908,002

<b>U.S. Government Agency Mortgage-Backed Securities</b>	<b>Par (000)</b>	<b>Value</b>
<b>Fannie Mae Guaranteed Pass-Through Certificates:</b>		
5.00%, 7/1/35	\$ 12,188	\$ 11,756,856
5.50%, 12/01/13 - 9/15/38 (c)(k)	53,767	53,277,712
6.00%, 3/01/16 - 9/15/38 (k)	6,505	6,579,568
7.00%, 2/01/24 - 8/01/36	77	80,612
<b>Freddie Mac Mortgage Participation Certificates (b):</b>		
5.025%, 1/01/35	921	910,615
6.148%, 1/01/35	280	280,313
<b>Ginnie Mae MBS Certificates</b>		
8.00%, 4/15/24 - 6/15/25	95	103,727
<b>Total U.S. Government Agency Mortgage-Backed Securities</b>	<b>20.5%</b>	72,989,403

**U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations**

<b>Fannie Mae Trust Series:</b>		
G-7 Class S, 116.20%, 3/25/21 (b)	(l)	2,497
G-10 Class S, 0.575%, 5/25/21 (j)	412	7,487
G-12 Class S, 0.608%, 5/25/21 (j)	343	6,829
G-17 Class S, 0.58%, 6/25/21 (j)	206	3,400
G-33 Class PV, 1.078%, 10/25/21 (j)	269	7,118
G-46 Class H, 1.043%, 12/25/09 (j)	734	3,384
G-49 Class S, 774.80%, 12/25/21 (b)	(l)	1,433
G92-5 Class H, 9%, 1/25/22 (j)	66	14,223
7 Class 2, 8.50%, 4/01/17 (j)	4	936
89 Class 2, 8%, 10/01/18 (j)	8	1,739
94 Class 2, 9.50%, 8/01/21 (j)	2	494
203 Class 1, 0%, 2/01/23 (m)	17	13,784
228 Class 1, 0%, 6/01/23 (m)	12	10,274
378 Class 19, 5%, 6/01/35 (j)	4,035	1,034,971
1990-123 Class M, 1.01%, 10/25/20 (j)	17	410
1990-136 Class S, 0.015%, 11/25/20 (j)	10,456	12,291
1991-38 Class N, 1.009%, 4/25/21 (j)	13	88
1991-46 Class S, 1.403%, 5/25/21 (j)	76	2,828
1991-87 Class S, 20.058%, 8/25/21 (b)	44	52,336
1991-99 Class L, 0.93%, 8/25/21 (j)	94	1,998
1991-139 Class PT, 0.648%, 10/25/21 (j)	175	3,297
1991-167 Class D, 0%, 10/25/17 (m)	13	12,759
1993-51 Class E, 0%, 2/25/23 (m)	56	45,229
1993-70 Class A, 0%, 5/25/23 (m)	10	7,933
1994-23 Class PS, 10.697%, 4/25/23 (b)	529	539,384
1997-50 Class SI, 1.20%, 4/25/23 (j)	292	11,147
2004-90 Class JH, 1.828%, 11/25/34 (j)	20,628	1,912,141
2005-5 Class PK, 5%, 12/25/34	2,390	2,409,244
<b>Freddie Mac Multiclass Certificates Series:</b>		
19 Class R, 9.757%, 3/15/20 (j)(n)	7	1,135
75 Class R, 9.50%, 1/15/21 (n)	(l)	2
75 Class RS, 18.554%, 1/15/21 (n)	(l)	2
173 Class R, 0%, 11/15/21 (j)(n)	10	9
173 Class RS, 9.126%, 11/15/21 (n)	(l)	10
176 Class M, 1.01%, 7/15/21 (j)	21	476
192 Class U, 1.009%, 2/15/22 (j)	2	54
200 Class R, 98.523%, 12/15/22 (j)(n)	1	11

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1043 Class H, 0.022%, 2/15/21 (j)	5,720	8,197
1054 Class I, 0.435%, 3/15/21 (j)	59	697
1056 Class KD, 1.085%, 3/15/21 (j)	50	1,248
1057 Class J, 1.008%, 3/15/21 (j)	62	1,439
1148 Class E, 0.593%, 10/15/21 (j)	171	3,079
1179 Class O, 1.009%, 11/15/21 (j)	23	120
1254 Class Z, 8.50%, 4/15/22 (j)	127	143
1611 Class JC, 10%, 8/15/23 (b)	269	276,333
1739 Class B, 0%, 2/15/24 (m)	66	58,939
1831 Class PG, 6.50%, 3/15/11 (j)	127	7,079
2611 Class QI, 5.50%, 9/15/32 (j)	5,108	890,595
2684 Class SP, 4.986%, 1/15/33 (j)	410	66,626
3174 Class PZ, 5%, 1/15/36	7,487	6,476,061
3208 Class PS, 4.586%, 8/15/36 (j)	1,983	229,855
3316 Class SB, 4.729%, 8/15/35 (j)	362	48,497

**Total U.S. Government Agency Mortgage-Backed Securities  
Collateralized Mortgage Obligations 4.0%**

14,190,261

See Notes to Financial Statements.

ANNUAL REPORT

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## Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)  
(Percentages shown are based on Net Assets)

Non-U.S. Government Agency Mortgage-Backed Securities	Par (000)	Value
<b>Collateralized Mortgage Obligations 7.1%</b>		
American Home Mortgage Assets Series 2006-6 Class A1A, 2.662%, 12/25/46 (b)	\$ 371	\$ 225,712
Citigroup Mortgage Loan Trust, Inc. Series 2005-4 Class A, 5.343%, 8/25/35 (b)(e)	4,785	4,206,328
Collateralized Mortgage Obligation Trust Series 40 Class R, 0.58%, 4/01/18 (j)(n)	129	129
Collateralized Mortgage Obligation Trust Series 42 Class R, 6%, 10/01/14 (j)(n)	19	1,226
Countrywide Alternative Loan Trust Series 2005-64CB Class 1A15, 5.50%, 12/25/35	1,700	1,180,954
Countrywide Alternative Loan Trust Series 2006-01A0 Class 1A1, 4.039%, 8/25/46 (b)	387	243,947
Countrywide Alternative Loan Trust Series 2006-0A21 Class A1, 2.661%, 3/20/47 (b)	1,055	655,990
Countrywide Home Loan Mortgage Pass-Through Trust Series 2006-0A5 Class 2A1, 2.672%, 4/25/46 (b)	443	268,866
Deutsche Alt-A Securities, Inc. Alternate Loan Trust Series 2003-3 Class 2A1, 5.50%, 10/25/33	1,300	1,076,968
Deutsche Alt-A Securities, Inc. Alternate Loan Trust Series 2006-0A1 Class A1, 2.672%, 2/25/47 (b)	535	339,415
GSMPS Mortgage Loan Trust Series 1998-5 Class IO, 0.97%, 6/19/27 (j)	3,398	63,878
GSR Mortgage Loan Trust Series 2005-AR4 Class 6A1, 5.25%, 7/25/35 (b)	4,878	4,454,542
GSR Mortgage Loan Trust Series 2006-0A1 Class 2A1, 2.662%, 8/25/46 (b)	1,128	778,491
Harborview Mortgage Loan Trust Series 2005-8 Class 1A2A, 2.796%, 9/19/35 (b)	121	78,263
Harborview Mortgage Loan Trust Series 2006-9 Class 2A1A, 2.676%, 11/19/36 (b)	751	458,098
Homebanc Mortgage Trust Series 2006-2 Class A1, 2.652%, 12/25/36 (b)	1,120	744,114
Maryland Insurance Backed Securities Trust Series 2006-1A, 5.55%, 12/10/65	2,500	1,750,000
Merrill Lynch Mortgage Investors, Inc. Series 2006-A3 Class 3A1, 5.823%, 5/25/36 (b)(o)	1,075	698,933
Residential Funding Securities LLC Series 2003-RM2 Class A15, 8.50%, 5/25/33	6,470	6,790,740
Salomon Brothers Mortgage Securities VII, Inc. Series 2000-1 Class IO, 0.492%, 3/25/22 (j)	965	26
Summit Mortgage Trust Series 2000-1 Class B1, 6.647%, 12/28/12 (b)(n)	(l)	369
WaMu Mortgage Pass-Through Certificates Series 2007-0A4 Class 1A, 3.849%, 5/25/47 (b)	501	300,467
WaMu Mortgage Pass-Through Certificates Series 2007-0A5 Class 1A, 3.829%, 6/25/47 (b)	882	599,110
Wells Fargo Mortgage Backed Securities Trust Series 2006-AR4 Class 2A4, 5.772%, 4/25/36 (b)	300	249,189
		25,165,755
<b>Commercial Mortgage-Backed Securities 11.8%</b>		
Bear Stearns Commercial Mortgage Securities Series 2005-PWR7 Class A2, 4.945%, 2/11/41	2,320	2,269,084
	2,970	2,886,420

