

BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC

Form DEF 14A

June 16, 2006

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Soliciting Material Under Rule |
| <input type="checkbox"/> Confidential, For Use of the
Commission Only (as permitted
by Rule 14a-6(e)(2)) | 14a-12 |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | |
| <input type="checkbox"/> Definitive Additional Materials | |

THE BLACKROCK INVESTMENT QUALITY MUNICIPAL TRUST INC. (BKN)
THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC. (BRM)
THE BLACKROCK CALIFORNIA INSURED MUNICIPAL 2008 TERM TRUST INC. (BFC)
THE BLACKROCK FLORIDA INSURED MUNICIPAL 2008 TERM TRUST (BRF)
THE BLACKROCK NEW YORK INSURED MUNICIPAL 2008 TERM TRUST INC. (BLN)
THE BLACKROCK BROAD INVESTMENT GRADE 2009 TERM TRUST INC. (BCT)
THE BLACKROCK INCOME TRUST INC. (BKT)
THE BLACKROCK HIGH YIELD TRUST (BHY)
THE BLACKROCK MUNICIPAL TARGET TERM TRUST INC. (BMN)
THE BLACKROCK CALIFORNIA INVESTMENT QUALITY MUNICIPAL TRUST INC. (RAA)
THE BLACKROCK FLORIDA INVESTMENT QUALITY MUNICIPAL TRUST (RFA)
THE BLACKROCK NEW JERSEY INVESTMENT QUALITY MUNICIPAL TRUST INC. (RNJ)
THE BLACKROCK NEW YORK INVESTMENT QUALITY MUNICIPAL TRUST INC. (RNY)
THE BLACKROCK INCOME OPPORTUNITY TRUST INC. (BNA)
THE BLACKROCK INSURED MUNICIPAL TERM TRUST INC. (BMT)
THE BLACKROCK PENNSYLVANIA STRATEGIC MUNICIPAL TRUST (BPS)
THE BLACKROCK STRATEGIC MUNICIPAL TRUST (BSD)
BLACKROCK FLORIDA MUNICIPAL INCOME TRUST (BBF)
BLACKROCK MUNICIPAL INCOME TRUST (BFK)
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BLACKROCK CALIFORNIA MUNICIPAL BOND TRUST (BZA)
BLACKROCK FLORIDA MUNICIPAL BOND TRUST (BIE)

BLACKROCK MARYLAND MUNICIPAL BOND TRUST (□BZM□)
BLACKROCK NEW JERSEY MUNICIPAL BOND TRUST (□BLJ□)
BLACKROCK NEW YORK MUNICIPAL BOND TRUST (□BQH□)
BLACKROCK VIRGINIA MUNICIPAL BOND TRUST (□BHV□)
BLACKROCK MUNICIPAL INCOME TRUST II (□BLE□)
BLACKROCK CALIFORNIA MUNICIPAL INCOME TRUST II (□BCL□)
BLACKROCK NEW YORK MUNICIPAL INCOME TRUST II (□BFY□)
BLACKROCK INSURED MUNICIPAL INCOME TRUST (□BYM□)
BLACKROCK CALIFORNIA INSURED MUNICIPAL INCOME TRUST (□BCK□)
BLACKROCK FLORIDA INSURED MUNICIPAL INCOME TRUST (□BAF□)
BLACKROCK NEW YORK INSURED MUNICIPAL INCOME TRUST (□BSE□)
BLACKROCK PREFERRED OPPORTUNITY TRUST (□BPP□)
BLACKROCK LIMITED DURATION INCOME TRUST (□BLW□)
BLACKROCK MUNICIPAL 2020 TERM TRUST (□BKK□)
BLACKROCK FLORIDA MUNICIPAL 2020 TERM TRUST (□BFO□)
BLACKROCK DIVIDEND ACHIEVERS(TM) TRUST (□BDV□)
BLACKROCK STRATEGIC DIVIDEND ACHIEVERS(TM) TRUST (□BDT□)
BLACKROCK S&P QUALITY RANKINGS GLOBAL EQUITY MANAGED TRUST (□BQY□)
BLACKROCK GLOBAL FLOATING RATE INCOME TRUST (□BGT□)
BLACKROCK GLOBAL ENERGY AND RESOURCES TRUST (□BGR□)
BLACKROCK HEALTH SCIENCES TRUST (□BME□)
BLACKROCK HIGH INCOME SHARES (□HIS□)
BLACKROCK GLOBAL OPPORTUNITIES EQUITY TRUST (□BOE□)
BLACKROCK ENHANCED DIVIDEND ACHIEVERS (TM) TRUST (□BDJ□)
BLACKROCK WORLD INVESTMENT TRUST (□BWC□)
BLACKROCK LONG-TERM MUNICIPAL ADVANTAGE TRUST (□BTA□)

**BLACKROCK CLOSED-END FUNDS
100 BELLEVUE PARKWAY
WILMINGTON, DELAWARE 19809**

**NOTICE OF JOINT SPECIAL MEETING OF
STOCKHOLDERS/SHAREHOLDERS
TO BE HELD ON AUGUST 23, 2006**

Notice is hereby given to the Stockholders/Shareholders of each of the BlackRock Closed-End Funds listed on *Appendix A* to the Proxy Statement accompanying this notice (collectively, the "Trusts") that:

A Joint Special Meeting of Stockholders/Shareholders of the Trusts (the "Special Meeting") will be held at the New York Marriott East Side, 525 Lexington Avenue, New York, New York on Wednesday, August 23, 2006, at 2:00 p.m. (New York City time). For the sake of convenience and clarity, individual Trusts are identified throughout this notice and the attached Proxy Statement by their trading symbols. **A list of the Trusts setting forth each Trust's full name and trading symbol and the proposals for which the shareholders of each Trust will vote is set forth in the Proxy Statement at page 3.** The Special Meeting is being held for the following purposes:

1. For shareholders of each Trust, to approve a new investment management agreement.
2. For shareholders of each of the Trusts that have entered into a sub-advisory agreement, to approve a new investment sub-advisory agreement.
3. To transact such other business as may properly come before the Special Meeting or any adjournments or postponements thereof.

THE BOARD OF DIRECTORS OR BOARD OF TRUSTEES, AS THE CASE MAY BE (THE "DIRECTORS" OR THE "BOARD"), OF EACH TRUST, INCLUDING THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE PROPOSALS.

We encourage you to contact The Altman Group toll free at 1-800-820-2412 from 9:00 a.m. to 6:00 p.m. (New York City time) if you have any questions.

The Board of each Trust has fixed the close of business on June 5, 2006 as the record date for the determination of Stockholders/Shareholders entitled to notice of, and to vote at, the Special Meeting. We urge you to mark, sign, date, and mail the enclosed proxy in the postage-paid envelope provided or record your voting instructions via telephone or the Internet (for those Trusts that permit voting by telephone or Internet) so you will be represented at the Special Meeting.

By order of the
Board of each Trust
Vincent B. Tritto, Secretary of each Trust

New York, New York
June 23, 2006

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE SPECIAL MEETING IN PERSON OR BY PROXY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE BY TELEPHONE, INTERNET OR MAIL. (NOT EVERY TRUST PERMITS VOTING BY INTERNET AND TELEPHONE. PLEASE CHECK YOUR PROXY CARD.) IF VOTING BY MAIL PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. IF YOU ATTEND THE SPECIAL MEETING AND WISH TO VOTE IN PERSON, YOU WILL BE ABLE TO DO SO AND YOUR VOTE AT THE SPECIAL MEETING WILL REVOKE ANY PROXY YOU MAY HAVE SUBMITTED. YOUR VOTE IS EXTREMELY IMPORTANT. NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN, PLEASE SEND IN YOUR PROXY CARD OR VOTE BY INTERNET OR TELEPHONE TODAY.

**BLACKROCK CLOSED-END FUNDS
PROXY STATEMENT
FOR
JOINT SPECIAL MEETING OF STOCKHOLDERS/SHAREHOLDERS
TO BE HELD ON AUGUST 23, 2006**

This document will give you the information you need to vote on the matters listed on the accompanying Notice of Joint Special Meeting of Stockholders/Shareholders ("Notice of Special Meeting"). Much of the information in this joint proxy statement ("Proxy Statement") is required under rules of the Securities and Exchange Commission ("SEC"); some of it is technical. If there is anything you don't understand, please contact The Altman Group toll-free at 1-800-820-2412.

This Proxy Statement is furnished in connection with the solicitation by the respective Board of Directors or Trustees, as the case may be (the "Board"), of each Trust (as defined in the Notice of Special Meeting) of proxies to be voted at the Joint Special Meeting of Stockholders/Shareholders of the Trusts to be held on Wednesday, August 23, 2006, and any adjournment or postponement thereof (the "Special Meeting"). The Special Meeting will be held at the New York Marriott East Side, 525 Lexington Avenue, New York, New York, on August 23, 2006, at 2:00 p.m. (New York City time). As used in the Notice of Special Meeting and as used herein, the term "Board of Directors" shall include Boards of Trustees, "Directors" shall include Trustees, the term "shareholders" shall include stockholders and the term "share" shall include stock where the use of the terms "Board of Trustees" or "Trustees" or "stockholders" or "stock" would otherwise be appropriate. This Proxy Statement, the Notice of Special Meeting and the enclosed proxy card are first being sent to the Trusts' shareholders on or about June 23, 2006.

Questions and Answers About our Special Meeting

The following questions and answers provide brief answers to frequently asked questions concerning our special meeting. These questions and answers do not, and are not intended to, address all questions that may be important to you. You should read the remainder of this proxy statement carefully, including all of the appendices.

*** WHY IS A SPECIAL SHAREHOLDER MEETING BEING HELD?**

BlackRock, Inc. ("BlackRock") is the parent company of each Trust's investment advisor and, if applicable, sub-advisor. BlackRock Advisors, Inc. (the "Advisor") is the investment advisor for each Trust. BlackRock Financial Management, Inc. or, in the case of BGR, State Street Research & Management Company (each, a "Sub-Advisor"), is the sub-advisor for each Trust that has a sub-advisor. The Advisor and the Sub-Advisors sometimes are referred to herein collectively as the "Advisors." On February 15, 2006, BlackRock and Merrill Lynch & Co., Inc. ("Merrill Lynch") announced that they had entered into an agreement pursuant to which Merrill Lynch will contribute its investment management business, Merrill Lynch Investment Managers ("MLIM"), to BlackRock, one of the largest publicly traded investment management firms in the United States, to form a new asset management company that will be one of the world's preeminent, diversified global money management organizations with approximately \$1 trillion of assets under management (the "Transaction"). The new company will operate under the BlackRock name and be governed by a board of directors with a majority of independent members. Although BlackRock has informed the Directors that it does not believe the Transaction will be an assignment of the Trusts' current investment management agreements or sub-advisory agreements under the Investment Company Act of 1940 (the "1940 Act"), it is possible that the Transaction could be determined to be such an assignment, which would result in the automatic termination of each current agreement. Due to this uncertainty, each Trust is submitting a new investment management agreement and, if applicable, new sub-advisory agreement to its shareholders to prevent any potential disruption in the Advisor's and, if applicable, the Sub-Advisor's ability to continue to provide services to the Trusts after completion of the Transaction. The new agreements will be effective upon completion of the Transaction or, if the Transaction is not completed, at such time as the Board determines.

*** WHAT IS THE RATIONALE FOR THE TRANSACTION?**

The combination of BlackRock and MLIM will form one of the world's preeminent, diversified global money management organizations with approximately \$1 trillion of assets under management. The new company will offer a full range of equity, fixed income, cash management and alternative investment products with strong representation in both retail and institutional channels, in the United States and in non-United States markets. It

will have over 4,500 employees in 18 countries and a major presence in most key markets, including the United States, the United Kingdom, Asia, Australia, the Middle East and Europe. The combination also will create operating efficiencies and the new company will offer BlackRock's clients enhanced portfolio management capabilities.

*** HOW WILL THE TRANSACTION POTENTIALLY BENEFIT ME?**

The new company will have greater resources to serve your investment needs.

*** HOW DOES THE PROPOSED NEW INVESTMENT MANAGEMENT AGREEMENT DIFFER FROM MY TRUST'S CURRENT AGREEMENT?**

The advisory fees payable by each Trust to the Advisor and the services provided under the new investment management agreements are identical to those under the current agreements. While the other terms of the new investment management agreements generally are substantially similar to those of the current agreements, certain revisions have been made in the new investment management agreements in order to standardize terms and language across all BlackRock- and MLIM-sponsored funds. These revisions are described in this Proxy Statement.