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CS First Boston Mortgage Securities Corp. Series 2002-CP5 Class A2, 4.94%, 12/15/35		
Citigroup Commercial Mortgage Trust Series 2008-C7 Class A4, 6.299%, 12/10/49 (b)	2,020	1,891,922
Citigroup/Deutsche Bank Commercial Mortgage Trust Series 2007-CD5 Class A4, 5.886%, 11/15/44 (b)	3,075	2,810,025
Commercial Mortgage Loan Trust Series 2008-LS1 Class A4B, 6.221%, 12/10/49 (b)	1,515	1,410,757
Commercial Mortgage Pass-Through Certificates Series 2004-LB3A Class A3, 5.09%, 7/10/37 (b)	990	980,238

**Non-U.S. Government Agency  
Mortgage-Backed Securities**

**Par  
(000)**

**Value**

**Commercial Mortgage-Backed Securities (concluded)**

DLJ Commercial Mortgage Corp. Series 2000-CKP1 Class A1B, 7.18%, 11/10/33	\$ 2,289	\$ 2,358,390
First Union National Bank Commercial Mortgage Series 2000-C2 Class A2, 7.202%, 10/15/32	2,014	2,075,075
First Union-Lehman Brothers-Bank of America Series 1998-C2 Class D, 6.778%, 11/18/35	2,630	2,709,689
GE Capital Commercial Mortgage Corp. Series 2002-1A Class A3, 6.269%, 12/10/35	2,310	2,346,744
GMAC Commercial Mortgage Securities, Inc.: Series 2002-C3 Class A2, 4.93%, 7/10/39	2,580	2,502,313
Series 2004-C3 Class A4, 4.547%, 12/10/41	2,475	2,380,863
JPMorgan Chase Commercial Mortgage Securities Corp.: Series 2001-C1 Class A3, 5.857%, 10/12/35	1,990	2,000,055
Series 2004-CBX Class A4, 4.529%, 1/12/37	2,380	2,313,069
Series 2006-LDP9 Class A3, 5.336%, 5/15/47	1,065	961,785
LB-UBS Commercial Mortgage Trust Series 2004-C4 Class A3, 5.44%, 6/15/29 (b)	2,530	2,505,377
Morgan Stanley Capital I: Series 1997-HF1 Class X, 3.438%, 7/15/29 (j)	20	2
Series 2005-HQ6 Class A4A, 4.989%, 8/13/42	1,520	1,418,282
Series 2007-IQ16 Class A4, 5.809%, 12/12/49	680	617,793
Series 2007-T27 Class A4, 5.803%, 6/13/42 (b)(e)	1,105	1,003,289
Series 2008-T29 Class A4, 6.458%, 1/11/43 (b)	1,520	1,435,435
Wachovia Bank Commercial Mortgage Trust (b): Series 2005-C21 Class A3, 5.384%, 10/15/44	940	936,303
Series 2006-C25 Class A4, 5.926%, 5/15/43	1,305	1,227,714
Series 2007-C33 Class A4, 6.10%, 2/15/51	1,105	1,021,829
		42,062,453

**Total Non-U.S. Government Agency  
Mortgage-Backed Securities 18.9%**

67,228,208

**U.S. Government Obligations**

Federal Housing Administration, General Motors Acceptance Corp. Projects: Series 37, 7.43%, 5/01/22	110	111,289
Series 44, 7.43%, 8/01/22	73	74,642
Federal Housing Administration: Merrill Projects, Series 29, 7.43%, 10/01/20 (o)	48	49,010
Merrill Projects, Series 42, 7.43%, 9/25/22 (o)	47	48,453
Reilly Project, Series B-11, 7.40%, 4/01/21	1,647	1,680,464
Westmore Project, 7.25%, 4/01/21	1,625	1,657,563
Overseas Private Investment Corp.: 4.09%, 5/29/12	371	388,303
4.30%, 5/29/12 (b)	933	1,014,465
4.64%, 5/29/12	786	870,186
4.68%, 5/29/12	444	469,371
4.87%, 5/29/12	3,379	3,775,286

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Resolution Funding Corp., 0%, 4/15/30	6,055	2,153,800
U.S. Treasury Bonds, 6.125%, 11/15/27	1,385	1,682,667
U.S. Treasury Inflation Indexed Bonds, 1.75%, 1/15/28 (a)	5,965	5,832,361
U.S. Treasury Notes:		
4%, 8/15/18 (a)	19,695	19,995,034
5%, 5/15/37	545	595,540
4.375%, 2/15/38 (a)	8,110	8,052,346
4.50%, 5/15/38 (a)	3,000	3,034,686
<b>Total U.S. Government Obligations 14.4%</b>		<b>51,485,466</b>

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
(Percentages shown are based on Net Assets)

**Preferred Securities**

<b>Capital Trusts</b>	<b>Par (000)</b>	<b>Value</b>
<b>Capital Markets 0.6%</b>		
UBS Preferred Funding Trust I, 8.622% (a)(b)(d)	\$ 2,000	\$ 1,925,870
<b>Commercial Banks 1.7%</b>		
Barclays Bank Plc. 7.434% (a)(b)(d)(e)	2,175	1,921,765
Credit Agricole SA, 6.637% (b)(d)(e)	330	263,289
RBS Capital Trust IV, 3.496% (b)(d)	525	386,309
Royal Bank of Scotland Group Plc. Series MTN, 7.64% (a)(b)(d)	2,600	2,196,363
Wachovia Corp. Series K, 7.98% (a)(b)(d)	1,650	1,239,629
		6,007,355
<b>Diversified Financial Services 2.2%</b>		
Bank of America Corp. (b)(d):		
Series K, 8% (a)	1,400	1,247,658
Series M, 8.125%	1,125	1,015,628
Citigroup, Inc. 8.30%, 12/21/77	1,500	1,354,014
JPMorgan Chase & Co., 7.90% (b)(d)	1,600	1,453,600
JPMorgan Chase Capital XXV, 6.80%, 10/01/37	3,265	2,787,053
		7,857,953
<b>Insurance 1.4%</b>		
The Allstate Corp., 6.50%, 5/15/57 (a)(b)	2,150	1,754,744
American International Group, Inc., 8.175% 5/15/58 (b)(e)	1,390	1,073,611
Lincoln National Corp., 6.05%, 4/20/67 (b)	750	588,101
Progressive Corp., 6.70%, 6/15/37 (b)	665	544,842
The Travelers Cos., Inc., 6.25%, 3/15/67 (b)	750	638,734
ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (b)(e)	575	495,347
		5,095,379
<b>Total Capital Trusts 5.9%</b>		20,886,557
<b>Preferred Stocks</b>		
	<b>Shares</b>	
<b>Diversified Financial Services 0.1%</b>		
Citigroup, Inc. Series AA, 8.125%	26,000	516,880
<b>Total Preferred Stocks 0.1%</b>		516,880
<b>Total Preferred Securities 6.0%</b>		21,403,437

**Other Interests (p)**

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	Beneficial Interest	
<b>Health Care Providers &amp; Services 0.0%</b>		
Critical Care Systems International, Inc. (n)	1,895	637
<b>Total Other Interests 0.0%</b>		<b>637</b>
<b>Total Long-Term investments (Cost \$495,200,996) 133.3%</b>		<b>475,160,287</b>

Short-Term Securities	Par (000)	
<b>U.S. Government &amp; Agency Obligations 1.2%</b>		
Federal Home Loan Bank, 2.60%, 9/02/08 (q)	\$ 4,300	4,300,000
<b>Total Short-Term Securities (Cost \$4,300,000) 1.2%</b>		<b>4,300,000</b>