*** HOW DOES THE PROPOSED NEW INVESTMENT SUB-ADVISORY AGREEMENT, IF APPLICABLE, DIFFER FROM MY TRUST'S CURRENT AGREEMENT?**

The advisory fees payable by the Advisor to the Sub-Advisor and the services provided under each new sub-advisory management agreements are identical to those under the current agreements. While the other terms of the new investment sub-advisory agreements generally are substantially similar to those of the current agreements, certain revisions have been made in the new sub-advisory agreements in order to standardize terms and language across all BlackRock- and MLIM-sponsored funds. These revisions are described in this Proxy Statement.

*** WILL MY TRUST'S FEES FOR ADVISORY OR SUB-ADVISORY SERVICES INCREASE?**

No. The fees payable under your current investment management agreement and, if applicable, sub-advisory agreement will remain the same under the new agreements.

*** WILL THERE BE ANY CHANGES TO THE PERSONS MANAGING MY TRUST FOLLOWING THE TRANSACTION?**

BlackRock has advised the Board of each Trust that, in the course of combining the investment management operations of BlackRock and MLIM, some changes to portfolio managers or portfolio management teams will occur for some Trusts, subject to the consent of the Board and appropriate notice to shareholders, and that in other cases the current portfolio managers or management teams will remain in place. Those changes that BlackRock currently intends to propose to the Boards are described in this Proxy Statement.

*** WHAT AM I BEING ASKED TO VOTE "FOR" IN THIS PROXY?**

You are being asked to vote in favor of proposals to:

1. Approve a new investment management agreement with the Advisor for your Trust. This new investment management agreement will take effect when the combination of Merrill Lynch's investment management business with BlackRock is completed or, if the Transaction is not completed, at such time as the Board determines.
2. Approve a new investment sub-advisory agreement, if applicable, with the Sub-Advisor for your Trust. This new investment sub-advisory agreement will take effect when the combination of Merrill Lynch's investment management business with BlackRock is completed or, if the Transaction is not completed, at such time as the Board determines.

A list of the Trusts setting forth each Trust's full name and trading symbol as well as a summary of proposals and Trusts affected is set forth below:

NAME	TRADING SYMBOL	PROPOSAL NO. 1 TO APPROVE NEW INVESTMENT MANAGEMENT AGREEMENT	PROPOSAL NO. 2 TO APPROVE NEW INVEST- MENT SUB- ADVISORY AGREEMENT ¹
THE BLACKROCK INVESTMENT QUALITY MUNICIPAL TRUST INC.	BKN	√	
THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC.	BRM	√	
THE BLACKROCK CALIFORNIA INSURED MUNICIPAL 2008 TERM TRUST INC.	BFC	√	
THE BLACKROCK FLORIDA INSURED MUNICIPAL 2008 TERM TRUST	BRF	√	
THE BLACKROCK NEW YORK INSURED MUNICIPAL 2008 TERM TRUST INC.	BLN	√	
THE BLACKROCK BROAD INVESTMENT GRADE 2009 TERM TRUST INC.	BCT	√	√
THE BLACKROCK INCOME TRUST INC.	BKT	√	√
THE BLACKROCK HIGH YIELD TRUST	BHY	√	√
THE BLACKROCK MUNICIPAL TARGET TERM TRUST INC.	BMN	√	
THE BLACKROCK CALIFORNIA INVESTMENT QUALITY MUNICIPAL TRUST INC.	RAA	√	
THE BLACKROCK FLORIDA INVESTMENT QUALITY MUNICIPAL TRUST	RFA	√	
THE BLACKROCK NEW JERSEY INVESTMENT QUALITY MUNICIPAL TRUST INC.	RNJ	√	
THE BLACKROCK NEW YORK INVESTMENT QUALITY MUNICIPAL TRUST INC.	RNY	√	

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THE BLACKROCK INCOME OPPORTUNITY TRUST INC.	BNA	√	√
THE BLACKROCK INSURED MUNICIPAL TERM TRUST INC.	BMT	√	
THE BLACKROCK PENNSYLVANIA STRATEGIC MUNICIPAL TRUST	BPS	√	√
THE BLACKROCK STRATEGIC MUNICIPAL TRUST	BSD	√	√
BLACKROCK FLORIDA MUNICIPAL INCOME TRUST	BBF	√	√
BLACKROCK MUNICIPAL INCOME TRUST	BFK	√	√
BLACKROCK CALIFORNIA MUNICIPAL INCOME TRUST	BFZ	√	√
BLACKROCK NEW JERSEY MUNICIPAL INCOME TRUST	BNJ	√	√
BLACKROCK NEW YORK MUNICIPAL INCOME TRUST	BNY	√	√
BLACKROCK CALIFORNIA MUNICIPAL 2018 TERM TRUST	BJZ	√	√
BLACKROCK MUNICIPAL 2018 TERM TRUST	BPK	√	√
BLACKROCK NEW YORK MUNICIPAL 2018 TERM TRUST	BLH	√	√
BLACKROCK CORE BOND TRUST	BHK	√	√
BLACKROCK STRATEGIC BOND TRUST	BHD	√	√
BLACKROCK MUNICIPAL BOND TRUST	BBK	√	√
BLACKROCK CALIFORNIA MUNICIPAL BOND TRUST	BZA	√	√
BLACKROCK FLORIDA MUNICIPAL BOND TRUST	BIE	√	√
BLACKROCK MARYLAND MUNICIPAL BOND TRUST	BZM	√	√
BLACKROCK NEW JERSEY MUNICIPAL BOND TRUST	BLJ	√	√
BLACKROCK NEW YORK MUNICIPAL BOND TRUST	BQH	√	√
BLACKROCK VIRGINIA MUNICIPAL BOND TRUST	BHV	√	√
BLACKROCK MUNICIPAL INCOME TRUST II	BLE	√	√

Trusts designated in this column as voting on Proposal 2 have entered into a sub-advisory agreement and are referred to in the proxy statement as the "Sub-Advised Trusts".