Options Purchased	Contracts(r)	
<b>Call Swaptions Purchased</b>		
Receive a fixed rate of 5.12% and pay a floating rate based on 3-month LIBOR, expiring November 2010	14	507,150
Receive a fixed rate of 5.39% and pay a floating rate based on 3-month LIBOR, expiring March 2012	7	454,323
Receive a fixed rate of 5.47% and pay a floating rate based on 3-month LIBOR, expiring May 2012	12	801,492
Receive a fixed rate of 6.025% and pay a floating rate based on 3-month LIBOR, expiring June 2012	8	747,045
		2,510,010
Options Purchased (concluded)	Contracts(r)	Value
<b>Put Swaptions Purchased</b>		
Pay a fixed rate of 5.12% and receive a floating rate based on 3-month LIBOR, expiring November 2010	14	\$ 293,426
Pay a fixed rate of 5.39% and receive a floating rate based on 3-month LIBOR, expiring March 2012	7	300,877
Pay a fixed rate of 5.47% and receive a floating rate based on 3-month LIBOR, expiring May 2012	12	486,908
Pay a fixed rate of 6.025% and receive a floating rate based on 3-month LIBOR, expiring June 2012	8	220,828
		1,302,039
<b>Total Options Purchased (Cost \$2,945,378) 1.1%</b>		<b>3,812,049</b>
<b>Total Investments Before TBA Sale Commitments and Options Written (Cost \$502,446,374*) 135.6%</b>		<b>483,272,336</b>

TBA Sale Commitments	Par (000)
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Fannie Mae Guaranteed Pass-Through Certificates, 5.5%, 12/01/13 9/15/38	\$ (2,400)	(2,423,023)
Fannie Mae Guaranteed Pass-Through Certificates, 5%,7/01/35	(10,800)	(10,392,732)

**Total TBA Sale Commitments**  
**(Proceeds \$12,573,559) (3.6)%** (12,815,755)

**Options Written**

**Contracts**

**Call Option Written**

30-Year U.S. Treasury Bonds expiring November 2008 at \$118	100	(181,250)
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**Call Swaptions Written (r)**

Pay a fixed rate of 4.94% and receive floating rate based on 3-month LIBOR, expiring December 2008	14	(524,986)
Pay a fixed rate of 5.01% and receive a floating rate based on 3-month LIBOR, expiring November 2008	4	(178,772)
Pay a fixed rate of 5.05% and receive a floating rate based on 3-month LIBOR, expiring May 2011	15	(741,375)
Pay a fixed rate of 5.08% and receive a floating rate based on 3-month LIBOR, expiring May 2011	6	(317,627)
Pay a fixed rate of 5.0825% and receive a floating rate based on 3-month LIBOR, expiring July, 2010	2	(126,870)
Pay a fixed rate of 5.325% and receive a floating rate based on 3-month LIBOR, expiring July 2013	9	(333,859)
Pay a fixed rate of 4.58% and received a floating rate based on 3-month LIBOR, expiring May 2009	9	(227,199)
Pay a fixed rate of 5.485% and receive a floating rate based on expiring 3-month LIBOR, expiring October 2009	5	(363,591)
Pay a fixed rate of 5.67% and receive a floating rate based on 3-month LIBOR, expiring January 2010	12	(969,519)
		(3,783,798)

**Put Swaptions Written (r)**

Receive a fixed rate of 3.10% and pay a floating rate based on 3-month LIBOR, expiring October 2008	20	(131,020)
Receive a fixed rate of 4.58% and pay a floating rate based on 3-month LIBOR, expiring May 2009	9	(296,902)
Receive a fixed rate of 4.94% and pay a floating rate based on 3-month LIBOR, expiring December 2008	14	(131,320)
Receive a fixed rate of 5.01% and pay a floating rate based on 3-month LIBOR, expiring November 2008	4	(21,243)
Receive a fixed rate of 5.05% and pay a floating rate based on 3-month LIBOR, expiring May 2011	15	(702,945)
Receive a fixed rate of 5.08% and pay a floating rate based on 3-month LIBOR, expiring May 2011	6	(287,015)
Receive a fixed rate of 5.0825% and pay a floating rate based on 3-month LIBOR, expiring July, 2010	2	(94,723)
Receive a fixed rate of 5.325% and pay a floating rate based on 3-month LIBOR, expiring July 2013	9	(256,846)

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Income Opportunity Trust, Inc. (BNA)

Options Written (concluded)	Contracts(r)	Value
<b>Put Swaptions Written (concluded)</b>		
Receive a fixed rate of 5.485% and pay a floating rate based on 3-month LIBOR, expiring October 2009	5	\$ (80,809)
Receive a fixed rate of 5.67% and pay a floating rate based on 3-month LIBOR, expiring January 2010	12	(176,365)
		(2,179,188)
<b>Total Options Written (Premiums Received \$6,457,698) (1.7)%</b>		<b>(6,144,236)</b>
<b>Total Investments, Net of TBA Sale Commitments and Options Written 130.3%</b>		<b>464,312,345</b>
<b>Liabilities in Excess of Other Assets (30.3)%</b>		<b>107,796,490</b>
<b>Net Assets 100.0%</b>		<b>\$ 356,455,622</b>

\* The cost and unrealized appreciation (depreciation) of investments, as of August 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$	502,566,975
Gross unrealized appreciation	\$	5,441,311
Gross unrealized depreciation		(24,735,950)
Net unrealized depreciation	\$	(19,294,639)

- (a) All or a portion of the security has been pledged as collateral for reverse repurchase agreements.
- (b) Variable rate security. Rate shown is as of report date.
- (c) All or a portion of the security has been pledged as collateral in connection with open financial futures contracts or swaps.
- (d) Security is perpetual in nature and has no stated maturity date.
- (e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (f) Represents a step bond.
- (g) The issuer filed for bankruptcy or is in default of interest payments.
- (h) Non-income producing security.
- (i) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (j) Represents the interest only portion of a mortgage-backed security and has either a nominal or a notional amount of principal.
- (k) Represents or includes a to-be-announced transaction. The Trust has committed to purchasing securities for which all specific information is not available at this time.
- (l) Amount is less than \$1,000.
- (m) Represents the principal-only portion of a mortgage-backed security.
- (n) Security is fair valued.
- (o) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Purchase Cost	Sale Cost	Realized Loss	Income
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Federal Housing Administration, Merrill Projects:			
Series 29, 7.43%, 10/01/20	\$ 2,204	\$ (93)	\$ 55,852
Series 42, 7.43%, 9/24/22	\$ 1,422	\$ (65)	\$ 54,855
Merrill Lynch Mortgage Investors, Inc.			
Series 2006-A3 Class 3A1, 5.823%, 5/25/36	\$ 742,027		\$ 1,044

- (p) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.  
(q) Rate shown is the yield to maturity as of the date of purchase.  
(r) One contract represents a notional amount of \$1,000,000.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

Currency Purchased	Currency Sold	Settlement Date	Unrealized Appreciation
EUR 191,000	USD 279,305	10/23/08	\$ 71
USD1,119,018	EUR 715,000	10/23/08	73,186
USD3,756,435	EUR 2,395,000	10/23/08	253,264
USD1,117,740	EUR 706,500	10/23/08	84,341
USD1,192,872	EUR 756,500	10/23/08	86,338
<b>Total</b>			\$ 497,200

Financial future contracts sold as of August 31, 2008 were as follows:

Contracts	Issue	Expiration Date	Face Value	Unrealized Depreciation
644	5-Year U.S. Treasury Bond	December 2008	\$ 71,809,943	\$ (277,807)
248	2-Year U.S. Treasury Bond	December 2008	\$ 52,604,061	(41,689)
1,659	5-Year U.S. Treasury Bond	September 2008	\$ 184,111,667	(2,448,067)
161	2-Year U.S. Treasury Bond	September 2008	\$ 33,814,537	(468,401)
<b>Total</b>				\$ (3,235,964)

Financial futures contracts purchased as of August 31, 2008 were as follows:

Contracts	Issue	Expiration Date	Face Value	Unrealized Appreciation (Depreciation)
108	30-Year U.S. Treasury Bond	December 2008	\$ 12,703,825	\$ (34,075)
1,006	30-Year U.S. Treasury Bond	September 2008	\$ 115,126,596	3,770,029
172	10-Year U.S. Treasury Bond	September 2008	\$ 20,053,650	16,600
<b>Total</b>				\$ 3,752,554