NAME	TRADING SYMBOL	PROPOSAL NO. 1 TO APPROVE NEW INVESTMENT MANAGEMENT AGREEMENT	PROPOSAL NO. 2 TO APPROVE NEW INVEST- MENT SUB- ADVISORY AGREEMENT ¹
BLACKROCK CALIFORNIA MUNICIPAL INCOME TRUST II	BCL	√	√
BLACKROCK NEW YORK MUNICIPAL INCOME TRUST II	BFY	√	√
BLACKROCK INSURED MUNICIPAL INCOME TRUST	BYM	√	√
BLACKROCK CALIFORNIA INSURED MUNICIPAL INCOME TRUST	BCK	√	√
BLACKROCK FLORIDA INSURED MUNICIPAL INCOME TRUST	BAF	√	√
BLACKROCK NEW YORK INSURED MUNICIPAL INCOME TRUST	BSE	√	√
BLACKROCK PREFERRED OPPORTUNITY TRUST	BPP	√	√
BLACKROCK LIMITED DURATION INCOME TRUST	BLW	√	√
BLACKROCK MUNICIPAL 2020 TERM TRUST	BKK	√	√
BLACKROCK FLORIDA MUNICIPAL 2020 TERM TRUST	BFO	√	√
BLACKROCK DIVIDEND ACHIEVERS(TM) TRUST	BDV	√	√
BLACKROCK STRATEGIC DIVIDEND ACHIEVERS(TM) TRUST	BDT	√	√
BLACKROCK S&P QUALITY RANKINGS GLOBAL EQUITY MANAGED TRUST	BQY	√	√
BLACKROCK GLOBAL FLOATING RATE INCOME TRUST	BGT	√	√
BLACKROCK GLOBAL ENERGY AND RESOURCES TRUST	BGR	√	√
BLACKROCK HEALTH SCIENCES TRUST	BME	√	
BLACKROCK HIGH INCOME SHARES	HIS	√	√

BLACKROCK GLOBAL OPPORTUNITIES EQUITY TRUST	BOE	√	
BLACKROCK ENHANCED DIVIDEND ACHIEVERS (TM) TRUST	BDJ	√	√
BLACKROCK WORLD INVESTMENT TRUST	BWC	√	√
BLACKROCK LONG-TERM MUNICIPAL ADVANTAGE TRUST	BTA	√	√

1 Trusts designated in this column as voting on Proposal 2 have entered into a sub-advisory agreement and are referred to in the proxy statement as the "Sub-Advised Trusts".

*** WHO IS ASKING FOR YOUR VOTE?**

The enclosed proxy is solicited by the Board of each Trust for use at the Special Meeting to be held on Wednesday, August 23, 2006, and, if the Special Meeting is adjourned or postponed, at any later meetings, for the purposes stated in the Notice of Special Meeting. The Notice of Special Meeting, the proxy and this Proxy Statement are being mailed on or about June 23, 2006.

*** HOW DOES THE BOARD SUGGEST I VOTE IN CONNECTION WITH THE NEW INVESTMENT MANAGEMENT AGREEMENT AND, IF APPLICABLE, THE NEW INVESTMENT SUB-ADVISORY AGREEMENT?**

After careful consideration, the Board of each Trust unanimously recommends that you vote FOR the approval of the new investment management agreement and, if applicable, the new investment sub-advisory agreement.

*** WILL MY VOTE MAKE A DIFFERENCE?**

Yes! Your vote is important and is needed to ensure that the proposals can be acted upon. We encourage all shareholders to participate in the governance of their Trust.

*** IS THE TRUST PAYING FOR THE PREPARATION, PRINTING AND MAILING OF THESE PROXY MATERIALS?**

No, all costs will be borne by Merrill Lynch whether or not the proposals are successful.

*** WHOM DO I CALL IF I HAVE QUESTIONS?**

If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call The Altman Group at 1-800-820-2412.

*** HOW DO I VOTE MY SHARES?**

You can vote your shares by attending the Special Meeting, or if you do not expect to attend, by completing and signing the enclosed proxy card(s), and mailing it or them in the enclosed postage-paid envelope. Alternatively, if your Trust permits it, you may vote by telephone by calling the toll-free number on the proxy card or by computer by going to the Internet address provided on the proxy card and following the instructions, using your proxy card as a guide.

A proxy card is enclosed with respect to each Trust in which you own shares. If you own shares in more than one Trust, please complete EACH enclosed proxy card in full. Properly executed proxy cards will be voted by the persons named therein in the manner directed by the shareholder executing the proxy. Except as otherwise described below, properly executed proxy cards that do not give specific direction with respect to specific proposals will be voted FOR Proposals 1 and 2, if applicable, and in the best judgment of the named proxies as to any other matters.

Votes cast in person or by proxy at the Meeting will be tabulated by the inspectors of election appointed for the Meeting. The inspectors of election will determine whether or not a quorum is present at the Meeting with respect to each Trust. The inspectors of election will treat abstentions and "broker non-votes" (i.e., shares held by brokers or nominees, typically in "street name," as to which proxies have been returned but (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

In the event that a quorum is not present at the Meeting with respect to one or more Trusts, or in the event that a quorum is present but sufficient votes to approve any of the proposals are not received, the persons named as proxies may propose one or more adjournments of the Meeting with respect to such Trusts to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of a majority of those shares of the respective Trust represented at the Meeting in person or by proxy. In the event a quorum is not present, the persons named as proxies will vote those proxies that they are entitled to vote FOR adjournment if they believe the adjournment and additional proxy solicitation are reasonable and in the best interests of shareholders. In the event a quorum is present, but sufficient votes to approve a proposal are not received, the persons named as proxies will vote those proxies FOR adjournment if they believe the adjournment and additional proxy solicitation are reasonable and in the best interests of shareholders, provided that they will vote AGAINST adjournment for any shares that had voted against the proposal. A shareholder vote may be taken on any of the proposals in this Proxy Statement prior to any such adjournment if sufficient votes have been received for approval.

Broker-dealer firms holding shares in "street name" for the benefit of their customers and clients will request the instructions of such customers and clients on how to vote their shares on each proposal before the Special Meeting. The New York Stock Exchange (the "NYSE") may take the position that broker-dealers that are members of the NYSE and that have not received instructions from a customer may not vote such customer's shares on any of the proposals. A signed proxy card or other authorization by a beneficial owner of shares that does not specify how the beneficial owner's shares are to be voted on a proposal will be deemed to be an instruction to vote such shares in favor of the applicable proposal. If any other business is brought before your Trust's Special Meeting, your shares will be voted at your proxy holder's discretion.