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Reverse repurchase agreements outstanding as of August 31, 2008 were as follows:

Counterparty	Interest Rate	Trade Date	Maturity Date	Net Closing Amount	Face Amount
Lehman Brothers International	3.0%	4/17/08	Open	\$ 3,252,716	\$ 3,216,000
Lehman Brothers International	3.0%	4/17/08	Open	3,920,599	3,876,344
Lehman Brothers International	3.0%	4/17/08	Open	1,957,849	1,935,750
Lehman Brothers International	3.0%	4/17/08	Open	3,565,092	3,524,850
Lehman Brothers International	3.0%	4/17/08	Open	1,798,223	1,777,925
Lehman Brothers International	3.0%	4/17/08	Open	7,340,900	7,258,037
Lehman Brothers International	3.0%	4/17/08	Open	3,476,302	3,437,062
Lehman Brothers International	3.0%	4/17/08	Open	1,670,063	1,651,212
Lehman Brothers International	3.0%	4/17/08	Open	2,334,223	2,307,875
Lehman Brothers International	2.77355%	4/17/08	Open	2,903,777	2,871,000
Lehman Brothers International	3.0%	4/17/08	Open	2,294,398	2,268,500
Lehman Brothers International	3.0%	4/17/08	Open	2,102,735	2,079,000
Lehman Brothers International	3.0%	4/17/08	Open	1,971,946	1,949,688
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,789,510	1,787,187
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,265,643	1,264,000
Credit Suisse Securities LLC	2.6%	8/14/08	Open	2,391,855	2,388,750
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,279,161	1,277,500
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,422,847	1,421,000
Credit Suisse Securities LLC	2.6%	8/14/08	Open	2,985,125	2,981,250
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,695,326	1,693,125
Credit Suisse Securities LLC	2.6%	8/14/08	Open	3,898,811	3,893,750
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,945,025	1,942,500
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,641,594	1,639,463
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,209,383	1,207,813
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,881,943	1,879,500
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,276,282	1,274,625
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,162,509	1,161,000
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,990,083	1,987,500
Credit Suisse Securities LLC	2.6%	8/14/08	Open	1,650,674	1,648,531
Lehman Brothers Inc.	2.15%	8/15/08	Open	7,891,855	7,883,381
Lehman Brothers Inc.	2.22%	8/15/08	Open	3,029,609	3,026,250
Lehman Brothers Inc.	2.22%	8/15/08	Open	2,252,497	2,250,000
Lehman Brothers Inc.	2.0%	8/7/08	Open	7,888,216	7,876,838
Lehman Brothers Inc.	2.03%	8/26/08	Open	5,503,421	5,501,250
Lehman Brothers Inc.	2.0%	8/28/08	Open	6,602,967	6,601,500
<b>Total</b>				<b>\$ 101,243,159</b>	<b>\$ 100,739,956</b>

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Income Opportunity Trust, Inc. (BNA)

Swaps outstanding as of August 31, 2008 were as follows:

		Notional Amount (000)		Unrealized Appreciation (Depreciation)
Receive a fixed rate of 4.88% and pay a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Finance Expires August 2009	USD	44,500	\$	801,209
Receive a fixed rate of 4.7709% and pay a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Finance Expires August 2009	USD	30,700		519,120
Receive a fixed rate of 4.62377% and pay a floating rate based on 3-month LIBOR Broker, Credit Suisse First Boston International Expires September 2009	USD	50,000		831,516
Receive a fixed rate of 5% and pay a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires November 2010	USD	5,000		167,822
Pay a fixed rate of 4.922% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Finance Expires March 2011	USD	14,800		(500,711)
Receive a fixed rate of 5.496% and pay a floating rate based on 3-month LIBOR Broker, Bank of America Expires July 2011	USD	27,900		1,433,931
Receive a fixed rate of 4.95% and pay a floating rate based on 3-month LIBOR Broker, UBS Warburg Expires November 2011	USD	3,100		116,474
Receive a fixed rate of 5.025% and pay a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires November 2011	USD	3,200		126,805
Receive a fixed rate of 4.897% and pay a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires December 2011	USD	10,000		359,538
Pay a fixed rate of 5.0016% and receive a floating rate based on 3-month LIBOR Broker, UBS Warburg Expires January 2012	USD	12,000		(472,081)
Pay a fixed rate of 5.58875% and receive a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires July 2012	USD	46,800		(2,912,289)
Receive a fixed rate of 5.07625% and pay a floating rate based on 3-month LIBOR Broker, Citibank N.A. Expires August 2012	USD	91,000		4,016,186
Receive a fixed rate of 5.10531% and pay a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires August 2012	USD	21,600		976,119

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Receive a fixed rate of 5.0565% and pay a floating rate based on 3-month LIBOR Broker, Bank of America Expires August 2012	USD	54,600		2,370,784
		<b>Notional Amount (000)</b>		<b>Unrealized Appreciation (Depreciation)</b>
Receive a fixed rate of 4.9034% and pay a floating rate based on 3-month LIBOR Broker, Barclays London Expires September 2012	USD	35,000	\$	1,329,405
Receive a fixed rate of 4.32% and pay a floating rate based on 3-month LIBOR Broker, Citibank N.A. Expires November 2012	USD	11,700		182,393
Pay a fixed rate of 4.2424% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Finance Expires December 2012	USD	50,000		(620,491)
Pay a fixed rate of 3.48375% and receive a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires March 2013	USD	5,900		115,724
Receive a fixed rate of 3.66375% and pay a floating rate based on 3-month LIBOR Broker, Citibank N.A. Expires April 2013	USD	7,500		(99,947)
Receive a fixed rate of 5.29375% and pay a floating rate based on 6-month LIBOR Broker, Deutsche Bank AG London Expires April 2013	GBP	2,100		(14,650)
Receive a fixed rate of 5.14% and pay a floating rate based on 6-month British Pound Sterling LIBOR Broker, Deutsche Bank AG London Expires April 2013	GBP	2,100		(26,506)
Receive a fixed rate of 3.78% and pay a floating rate based on 3-month LIBOR Broker, Bank of America Expires May 2013	USD	13,200		(118,309)
Receive a fixed rate of 4.2825% and pay a floating rate based on 3-month LIBOR Broker, Credit Suisse First Boston International Expires July 2013	USD	84,800		1,009,802
Receive a fixed rate of 4.2125% and pay a floating rate based on 3-month LIBOR Broker, Morgan Stanley Capital Services Expires August 2013	USD	13,500		111,759
Pay a fixed rate of 4.51% and receive a floating rate based on 3-month LIBOR Broker, Citibank N.A. Expires October 2014	USD	13,800		(245,406)
Pay a fixed rate of 4.39919% and receive a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires October 2014	USD	27,500		(320,606)
Receive a fixed rate of 5.005% and pay a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires October 2014	USD	10,500		467,761
Pay a fixed rate of 4.5% and receive a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires May 2015	USD	3,000		(45,634)
	USD	5,200		38,474

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Receive a fixed rate of 4.3715% and pay a floating  
rate based on 3-month Lehman Brothers Muni Swap Index  
Broker, UBS Warburg  
Expires June 2015

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Income Opportunity Trust, Inc. (BNA)

		Notional Amount (000)		Unrealized Appreciation (Depreciation)
Receive a fixed rate of 4.67% and pay a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires September 2015	USD	8,000	\$	194,605
Receive a fixed rate of 5.723% and pay a floating rate based on 3-month LIBOR Broker, JPMorgan Chase Expires July 2016	USD	5,200		476,940
Pay a fixed rate of 5.071% and receive a floating rate based on 3-month LIBOR Broker, UBS Warburg Expires March 2017	USD	5,000		(239,530)
Pay a fixed rate of 5.85% and receive a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires June 2017	USD	1,000		(104,511)
Pay a fixed rate of 5.6425% and receive a floating rate based on 3-month LIBOR Broker, Citibank N.A. Expires July 2017	USD	7,200		(644,766)
Pay a fixed rate of 5.155% and receive a floating rate based on 3-month LIBOR Broker, Citibank N.A. Expires September 2017	USD	12,000		(640,493)
Pay a fixed rate of 5.307% and receive a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG London Expires October 2017	USD	6,000		(391,463)
Pay a fixed rate of 5.3075% and receive a floating rate based on 3-month LIBOR Broker, Barclays London Expires October 2017	USD	15,300		(998,528)
Pay a fixed rate of 5.115% and receive a floating rate based on 3-month LIBOR Broker, Lehman Brothers Special Finance Expires March 2018	USD	7,300		(367,731)
Receive a fixed rate of 4.7058% and pay a floating rate based on 3-month LIBOR Broker, UBS Warburg Expires July 2018	USD	8,900		152,515
Pay a fixed rate of 4.52165% and receive a floating rate based on 3-month LIBOR Broker, Goldman Sachs & Co. Expires July 2018	USD	12,700		(29,339)
		Notional Amount (000)		Unrealized Appreciation (Depreciation)
Receive a fixed rate of 5.411% and pay a floating rate based on 3-month LIBOR Broker, JPMorgan Chase	USD	9,405	\$	721,452

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Expires August 2022			
Pay a fixed rate of 5.365% and receive a floating rate based on 3-month LIBOR			
Broker, Bank of America			
	USD	8,900	(661,377)
Expires September 2027			
Pay a fixed rate of 5.0605% and receive a floating rate based on 3-month LIBOR			
Broker, Goldman Sachs & Co.			
	USD	6,900	(251,782)
Expires November 2037			
Pay a fixed rate of 5.06276% and receive a floating rate based on 3-month LIBOR			
Broker, Citibank N.A.			
	USD	1,400	(51,253)
Expires December 2037			
Pay a fixed rate of 5.0639% and receive a floating rate based on 3-month LIBOR			
Broker, Lehman Brothers Special Finance			
	USD	1,400	(51,496)
Expires December 2037			
Pay a fixed rate of 4.785% and receive a floating rate based on 3-month LIBOR			
Broker, Citibank N.A.			
	USD	2,100	15,157
Expires January 2038			
Pay a fixed rate of 4.601% and receive a floating rate based on 3-month LIBOR			
Broker, Lehman Brothers Special Finance			
	USD	5,000	181,362
Expires January 2038			
Pay a fixed rate of 4.8375% and receive a floating rate based on the 3-month LIBOR			
Broker, Morgan Stanley Capital Services			
	USD	6,100	(6,561)
Expires January 2038			
Receive a fixed rate of 5.29750% and pay a floating rate based on 3-month LIBOR			
Broker, Citibank N.A.			
	USD	700	51,866
Expires February 2038			
Receive a fixed rate of 5.1575% and pay a floating rate based on 3-month LIBOR			
Broker, Citibank N.A.			
	USD	6,000	310,922
Expires June 2038			
<b>Total</b>			<b>\$ 7,264,181</b>

Currency Abbreviations:

EUR	Euro
GBP	British Pound
USD	U.S. Dollar

See Notes to Financial Statements.

## Schedule of Investments August 31, 2008

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

Asset-Backed Securities	Par (000)	Value
First Franklin Mortgage Loan Asset Backed Certificates		
Series 2005-FF2 Class M2, 2.912%, 3/25/35 (a)	\$ 5,890	\$ 3,534,000
GSAA Home Equity Trust Series 2005-1 Class AF2, 4.316%, 11/25/34 (a)	3,587	3,365,810
Securitized Asset Backed Receivables LLC Trust		
Series 2005-OP2 Class M1, 2.902%, 10/25/35 (a)	1,875	1,179,682
Small Business Administration Participation Certificates:		
Series 1996-20E Class 1, 7.60%, 5/01/16	464	479,292
Series 1996-20F Class 1, 7.55%, 6/01/16	554	571,827
Series 1996-20G Class 1, 7.70%, 7/01/16	401	415,517
Series 1996-20H Class 1, 7.25%, 8/01/16	651	670,715
Series 1996-20K Class 1, 6.95%, 11/01/16	1,142	1,172,275
Series 1997-20C Class 1, 7.15%, 3/01/17	528	543,584
Sterling Bank Trust Series 2004-2 Class Note, 2.081%, 3/30/30 (b)	8,025	300,921
Sterling Coofs Trust Series 1, 2.362%, 4/15/29 (b)	12,237	990,442
<b>Total Asset-Backed Securities 3.0%</b>		<b>13,224,065</b>

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**Corporate Bonds**
**Diversified Financial Services 0.4%**

Structured Asset Repackaged Trust, 3.761%, 1/21/10	1,703	1,650,459
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**U.S. Government Agency Mortgage-Backed Securities**

Fannie Mae Guaranteed Pass-Through Certificates:		
5.00%, 4/01/19 - 9/15/38 (c)(d)	52,811	50,964,075
5.50%, 6/01/21 - 9/15/38 (c)(d)	151,631	150,214,027
5.97%, 8/01/16	3,125	3,250,888
6.00%, 10/01/36 - 7/01/37 (c)(d)	21,288	21,516,787
6.50%, 7/01/36 - 9/15/38	28,106	28,918,888
7.50%, 2/01/22	(e)	196
8.00%, 10/01/09 - 5/01/22	12	12,835
9.50%, 1/01/19 - 9/01/19	4	4,027
Freddie Mac Mortgage Participation Certificates:		
4.991%, 10/01/34 (a)	790	792,352
5.50%, 12/01/21 - 3/01/22 (d)	7,545	7,616,047
5.983%, 1/01/35 (a)(d)	219	217,920
6.01%, 11/01/17	25	24,988
6.50%, 9/15/38 (c)	100	102,719
8.00%, 11/01/15	3	3,537
9.00%, 9/01/20 (d)	106	116,024
Ginnie Mae MBS Certificates:		
5.50%, 9/15/38 (c)	6,000	5,988,750
6.50%, 9/15/38 (c)	10,800	11,124,000
7.00%, 10/15/17	33	34,983
7.50%, 8/15/21 - 12/15/23	364	391,950
8.00%, 10/15/22 - 2/15/29	167	182,373