Some broker-dealers are affiliates of BlackRock and Merrill Lynch and therefore have an interest in the outcome of the voting on the new investment advisory agreements in Proposal 1 and the new sub-advisory agreements in Proposal 2, if applicable, and stand to benefit if these proposals are approved. With respect to any shares for which a BlackRock- or Merrill Lynch-affiliated service organization that is not a member of the NYSE (such as a bank or other entity acting as a trustee) is the holder of record and for which it does not receive voting instructions from its customers, such service organization may to the extent permitted by law vote those shares in the same proportion as the votes received from its customers for which instructions have been received.

If you beneficially own shares that are held in "street name" through a broker-dealer or that are held of record by a service organization, and if you have not given or do not give voting instructions for your shares, they may not be voted at all or, as described above, may be voted in a manner that you may not intend. Therefore, you are

strongly encouraged to be sure your broker-dealer or service organization has instructions as to how you want your shares to be voted.

*** MAY I CHANGE MY VOTE AFTER I HAVE MAILED MY PROXY?**

Yes. Shareholders may revoke their proxies at any time prior to the time they are voted by giving written notice to the Secretary of the Trust by delivering a subsequently dated proxy or by attending and voting at the Special Meeting.

*** WHO IS ELIGIBLE TO VOTE?**

Shareholders of record of each Trust at the close of business on June 5, 2006 are entitled to be present and to vote at the Special Meeting or any adjourned or postponed meeting. Each common share and each preferred share, if any, is entitled to one vote.

*** HOW MANY SHARES OF EACH TRUST WERE OUTSTANDING AS OF THE RECORD DATE?**

Appendix C sets forth the number of outstanding shares for each Trust at the close of business on June 5, 2006.

*** WHAT IS A QUORUM FOR PURPOSES OF THE PROPOSALS BEING VOTED ON AT THE SPECIAL MEETING?**

The holders of a majority of outstanding common shares and preferred shares, if any, taken together, of each Trust present at the Special Meeting in person or by proxy will constitute a quorum for each proposal.

*** WHAT VOTE IS REQUIRED TO APPROVE THE PROPOSALS?**

To become effective with respect to a particular Trust, each Proposal must be approved by a vote of a majority of the outstanding voting securities of that Trust. The "vote of a majority of the outstanding voting securities" is defined in the 1940 Act as the lesser of the vote of (i) 67% or more of the voting securities of a Trust entitled to vote thereon present at the Special Meeting or represented by proxy if holders of more than 50% of the outstanding voting securities are present or represented by proxy; or (ii) more than 50% of the outstanding voting securities of the Trust entitled to vote thereon.

*** WHY DOES THIS PROXY STATEMENT LIST SEVERAL CLOSED-END FUNDS?**

The Trusts have similar proposals and it is cost-efficient to have a joint proxy statement and one special meeting. In the event that any shareholder present at the Special Meeting objects to the holding of a joint meeting and moves for an adjournment of his or her Trust's meeting to a time immediately after the Special Meeting so that such Trust's meeting may be held separately, the persons named as proxies will vote in favor of such adjournment. Shareholders of each Trust will vote separately on the respective Proposals relating to their Trust. In any event, an unfavorable vote on any Proposal by the shareholders of one Trust will not affect the implementation of such Proposal by another Trust if the Proposal is approved by the shareholders of that Trust.

The Proposals

*** FIRST PROPOSAL: TO APPROVE NEW INVESTMENT MANAGEMENT AGREEMENTS**

At the Special Meeting, you will be asked to approve a new investment management agreement between each Trust in which you own shares and the Advisor (each, a "New Management Agreement" and, collectively, the "New Management Agreements"). The Advisor is responsible for the overall investment management of each Trust. A general description of the proposed New Management Agreements and a comparison of the proposed New Management Agreements and the investment management agreements currently in effect for each Trust (each, a "Current Management Agreement" and, collectively, the "Current Management Agreements") are included below. The form of New Management Agreement is attached hereto as *Appendix D*. The date of the Current Management Agreement applicable to each Trust and the date on which it was last approved by shareholders are provided in *Appendix E*. As described below, each Current Management Agreement was last approved for continuance by the Board on May 23, 2006, except the Current Management Agreement for BTA was approved on January 17, 2006.

DESCRIPTION OF THE TRANSACTION

On February 15, 2006, BlackRock, the parent company of the Advisor and the Sub-Advisors, and Merrill Lynch announced that they had entered into an agreement pursuant to which Merrill Lynch would contribute its investment management business, MLIM, to BlackRock, one of the largest publicly traded investment management firms in the United States, to form a new asset management company that will be one of the world's preeminent, diversified global money management organizations with approximately \$1 trillion in assets under management. Based in New York, BlackRock currently manages assets for institutional and individual investors worldwide through a variety of equity, fixed income, cash management and alternative investment products. The new company will operate under the BlackRock name and be governed by a board of directors with a majority of independent members. The new company will offer a full range of equity, fixed income, cash management and alternative investment products with strong representation in both retail and institutional channels, in the U.S. and in non-U.S. markets. It will have over 4,500 employees in 18 countries and a major presence in most key markets, including the United States, the United Kingdom, Asia, Australia, the Middle East and Europe. Merrill Lynch will own no more than 49.8% of the total issued and outstanding capital stock of the new company and it will own no more than 45% of the new company's common stock, and The PNC Financial Services Group, Inc. ("PNC"), which currently holds a majority interest in BlackRock, will retain approximately 34% of the new company's common stock. Each of Merrill Lynch and PNC has agreed that it will vote all of its shares on all matters in accordance with the recommendation of BlackRock's board. Completion of the transaction is subject to various regulatory approvals, client consents, approval by BlackRock shareholders and customary conditions. The transaction has been approved by the boards of directors of Merrill Lynch, BlackRock and PNC and is expected to close at the end of the third quarter of 2006.