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9.00%, 6/15/18 - 9/15/21

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14,026

**Total U.S. Government Agency Mortgage-Backed Securities 63.4%** 281,491,392

**U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations**

	Par (000)	Value
Fannie Mae Trust:		
Series 7 Class 2, 8.50%, 4/01/17 (b)	\$ 9	\$ 2,010
Series 89 Class 2, 8%, 10/01/18 (b)	18	3,734
Series 94 Class 2, 9.50%, 8/01/21 (b)	5	1,062
Series 203 Class 1, 0%, 2/01/23 (f)	36	29,084
Series 228 Class 1, 0%, 6/01/23 (f)	27	21,932
Series 273 Class 1, 0%, 8/01/26 (f)	199	160,364
Series 328 Class 1, 0%, 12/01/32 (f)	3,918	2,889,880
Series 338 Class 1, 0%, 7/01/33 (f)	3,272	2,372,474
Series 1990-123 Class M, 1.01%, 10/25/20 (b)	36	880
Series 1990-136 Class S, 0.015%, 11/25/20 (a)(b)	22,449	26,390
Series 1991-7 Class J, 0%, 2/25/21 (f)	37	31,412
Series 1991-38 Class F, 8.325%, 4/25/21 (a)	36	36,446
Series 1991-38 Class N, 1.009%, 4/25/21 (b)	27	190
Series 1991-38 Class SA, 10.186%, 4/25/21 (a)	37	37,134
Series 1991-46 Class S, 1.403%, 5/25/21 (b)	163	6,071
Series 1991-87 Class S, 20.058%, 8/25/21 (a)	96	114,354
Series 1991-99 Class L, 0.93%, 8/25/21 (b)	202	4,290
Series 1991-139 Class PT, 0.648%, 10/25/21 (b)	377	7,080
Series 1991-167 Class D, 0%, 10/25/17 (f)	28	27,392
Series 1993-51 Class E, 0%, 2/25/23 (f)	120	97,107
Series 1993-70 Class A, 0%, 5/25/23 (f)	21	16,667
Series 1993-170 Class SC, 9%, 9/25/08 (a)	3	2,544
Series 1993-196 Class SC, 8.863%, 10/25/08 (a)	15	14,555
Series 1993-199 Class SB, 2.625%, 10/25/23 (b)	1,913	171,531
Series 1993-214 Class SH, 11.842%, 12/25/08 (a)	21	21,272
Series 1993-247 Class SN, 10%, 12/25/23 (a)	770	890,228
Series 1993-249 Class B, 0%, 11/25/23 (f)	1,717	1,316,229
Series 1994-33 Class SG, 3.225%, 3/25/09 (b)	195	2,691
Series 1996-68 Class SC, 2.257%, 1/25/24 (b)	1,504	95,930
Series 1997-50 Class SI, 1.20%, 4/25/23 (b)	584	22,295
Series 1997-90 Class M, 6%, 1/25/28 (b)	11,547	2,854,025
Series 1999-W4 Class IO, 6.50%, 12/25/28 (b)	550	130,338
Series 1999-W4 Class PO, 0%, 2/25/29 (f)	299	227,600
Series 2002-13 Class PR, 0%, 3/25/32 (f)	773	535,478
Series 2003-9 Class BI, 5.50%, 10/25/22 (b)	3,262	418,065
Series 2003-32 Class VT, 6%, 9/25/15	6,529	6,707,451
Series 2003-51 Class IE, 5.50%, 4/25/26 (b)	576	1,739
Series 2003-55 Class GI, 5%, 7/25/19 (b)	4,060	326,946
Series 2003-66 Class CI, 5%, 7/25/33 (b)	5,223	1,257,636
Series 2003-88 Class TI, 4.50%, 11/25/13 (b)	1,835	25,335
Series 2003-122 Class IC, 5%, 9/25/18 (b)	3,741	235,217
Series 2003-135 Class PB, 6%, 1/25/34	12,264	12,118,967
Series 2004-13 Class IG, 5%, 10/25/22 (b)	1,883	26,865
Series 2004-28 Class PB, 6%, 8/25/28	2,745	2,782,456
Series 2004-29 Class HC, 7.50%, 7/25/30	1,922	2,025,910
Series 2004-31 Class ZG, 7.50%, 5/25/34	2,534	2,996,870
Series 2004-90 Class JH, 1.828%, 11/25/34 (b)	25,646	2,377,257
Series 2005-43 Class IC, 6%, 3/25/34 (b)	705	138,187
Series 2005-55 Class SB, 1.278%, 7/25/35 (b)	11,017	787,420
Series 2005-68 Class PC, 5.50%, 7/25/35	2,240	2,286,086
Series 2005-73 Class DS, 11.123%, 8/25/35 (a)	5,092	5,015,317
Series 2005-73 Class ST, 1.258%, 8/25/35 (b)	11,711	751,761
Series 2006-2 Class KP, 0%, 2/25/35 (a)	1,221	987,221
Series 2006-8 Class WL, 3.874%, 3/25/36 (b)	5,860	539,529
Series 2006-36 Class SP, 1.828%, 5/25/36 (b)	43,486	3,764,494
Series 2006-38 Class Z, 5%, 5/25/36	905	873,827



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Series 2006-101 Class SA, 3.204%, 10/25/36 (b)	32,276	2,437,215
Series 3006-8 Class HN, 4.858%, 3/25/36 (b)	3,856	359,399
Series G-7 Class S, 116.20%, 3/25/21 (a)		(e) 5,361
Series G-10 Class S, 0.575%, 5/25/21 (b)	884	16,075
Series G-12 Class S, 0.608%, 5/25/21 (b)	736	14,662
Series G-17 Class S, 0.58%, 6/25/21 (b)	443	7,299
Series G-33 Class PV, 1.078%, 10/25/21 (b)	577	15,281
Series G-49 Class S, 778.05%, 12/25/21 (a)		(e) 3,077

See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

**U.S. Government Agency  
Mortgage-Backed Securities  
Collateralized Mortgage Obligations**

	Par (000)	Value
Fannie Mae Trust (concluded)		
Series G-50 Class G, 1.159%, 12/25/21 (b)	\$ 358	\$ 5,550
Series G92-5 Class H, 9%, 1/25/22 (b)	169	36,573
Series G92-12 Class C, 1.017%, 2/25/22 (b)	440	11,577
Series G92-59 Class S, 5.023%, 10/25/22 (b)	3,208	545,153
Series G92-60 Class SB, 1.60%, 10/25/22 (b)	484	20,584
Series G93-2 Class KB, 0%, 1/25/23 (f)	265	212,973
Freddie Mac Multiclass Certificates:		
Series 19 Class F, 8.50%, 3/15/20	154	161,884
Series 19 Class R, 9.757%, 3/15/20 (b)(g)	15	2,438
Series 40 Class K, 6.50%, 8/17/24	640	666,874
Series 60 Class HS, 1.125%, 4/25/24 (b)	456	1,804
Series 75 Class R, 9.50%, 1/15/21 (g)	(e)	4
Series 75 Class RS, 18.477%, 1/15/21 (g)	(e)	4
Series 173 Class R, 0%, 11/15/21 (b)(g)	23	23
Series 173 Class RS, 9.142%, 11/15/21 (g)	(e)	22
Series 176 Class M, 1.01%, 7/15/21 (b)	45	1,023
Series 192 Class U, 1.009%, 2/15/22 (b)	5	116
Series 200 Class R, 98.523%, 12/15/22 (b)(g)	2	24
Series 204 Class IO, 6%, 5/01/29 (b)	1,508	375,694
Series 1043 Class H, 0.022%, 2/15/21 (b)	12,282	17,600
Series 1054 Class I, 0.435%, 3/15/21 (b)	127	1,495
Series 1056 Class KD, 1.085%, 3/15/21 (b)	107	2,679
Series 1057 Class J, 1.008%, 3/15/21 (b)	132	3,090
Series 1148 Class E, 0.593%, 10/15/21 (b)	368	6,611
Series 1160 Class F, 29.678%, 10/15/21 (a)	29	39,881
Series 1179 Class O, 1.009%, 11/15/21 (b)	50	258
Series 1418 Class M, 0%, 11/15/22 (f)	132	105,737
Series 1571 Class G, 0%, 8/15/23 (f)	577	431,452
Series 1598 Class J, 6.50%, 10/15/08	107	107,131
Series 1616 Class SB, 8.50%, 11/15/08 (a)(d)	14	13,764
Series 1691 Class B, 0%, 3/15/24 (f)	1,786	1,463,313
Series 1706 Class IA, 7%, 10/15/23 (b)	71	1,142
Series 1720 Class PK, 7.50%, 1/15/24 (b)	37	2,050
Series 1739 Class B, 0%, 2/15/24 (f)	148	132,081
Series 1914 Class PC, 0.75%, 12/15/11 (b)	1,856	14,441
Series 1961 Class H, 6.50%, 5/15/12	212	213,726
Series 2218 Class Z, 8.50%, 3/15/30	8,843	9,654,562
Series 2296 Class SA, 2.139%, 3/15/16 (b)	563	40,551
Series 2431 Class Z, 6.50%, 6/15/32	11,256	11,719,937
Series 2444 Class ST, 2.359%, 9/15/29 (b)	225	8,408
Series 2542 Class MX, 5.50%, 5/15/22 (b)	1,183	168,765
Series 2542 Class UC, 6%, 12/15/22	10,200	10,612,204
Series 2545 Class NI, 5.50%, 3/15/22 (b)	2,016	238,742
Series 2559 Class IO, 5%, 8/15/30 (b)	419	6,449
Series 2561 Class EW, 5%, 9/15/16 (b)	3,144	237,590
Series 2564 Class NC, 5%, 2/15/33	928	821,497
Series 2611 Class QI, 5.50%, 9/15/32 (b)	9,322	1,625,457
Series 2630 Class PI, 5%, 8/15/28 (b)	4,164	381,763
Series 2647 Class IV, 1.959%, 7/15/33 (b)	16,307	3,356,217
Series 2653 Class MI, 5%, 4/15/26 (b)	2,634	284,358
Series 2658 Class PI, 4.50%, 6/15/13 (b)	1,000	5,563
Series 2672 Class TQ, 5%, 3/15/23 (b)	1,240	13,166
Series 2687 Class IL, 5%, 9/15/18 (b)	3,633	208,624
Series 2693 Class IB, 4.50%, 6/15/13 (b)	774	3,596
Series 2694 Class LI, 4.50%, 7/15/19 (b)	1,926	146,151

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Series 2758 Class KV, 5.50%, 5/15/23	11,059	11,052,178
Series 2765 Class UA, 4%, 3/15/11	1,570	1,562,333
Series 2769 Class SQ, 7.237%, 2/15/34 (a)	4,359	2,598,098
Series 2773 Class OX, 5%, 2/15/18 (b)	3,681	351,872
Series 2780 Class SM, 1.348%, 4/15/34 (b)	15,725	1,151,643
Series 2825 Class NI, 5.50%, 3/15/30 (b)	6,727	1,246,104
Series 2827 Class SR, 1.348%, 1/15/22 (b)	10,191	866,786
Series 2840 Class SK, 11.121%, 8/15/34 (a)	1,851	1,414,791
Series 2861 Class AX, 7.10%, 9/15/34 (a)	562	520,301

**U.S. Government Agency  
Mortgage-Backed Securities  
Collateralized Mortgage Obligations**

	Par (000)	Value
Freddie Mac Multiclass Certificates (concluded)		
Series 2865 Class SR, 1.908%, 10/15/33 (b)	\$ 17,570	\$ 2,751,349
Series 2865 Class SV, 2.753%, 10/15/33 (b)	11,899	2,968,863
Series 2927 Class BZ, 5.50%, 2/15/35	2,514	2,371,787
Series 2933 Class SL, 2.914%, 2/15/35 (b)	1,815	166,274
Series 2949 Class IO, 5.50%, 3/15/35 (b)	1,554	295,302
Series 2990 Class WR, 1.929%, 6/15/35 (b)	29,557	2,581,607
Series 3010 Class SC, 10.583%, 3/15/34 (a)	1,196	1,225,779
Series 3061 Class BD, 7.50%, 11/15/35	3,641	3,922,240
Series 3167 Class SX, 22.699%, 6/15/36 (a)	526	556,810
Series 3225 Class EY, 1.638%, 10/15/36 (b)	80,315	7,039,557
Series 3299 Class TI, 5%, 4/15/37 (b)	3,092	712,441
Series T-8 Class A10, 0%, 11/15/28 (f)	203	153,674
Series T-11 Class A9, 2.265%, 1/25/28 (a)	3,649	3,287,280
Ginnie Mae Trust:		
Series 1996-5 Class Z, 7%, 5/16/26	900	948,859
Series 2001-33 Class PB, 6.50%, 7/20/31	1,488	1,542,017
Series 2003-58 Class IT, 5.50%, 7/20/33 (b)	1,602	206,518
Series 2003-89 Class SA, 0.84%, 10/16/33 (b)	14,517	894,838
Series 2004-18 Class VC, 5%, 3/16/15	6,619	6,674,170
Series 2004-39 Class ID, 5%, 5/20/33 (b)	1,500	374,383
Series 2004-89 Class PE, 6%, 10/20/34	3,638	3,709,290
Series 2005-18 Class SL, 1.203%, 2/20/35 (b)	14,045	976,875
Series 2005-47 Class SP, 0.853%, 8/20/32 (b)	17,127	866,090

**Total U.S. Government Agency Mortgage-Backed Securities  
Collateralized Mortgage Obligations 38.4%** 170,596,074

**Non-U.S. Government Agency Mortgage-Backed Securities**

**Collateralized Mortgage Obligations 22.6%**

ABN AMRO Mortgage Corp. Series 2003-4 Class A2, 5.50%, 3/25/33 (b)	316	1,925
Banc of America Funding Corp. (b):		
Series 2007-2 Class 1A19, 0%, 3/25/37	100,614	3,997,631
Series 2007-5 Class 4A3, 3.655%, 7/25/37	34,923	3,094,736
Banc of America Mortgage Securities Inc.		
Series 2003-3 Class 1AIO, 0.286%, 5/25/18 (b)	213,484	2,010,727
Bear Stearns Asset Backed Securities Series 2007-AC2 Class X, 0.25%, 3/25/37 (b)	24,127	236,100
Citi Mortgage Alternative Loan Trust Series 2007-A5 Class 1A7, 6%, 5/25/37 (b)	1,886	239,251
Citigroup Mortgage Loan Trust, Inc. Series 2005-12 Class 1A2, 1.615%, 8/25/35 (b)	22,950	1,012,910
Collateralized Mortgage Obligation Trust (b)(g):		
Series 40 Class R, 0.58%, 4/01/18	277	277
Series 42 Class R, 6%, 10/01/14	41	2,632
Countrywide Alternative Loan Trust:		
Series 2005-28CB Class 1A5, 5.50%, 8/25/35	3,503	3,060,854

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Series 2005-56 Class 1A1, 3.202%, 11/25/35 (a)	4,889	3,198,491
Series 2005-72 Class A2, 2.832%, 1/25/36 (a)	4,136	1,737,087
Series 2005-79C Class A2, 0%, 1/25/36 (b)	130,075	5,697,131
Countrywide Home Loan Mortgage Pass-Through Trust (f):		
Series 2003-26 Class PO, 0%, 8/25/33	4,778	3,185,154
Series 2003-J4 Class PO, 0%, 6/25/33	989	702,776
Series 2003-J5 Class PO, 0%, 7/25/33	1,291	872,098
Series 2003-J8 Class PO, 0%, 9/25/23	1,082	693,310
Deutsche Alt-A Securities Inc. Mortgage		
Series 2006-AR5 Class 22A, 5.50%, 10/25/21	1,867	1,623,764
Drexel Burnham Lambert CMO Trust (f):		
Series K Class 1, 0%, 9/23/17	18	17,796
Series V Class 1, 0%, 9/01/18	200	159,958
First Boston Mortgage Securities Corp. Series C		
Class I-O, 10.965%, 4/25/17 (b)	65	15,749

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

Non-U.S. Government Agency Mortgage-Backed Securities	Par (000)	Value
<b>Collateralized Mortgage Obligations (concluded)</b>		
First Horizon Alternative Mortgage Securities (b):		
Series 2005-FA7 Class 1A7, 0%, 10/25/35	\$ 68,014	\$ 3,089,898
Series 2005-FA9 Class A2, 0%, 12/25/35	167,184	7,157,550
Series 2006-FA2 Class 1A4, 0.628%, 5/25/36	19,221	1,169,616
GSMPS Mortgage Loan Trust Series 1998-5 Class IO, 0.97%, 6/19/27 (b)	6,754	126,984
Homebanc Mortgage Trust Series 2005-4 Class A1, 2.742%, 10/25/35 (a)	4,657	3,832,763
Indymac Index Mortgage Loan Trust Series 2006-AR33 Class 4AX, 0.165%, 1/25/37 (b)	145,063	570,198
JPMorgan Mortgage Trust:		
Series 2005-S1 Class 2A1, 8%, 1/25/35	5,936	5,433,137
Series 2006-A7 Class 2A2, 5.801%, 1/25/37 (a)	1,382	1,266,305
Kidder Peabody Acceptance Corp Series 1993-1 Class A6, 12.031%, 8/25/23 (a)	105	105,148
Kidder Peabody Mortgage Assets Trust Series B Class A2, 9.50%, 4/22/18 (b)	50	9,616
Luminent Mortgage Trust Series 2006-A1 Class 2A1, 2.642%, 12/25/36 (a)	4,767	2,907,548
MASTR Adjustable Rate Mortgages Trust Series 2004-3 Class 3AX, 0.977%, 4/25/34 (b)	20,871	211,029
MASTR Alternative Loans Trust:		
Series 2003-7 Class 4A3, 8%, 11/25/18	1,350	1,439,092
Series 2003-9 Class 15X2, 6%, 1/25/19 (b)	1,192	252,659
MASTR Asset Securitization Trust Series 2004-3 Class 4A15, 0%, 3/25/34 (f)	314	110,755
Morgan Stanley Mortgage Loan Trust Series 2004-3 Class 1AX, 5%, 5/25/19 (b)	1,341	158,577
Painwebber CMO Trust Series 88M, 13.80%, 9/01/18	13	
Residential Accredit Loans, Inc. (a):		
Series 2005-QS16 Class A2, 0%, 11/25/35 (b)	131,328	4,897,652
Series 2006-Q03 Class A1, 2.682%, 4/25/46	2,991	1,893,139
Series 2006-Q04 Class 2A2, 2.712%, 4/25/46	3,240	1,296,122
Residential Asset Securitization Trust Series 2005-A15 Class 1A8, 0%, 2/25/36 (f)	983	452,294
Residential Funding Securities LLC Series 2003-RM2 Class A15, 8.50%, 5/25/33	9,057	9,507,037
Sequoia Mortgage Trust Series 2005-2 Class XA, 0.998%, 3/20/35 (b)	49,570	604,757
Structured Adjustable Rate Mortgage Loan Trust:		
Series 2004-11 Class A, 5.418%, 8/25/34 (a)	1,859	1,857,428
Series 2005-18 Class 7AX, 5.50%, 9/25/35 (b)	4,725	568,079
Series 2005-20 Class 3AX, 5.50%, 10/25/35 (b)	3,802	537,006
Series 2006-2 Class 4AX, 5.50%, 3/25/36 (b)	12,482	2,432,828
Series 2006-7 Class 3AS, 2.374%, 8/25/36 (b)	40,199	4,546,465
Structured Mortgage Asset Residential Trust Series 1993-3C Class CX, 0%, 4/25/24 (f)	11	5,767
Summit Mortgage Trust Series 2000-1 Class B1, 6.647%, 12/28/12 (a)(g)	4	3,923
Vendee Mortgage Trust Series 1999-2 Class 11O, 0.052%, 5/15/29 (b)	77,958	192,963
WaMu Mortgage Pass-Through Certificates (a):		
Series 2005-AR4 Class A3, 4.585%, 4/25/35	3,000	2,912,971
Series 2006-AR1 Class 2A1C, 4.598%, 1/25/46	7,004	3,151,890
Washington Mutual Alternative Mortgage Pass-Through Certificates: Series 2005-8 Class 1A4, 1.215%, 10/25/35 (b)	8,654	274,932