Although BlackRock has informed the Directors that it does not believe the Transaction will be an assignment of the Current Management Agreements under the 1940 Act, it is possible that the Transaction could be determined to be such an assignment, which would result in the automatic termination of each Current Management Agreement. Due to this uncertainty, each Trust is submitting its New Management Agreement to shareholders to prevent any potential disruption in the Advisor's ability to continue to provide services to the Trusts after completion of the Transaction. The New Management Agreements will be effective upon the completion of the Transaction or, if the Transaction is not completed, at such time as the Board determines.

Members of the Boards met on February 23, 2006, April 21, 2006 and May 23, 2006 for the purpose of, among other things, discussing the impact of the Transaction on the Advisors and the Trusts and considering whether it would be in the best interests of each Trust and its shareholders to approve a New Management Agreement between each Trust and the Advisor. At those Board meetings, and for the reasons discussed below (see "Board Considerations" below), the Boards, including a majority of the Board Members who are not "interested persons" of the Trusts or the Advisor as defined in the 1940 Act (the "Independent Directors"), unanimously approved each New Management Agreement and unanimously recommended its approval by shareholders of the respective Trust in order to assure continuity of investment advisory services to the Trusts after the Transaction. In the event shareholders of a Trust do not approve its New Management Agreement, the respective Board will take such action as it deems to be in the best interests of the Trust and its shareholders.

SECTION 15(F) OF THE 1940 ACT

BlackRock and Merrill Lynch have agreed to conduct their respective businesses (and use reasonable best efforts to cause their respective affiliates) to enable the conditions of Section 15(f) of the 1940 Act to be true in relation to any funds advised by MLIM and registered under the 1940 Act. They have agreed to the same conduct in relation to the BlackRock funds to the extent it is determined the Transaction is an assignment under the 1940 Act. Section 15(f) provides in substance that when a sale of a controlling interest in an investment advisor occurs, the investment advisor or any of its affiliated persons may receive any amount or benefit in connection with the sale so long as two conditions are satisfied. The first condition of Section 15(f) is that during the three-year period following completion of the Transaction, at least 75% of the investment company's board of directors or trustees must not be "interested persons" (as defined in the 1940 Act) of the investment advisor or predecessor advisor. Each Trust currently meets this test. Second, an "unfair burden" must not be imposed on the investment company as a result of the transaction relating to the sale of such interest, or any express or implied terms, conditions or understandings applicable thereto. The term "unfair burden" (as defined in the 1940 Act) includes any arrangement during the two-year period after the transaction whereby the investment advisor (or predecessor or successor advisor), or any "interested person" (as defined in the 1940 Act) of such an advisor, receives or is entitled to receive any compensation, directly or indirectly, from the investment company or its security holders (other than fees for bona fide investment advisory or other services) or from any person in connection with the purchase or sale of securities or other property to, from or on behalf of the investment

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company (other than bona fide ordinary compensation as principal underwriter for the investment company).

THE NEW MANAGEMENT AGREEMENTS

The fees payable by each Trust under each New Management Agreement will be the same as the fees currently payable by each Trust under each Current Management Agreement. In addition, the Advisor has assured the Board that it will continue to provide the same level of advisory and management services to each Trust under the New Management Agreements as provided under the Current Management Agreements. The Current Management Agreements pursuant to which the Trusts receive investment management services are substantially similar to one another, except that the fees paid by the Trusts for management services vary from Trust to Trust.

COMPARISON OF CURRENT MANAGEMENT AGREEMENTS TO THE NEW MANAGEMENT AGREEMENTS

Set forth below is a general description of the terms of the New Management Agreements and a comparison with the terms of the Current Management Agreements. A copy of the form of New Management Agreement is included in this Proxy Statement as *Appendix D* and you should refer to *Appendix D* for the complete terms of the New Management Agreements.

Fees. There is no change in the fees payable by any Trust to the Advisor for investment management services under its New Management Agreement. The current fee schedule for investment management services for each Trust is set forth in *Appendix E*.

Investment Management Services. Each New Management Agreement provides that, subject to the supervision of the Board, the Advisor will regularly provide the Trusts with investment research, advice, management and supervision; will furnish a continuous investment program for the respective Trust consistent with its investment objectives, policies and restrictions; will determine from time to time what securities and other investments will be purchased, retained or sold by the Trusts; and will implement those decisions, all subject to the provisions of the Trust's governing documents, the 1940 Act, the applicable rules and regulations of the SEC, and other applicable federal and state law, as well as any specific policies adopted by the Board and disclosed to the Advisor. Each Current Management Agreement contains similar provisions.

Brokerage Transactions. As noted above, under each Trust's New Management Agreement, the Advisor is authorized to place orders pursuant to its investment determinations for the purchase and sale of securities. These orders may be placed either directly with the issuer or with any broker or dealer. In placing orders with brokers and dealers, each New Management Agreement states that the Advisor will attempt to obtain the best price and the most favorable execution of its orders. In placing orders, the Advisor will consider the experience and skill of the firm's securities traders as well as the firm's financial responsibility and administrative efficiency. Consistent with this obligation, the Advisor may, subject to the approval of the Trust's Board, select brokers on the basis of the research, statistical and pricing services they provide to a Trust and other clients of the Advisor or a Sub-Advisor. Information and research received from such brokers will be in addition to, and not in lieu of, the services required to be performed by the Advisor under the New Management Agreement. A commission paid to such brokers may be higher than that which another qualified broker would have charged for effecting the same transaction, provided that the Advisor determines in good faith that such commission is reasonable in terms of either the transaction or the overall responsibility of the Advisor and Sub-Advisors to the Trust and their other clients and that the total commissions paid by each Trust will be reasonable in relation to the benefits to such Trust over the long-term. In no instance, however, will a Trust's securities be purchased from or sold to the Advisor, the Sub-Advisors or any affiliated person thereof, except to the extent permitted by the SEC or by applicable law. Subject to the foregoing and the provisions of the 1940 Act, the Securities Exchange Act of 1934 (the "1934 Act"), and other applicable provisions of law, the Advisor may select brokers and dealers with which it or the Trust is affiliated. Each Current Management Agreement contains similar provisions, although it is silent on the Advisor's use of affiliated brokers and dealers. The Current Management Agreements contain a provision permitting the Advisor to take into account the sale of shares of a Trust in allocating purchase and sale orders for portfolio securities to brokers or dealers, provided certain requirements were satisfied. This provision has been omitted from the New Management Agreements.