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Series 2005-9 Class CP, 0%, 11/25/35 (f)	918	555,147
Series 2007-1 Class 1A3, 2.842%, 2/25/37 (a)	7,488	5,290,007
		100,381,639

**Non-U.S. Government Agency  
Mortgage-Backed Securities**

	Par (000)	Value
<b>Commercial Mortgage-Backed Securities 1.4%</b>		
CS First Boston Mortgage Securities Corp. Series 1997-C1 Class AX, 1.672%, 6/20/29 (b)	\$ 5,369	\$ 230,609
Commercial Mortgage Acceptance Corp. Series 1997-ML1 Class IO, 0.705%, 12/15/30 (b)	12,238	404,491
Credit Suisse Mortgage Capital Certificates Series 2007-C2 Class A3, 5.542%, 1/15/49 (a)	2,420	2,171,110
First Union-Lehman Brothers Commercial Mortgage Series 1997-C2 Class D, 7.12%, 11/18/29	3,500	3,652,844
Morgan Stanley Capital I Series 1997-HF1 Class X, 3.438%, 7/15/29 (b)	68	8
		6,459,062
<b>Total Non-U.S. Government Agency Mortgage-Backed Securities 24.0%</b>		106,840,701

**U.S. Government and Agency Obligations**

Federal Housing Administration:

General Motors Acceptance Corp. Projects, Series 56, 7.43%, 11/01/22	340	347,040
Merrill Projects, Series 54, 7.43%, 2/01/23 (h)	2	2,365
Reilly Project, Series 41, 8.28%, 3/01/20	724	738,887
USGI Projects, Series 87, 7.43%, 12/01/22	76	77,980
USGI Projects, Series 99, 7.43%, 6/01/21	5,234	5,338,872
USGI Projects, Series 99, 7.43%, 10/01/23	80	81,978
USGI Projects, Series 99, 7.43%, 10/01/23	237	242,207
Overseas Private Investment Corp.:		
4.09%, 5/29/12	338	353,036
4.30%, 5/29/12 (a)	847	922,243
4.64%, 5/29/12	715	791,080
4.68%, 5/29/12	404	426,702
4.87%, 5/29/12	3,072	3,432,089
Resolution Funding Corp., 0%, 4/15/30 (f)	13,000	4,624,178
Small Business Administration Series 1, 1%, 4/01/15 (b)	4,368	43,681
U.S. Treasury Strips, 0%, 11/15/24 (d)(i)	40,000	19,235,920

**Total U.S. Government and Agency Obligations 8.3%** 36,658,258

**Total Long-Term Securities (Cost \$577,763,665) 137.5%** 610,460,949

**Short-Term Securities**

**U.S. Government & Agency Obligations 0.2%**

Federal Home Loan Bank, 2.60%, 9/02/08 (j)	800	800,000
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**Borrowed Bond Agreement 4.7%**

Lehman Brothers Inc., 2.08% to 9/15/08	20,748	20,748,444
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<b>Total Short-Term Securities (Cost \$21,548,444) 4.9%</b>	21,548,444
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**Options Purchased****Contracts (k)****Call Swaptions Purchased**

Receive a fixed rate of 5.39% and pay a floating rate based on 3-month LIBOR, expiring March 2012	7	454,323
Receive a fixed rate of 5.47% and pay a floating rate based on 3-month LIBOR, expiring May 2012	12	808,009
Receive a fixed rate of 5.78% and pay a floating rate based on 3-month LIBOR, expiring August 2010	2	228,043
Receive a fixed rate of 6.025% and pay a floating rate based on 3-month LIBOR, expiring June 2012	8	766,109
		2,256,484

**Put Swaptions Purchased**

Pay a fixed rate of 5.39% and receive a floating rate based on 3-month LIBOR, expiring March 2012	7	300,877
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See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

Options Purchased (concluded)	Contracts (k)	Value
<b>Put Swaptions Purchased (concluded)</b>		
Pay a fixed rate of 5.47% and receive a floating rate based 3-month LIBOR, expiring May 2012	12	\$ 490,866
Pay a fixed rate of 5.78% and receive a floating rate based 3-month LIBOR, expiring August 2010	2	52,226
Pay a fixed rate of 6.025% and receive a floating rate based on 3-month LIBOR, expiring June 2012	8	226,463
		1,070,432
<b>Total Options Purchased</b> (Cost \$2,446,908) 0.7%		3,326,916
<b>Total Investments before Borrowed Bond, TBA Sale Commitments and Options Written</b> (Cost \$601,759,017*) 143.1%		635,336,309

Borrowed Bond	Par (000)	
U.S. Treasury Note, 4.75% 5/31/12	\$ (19,505)	(20,823,109)
<b>Total Borrowed Bond</b> (Proceeds \$19,383,094) (4.7)%		(20,823,109)
<b>TBA Sale Commitments</b>		
Fannie Mae Guaranteed Pass-Through Certificates, 6.0%, 10/01/36 - 7/01/37	(14,300)	(14,454,955)
Ginnie Mae MBS Certificates, 5.50%, 9/15/38	(6,000)	(5,971,872)
<b>Total TBA Sale Commitments</b> (Proceeds \$20,284,422) (4.6)%		(20,426,827)

Options Written	Contracts (k)	
<b>Call Swaptions Written</b>		
Pay a fixed rate of 4.7525% and receive a floating rate based on 3-month LIBOR, expiring May 2009	30	(943,020)



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Pay a fixed rate of 5.325% and receive a floating rate based on 3-month LIBOR, expiring July 2013	11	(402,808)
Pay a fixed rate of 5.485% and receive a floating rate based on expiring 3-month LIBOR, expiring October 2009	5	(370,451)
Pay a fixed rate of 5.67% and receive a floating rate based on 3-month LIBOR, expiring January 2010	12	(969,519)
		(2,685,798)

**Put Swaptions Written**

Receive a fixed rate of 4.7525% and pay a floating rate based on 3-month LIBOR, expiring May 2009	30	(761,670)
Receive a fixed rate of 5.325% and pay a floating rate based on 3-month LIBOR, expiring July 2013	11	(309,890)
Receive a fixed rate of 5.485% and pay a floating rate based on 3-month LIBOR, expiring October 2009	5	(82,334)
Receive a fixed rate of 5.67% and pay a floating rate based on 3-month LIBOR, expiring January 2010	12	(176,365)
		(1,330,259)

<b>Total Options Written</b> <b>(Premiums Received \$4,365,959) (0.9)%</b>		(4,016,057)
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<b>Total Investments net of Borrowed Bond,</b> <b>TBA Sale Commitments and Options Written 132.9%</b>		590,070,316
<b>Liabilities in Excess of Other Assets (32.9%)</b>		(146,016,406)

**Net Assets 100.0%** \$ 444,053,910

\* The cost and unrealized appreciation (depreciation) of investments, as of August 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 601,894,653
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Gross unrealized appreciation