Exclusivity of Services. Each Advisor's services under the New Management Agreements are not deemed to be exclusive, and each Advisor is free to render similar services to others so long as its services under the New Management Agreements are not impaired. Each Current Management Agreement contains a similar provision.

Appointment of Sub-Advisors. Each New Management Agreement expressly states that the Advisor may from time to time, in its sole discretion to the extent permitted by applicable law, appoint one or more sub-advisors, including, without limitation, affiliates of the Advisor, to perform investment advisory services with respect to any Trust. The Advisor may terminate any or all sub-advisors in its sole discretion at any time to the extent permitted by applicable law. Under current rules and SEC interpretations under the 1940 Act, the Advisor would be permitted, without shareholder approval, to hire and fire sub-advisors pro-

vided each sub-advisor was controlled by, controlling or under common control with the Advisor. The Current Management Agreements are silent on such authority.

Payment of Expenses. The New Management Agreements require the Advisor to bear all costs and expenses incurred in connection with its duties thereunder, except that the Board may approve reimbursement to the Advisor of the pro rata portion of the salaries, bonuses, health insurance, retirement benefits and all similar employment costs for the time spent on Trust operations (including, without limitation, compliance matters) (other than the provision of investment advisory services) of all personnel employed by the Advisor who devote substantial time to Trust operations or the operations of other investment companies advised by the Advisor. Each Current Management Agreement contains similar provisions, but does not explicitly identify compliance matters.

Indemnity. The New Management Agreements require that each Trust, subject to the prior consent of the Board, including a majority of the Independent Directors in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations thereunder, indemnify the Advisor, its directors, officers, employees, agents and control persons for liabilities incurred by them in connection with their services to such Trust, subject to certain limitations and conditions. Each Current Management Agreement contains similar provisions.

Limitation on Liability. Under each New Management Agreement, the Advisor is not liable for any error of judgment or mistake of law, or for any loss suffered by a Trust in connection with its performance of the Agreement, except a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services or a loss resulting from willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under the Agreement. Each Current Management Agreement contains similar provisions.

Term and Continuance. If approved by shareholders of a Trust, the New Management Agreement for the Trust will terminate, unless sooner terminated as set forth therein, two years from the date of implementation, unless continuance is specifically approved by (i) the Board or (ii) a "majority of the outstanding voting securities" (as defined in the 1940 Act) of the Trust, provided that in either event the continuance is also approved by a majority of the Independent Directors. Thereafter, if not terminated, each New Management Agreement will continue in effect from year to year if its continuance is re-approved annually as described above. The Current Management Agreements have similar provisions for their term and continuance, although the initial dates of the contracts differ, and the initial term has elapsed in most cases.

Termination. The New Management Agreement for each Trust provides that it may be terminated at any time without the payment of any penalty by the Trust upon not more than 60 days' notice to the Advisor or by the Advisor upon not less than 60 days' written notice to the Trust. A Trust may effect termination by action of the Board or by vote of a majority of the outstanding voting securities of the Trust, accompanied by appropriate notice. Both the Current Management Agreement and the New Management Agreement will terminate automatically in the event of their "assignment" (as defined in the 1940 Act). The Current Management Agreements contain similar termination provisions.

Choice of Law. Both the New Management Agreements and Current Management Agreements are governed by Delaware law.

Use of BlackRock Name. Each New Management Agreement explicitly states that the Advisor has consented to the use by each Trust of the BlackRock name and that such consent is conditioned upon the employment of the Advisor as the investment adviser to such Trust. Under the New Management Agreements, the Advisor may require a Trust to cease using "Black-Rock" in its name if such Trust ceases to employ, for any reason, the Advisor, any successor thereto or any affiliate thereof as investment advisor of the Trust. The Current Management Agreement contains similar provisions.

BOARD CONSIDERATIONS

The Current Management Agreements and the Current Sub-Advisory Agreements (defined below) sometimes are referred to herein collectively as the "Current Agreements". The New Management Agreements and the New Sub-Advisory Agreements (defined below) sometimes are referred to herein collectively as the "New Agreements". The Current Agreements and the New Agreements sometimes are referred to herein collectively as

the "Agreements".

Under the 1940 Act, the continuation of the Agreements is required to be approved annually by the Boards, including the Independent Directors. At a meeting held on May 23, 2006, the Board of each Trust, including the Independent Directors, met to consider the annual continuation of each Current Agreement, other than the Current Agreements for BTA which were

not required to be continued at the meeting because BTA is a new Trust. The Boards first considered the annual continuation of each Current Agreement without considering the impending Transaction because the Current Agreements needed to be reapproved whether or not the Transaction closes. Accordingly, it was appropriate to review each Current Agreement without considering the impending Transaction, and then to separately consider the impact of the Transaction on the Current Agreements.

At the meeting on May 23, 2006, the Board of each Trust, including the Independent Directors, unanimously approved the continuance of each Current Management Agreement and, if applicable, Current Sub-Advisory Agreement for each Trust and then approved a New Management Agreement and a New Sub-Advisory Agreement for each Trust.

Information Received by the Boards

To assist each Board in its evaluation of the Current Agreements, the Independent Directors received information from BlackRock on or about April 22, 2006 which detailed, among other things: the organization, business lines and capabilities of the Advisors, including the responsibilities of various departments and key personnel and biographical information relating to key personnel; financial statements for BlackRock, Inc., The PNC Financial Services Group, Inc. and each Trust; the advisory and/or administrative fees paid by each Trust to the Advisors, including comparisons, compiled by an independent third party, with the management fees of funds with similar investment objectives ("Peers"); the profitability of BlackRock and certain industry profitability analyses for advisors to registered investment companies; the expenses of BlackRock in providing the various services; non-investment advisory reimbursements and "fallout" benefits to BlackRock; the expenses of each Trust, including comparisons of the respective Trust's expense ratios (both before and after any fee waivers) with the expense ratios of its Peers; and each Trust's performance for the past one-, three-, five- and ten-year periods, when applicable, as well as each Trust's performance compared to its Peers. This information supplemented the information received by each Board throughout the year regarding each Trust's performance, expense ratios, portfolio composition, trade execution and compliance.

In addition to the foregoing materials, independent legal counsel to the Independent Directors provided a legal memorandum outlining, among other things, the duties of the Boards under the 1940 Act, as well as the general principles of relevant law in reviewing and approving advisory contracts, the requirements of the 1940 Act in such matters, an advisor's fiduciary duty with respect to advisory agreements and compensation, and the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and factors to be considered by the boards in voting on advisory agreements.

The Independent Directors reviewed this information and discussed it with independent counsel in executive session prior to the Board meeting. At the Board meeting on May 23, 2006, BlackRock made a presentation to and responded to additional questions from the Boards. After the presentations and after additional discussion the Boards considered each Agreement and, in consultation with independent counsel, reviewed the factors set out in judicial decisions and SEC statements relating to the renewal of the Agreements.

Matters Considered by the Boards

The Current Agreements

In connection with their deliberations with respect to the Current Agreements, the Boards considered all factors they believed relevant with respect to each Trust, including the following: the nature, extent and quality of the services to be provided by the Advisors; the investment performance of each Trust; the costs of the services to be provided and profits to be realized by the Advisors and their affiliates from their relationship with the Trusts; the extent to which economies of scale would be realized as the BlackRock closed-end fund complex grows; and whether BlackRock realizes other benefits from its relationship with the Trusts.

Nature and Quality of Investment Advisory and Sub-Advisory Services. In evaluating the nature, extent and quality of the Advisors' services, the Boards reviewed information concerning the types of services that the Advisors provide and are expected to provide to each Trust, narrative and statistical information concerning each Trust's performance record and how such performance compares to each Trust's Peers, information describing BlackRock's organization and its various departments, the experience and responsibilities of key personnel and available resources. The Boards noted the willingness of the personnel of BlackRock to engage in open, candid discussions with the Boards. The Boards further considered the quality of the Advisors' investment process in making portfolio management decisions. Given the Boards' experience with BlackRock, the Boards noted that they were familiar with and continue to have a good understanding of the organization, operations and personnel of BlackRock. The Boards also noted that the formation of Portfolio Review Committees and a Compliance

Committee had helped the Boards to continue to improve their understanding of BlackRock's organization, operations and personnel.

In addition to advisory services, the Independent Directors considered the quality of the administrative or non-investment advisory services provided to the Trusts. In this regard, the Advisors provide each Trust with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Trusts) and officers and other personnel as are necessary for the operations of the respective Trust. In addition to investment management services, the Advisors and their affiliates provide each Trust with services such as: preparing shareholder reports and communications, including annual and semi-annual financial statements and Trust web sites; communications with analysts to support secondary market trading; assisting with daily accounting and pricing; preparing periodic filings with regulators and stock exchanges; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal and compliance support (such as helping to prepare proxy statements and responding to regulatory inquiries); and performing other Trust administrative tasks necessary for the operation of the respective Trust (such as tax reporting and fulfilling regulatory filing requirements). The Boards considered the Advisors' policies and procedures for assuring compliance with applicable laws and regulations.

Investment Performance of the Trusts. As previously noted, the Boards received performance information regarding each Trust and its Peers. Among other things, the Boards received materials reflecting each Trust's historic performance and each Trust's performance compared to its Peers. More specifically, each Trust's one-, three-, five- and ten-year total returns (when applicable) were evaluated relative to its respective Peers (including the performance of individual Peers as well as the Peers' average performance).

The Boards reviewed a narrative analysis of the third-party Peer rankings that was prepared by BlackRock at the Boards' request. The summary placed the Peer rankings into context by analyzing various factors that affect these comparisons. In evaluating the performance information, in certain limited instances, the Boards noted that the Peers most similar to a given Trust still would not adequately reflect such Trust's investment objectives and strategies, thereby limiting the usefulness of the comparisons of such Trust's performance with that of its Peers. The Boards noted that, of the 55 Trusts with investment advisory agreements subject to re-approval at the meeting, four Trusts launched during 2005 had less than one full year of performance as of January 31, 2006 and concluded that a comparison of the investment performance of these Trusts to their Peers was not apposite. Of the remaining 51 Trusts, the Boards determined that the 12 Trusts with finite terms were not comparable to the Peers assigned to them by Lipper because, in accordance with their investment objectives, they manage their duration to reflect their finite lives. Because the portfolios of these 12 Trusts have a shorter duration than those of their Peers, they generally will have lower returns than their Peers, all other things being equal, in order to seek to return to investors their initial investment at the end of the life of these Trusts. The Boards also noted that each of these 12 Trusts performed at least as well as their benchmark in at least two periods in each of the past one-, three- and five-year periods.

Of the 39 other Trusts, the Boards noted that 25 had performed better than or equal to the median of their Peers and benchmarks in each of the past one-, three- and five-year periods (if applicable). The Boards also noted that the remaining 14 Trusts had performed worse than the median of their Peers in at least one of these periods or worse than their applicable benchmark in more than one of these periods. The Boards considered the following reasons why these 14 Trusts may have underperformed their Peers or their benchmarks, but also noted that it is often difficult to determine why a Trust underperformed a Peer because it is difficult to obtain perfect information with respect to the Peers.

- *Shorter Duration than Peers.* The Boards of BKT, BHK, BNA, BKN, BPS, RAA, RFA, RNJ and RNY noted that these nine Trusts had under-performed their respective Peers or their benchmark for one or more periods. The Boards considered that, with respect to the Trusts in this category that invest primarily in municipal securities (BKN, BPS, RAA, RFA, RNJ, and RNY), the Advisor generally limits lengthening the duration of these Trusts in response to changing interest rate environments because the shorter duration bonds owned by these Trusts generally have yields higher than the coupons on longer duration bonds available in the market today. Accordingly, by retaining the short duration bonds currently in the portfolios of these Trusts, the Advisor believes it is better able to maintain the current dividend levels of these Trusts, albeit at the expense of a lower total return than they may have otherwise had with a longer duration portfolio. In addition, in a rising interest rate environment where the yield-curve is normal, the Advisor believes that the Trusts' respective portfolios will have less interest rate risk than a portfolio of longer duration bonds. Although the Advisors could not be certain, they believed BKT, BHK and BNA also under-performed their Peers because they had shorter durations than their Peers. The Board also noted that RFA had out-performed its benchmark for the one-year period, and that all other Trusts in this group had out-performed their benchmarks for at least two of the one-, three- or five-year periods. The Boards also noted that RAA, RFA, RNJ

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and RNY, whose total asset