

BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC

Form N-30D

March 07, 2002

# The Insured Municipal 2008 Term Trust Inc.

## Annual Report December 31, 2001

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**THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC.  
ANNUAL REPORT TO SHAREHOLDERS  
REPORT OF INVESTMENT ADVISOR**

January 31, 2002

Dear Shareholder:

Economic activity slowed significantly during the year, continuing the downturn that began in March 2000. The September 11 attacks on the World Trade Center and the Pentagon accelerated this decline by injecting fear and further uncertainty into an already weak economy. In response to the dramatic slowdown in the U.S. economy, the Federal Reserve Board aggressively lowered interest rates over the year. The Federal Open Market Committee ( FOMC ) cut interest rates eleven times in 2001, reducing interest rates by 4.75%, bringing the current Federal Funds rate to 1.75%, its lowest level since September 1961.

The weakening U.S. economic environment and the accompanying Federal Reserve activity have had a positive effect on the fixed income markets. Virtually all sectors of the domestic fixed income market posted positive returns over the year. As short-term interest rates declined faster than long-term interest rates over the year, the yield curve reached historically steep levels, making it a very attractive environment for leveraged bond funds. Because these funds borrow at short-term rates and invest in longer-term securities, the amount they earn grows as the difference between short-term and long-term rates increases. Furthermore, economic indicators continue to suggest that inflation should remain benign, which should support high-quality fixed income securities, especially those with longer maturities.

While still relatively weak, economic activity in the second half of the fourth quarter started to recover, leading many consumers and investors to be hopeful of a V-shaped economic recovery. While we concur that some level of recovery is underway, we are more cautious than the consensus with regard to the magnitude and timing of the recovery. Our view is that any recovery this year will be moderate, as corporate profits will remain under pressure as a result of lower capital spending, excess capacity and lack of pricing power. Continued pressure on profits will likely lead to additional job cuts, which will create an even more difficult environment for consumers, given their already high level of debt. Given our outlook, we expect a period of prolonged lower interest rates and have positioned the portfolios to take advantage of these low rates. These low short-term rates, coupled with little movement on the long end of the municipal yield curve over the year, have the yield curve at its steepest levels in a decade. As such, we find longer maturities between the 15-year and 20-year part of the curve the most attractive as we can use these maturities to best take advantage of the steepness of the curve. In addition, we expect higher quality and higher coupon securities to perform well as retail investors continue to spark demand for these products in 2002 as they did in 2001.

This annual report contains a summary of market conditions during the annual period and a review of portfolio strategy by your Trust's managers in addition to the Trust's audited financial statements and a listing of the Portfolio's holdings. Continued thanks for

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your confidence in BlackRock. We appreciate the opportunity to help you achieve your long-term investment goals.

Sincerely,

Laurence D. Fink  
Chairman

Ralph L. Schlosstein  
President

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January 31, 2002

Dear Shareholder:

We are pleased to present the audited annual report for The BlackRock Insured Municipal 2008 Term Trust Inc. (the Trust) for the fiscal year ended December 31, 2001. We would like to take this opportunity to review the Trust's stock price and net asset value (NAV) change, summarize developments in the fixed income markets and discuss recent portfolio management activity.

The Trust is a diversified, actively managed closed-end bond fund whose shares are traded on the New York Stock Exchange under the symbol BRM. The Trust's investment objectives are to provide current income exempt from regular Federal income tax and return \$15 per share (an amount equal to the Trust's initial public offering price) to investors on or about December 31, 2008. The Trust seeks to achieve these objectives by investing in high credit quality (AAA or insured to AAA) tax-exempt general obligation and revenue bonds issued by city, county and state municipalities throughout the United States.

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

|                              | <u>12/31/01</u> | <u>12/31/00</u> | <u>Change</u> | <u>High</u> | <u>Low</u> |
|------------------------------|-----------------|-----------------|---------------|-------------|------------|
| <b>Stock Price</b>           | \$ 15.70        | \$ 14.875       | 5.55%         | \$ 16.07    | \$ 15.00   |
| <b>Net Asset Value (NAV)</b> | \$ 16.80        | \$ 16.62        | 1.08%         | \$ 17.33    | \$ 16.61   |

## The Fixed Income Markets

Investor hopes for a soft landing quickly turned to fears of a recession as the U.S. economy rapidly deteriorated over the year. Prior to the events of September 11, our economic outlook envisioned an extended period of sluggish growth, with the risk of a more severe deterioration if consumer confidence and spending declined by any considerable degree. Economic data prior to the attacks suggests that the scenario of a more severe contraction may have been in the works. Year-over-year industrial production was down 4.8% in August, the largest yearly decline since 1982. The unemployment rate had drifted up to 4.9% from a low of 3.9% in October of last year, and the four-week average of initial jobless claims rose to its highest level in nearly a decade. Consumer confidence was starting to wane, and consumer credit outstanding had begun to decline. The events of September 11 undoubtedly further weakened consumer sentiment. The Conference Board's consumer confidence index posted its biggest one-month decline since 1990. According to the minutes of the October 2, 2001 Federal Open Market Committee meeting, "The terrorist attacks have significantly heightened uncertainty in an economy that was already weak. Business and household spending as a consequence

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are being further dampened. Nonetheless, the long-term prospects for productivity growth and the economy remain favorable and should become evident once the unusual forces restraining demand abate. During the year ended December 31, 2001 the Federal Reserve aggressively lowered the Federal Funds rate by a total of 4.75%, bringing the current Fed Funds rate to 1.75%.

Over the course of the year, the Treasury yield curve steepened significantly as the bond market rallied in response to the slowing U.S. economy and the aggressive interest rate cuts by the Federal Reserve. Treasury yields on the short-end of the yield curve, as measured by the 2-year Treasury, fell sharply from 5.09% on December 31, 2000 to 3.02% on December 31, 2001. During the same period, however, yields on longer-term bonds remained relatively unchanged with 10-year Treasuries decreasing 6 basis points and 30-year Treasuries increasing 1 basis point. Despite longer-term yields remaining relatively unchanged, there was an increase in volatility in the marketplace due to anticipated Fed easing and increased supply. On October 31, 2001, the U.S. Treasury announced plans to stop selling 30-year U.S. Treasuries, maintaining that the government does not need the 30-year bond to meet [its] current financing needs. On the news that the Treasury would discontinue a program that issued a total of \$600 billion in debt since its official inception in 1977, the 30-year bond price increased by more than 5% and yields, which react inversely to changes in price, fell over 36 basis points.

For the annual period ended December 31, 2001, municipal bonds slightly underperformed the taxable domestic bond market on a tax-adjusted basis, returning 8.36% (as measured by the *Lehman Municipal Index* at a tax bracket of 38.6%) versus

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the *Lehman Aggregate Index* s 8.44%. Strong demand for municipals due to turmoil in the equity markets and diversification into fixed income securities was met by \$286 billion worth of new issuance, a 44% increase from last year. For the upcoming year, we anticipate new issue supply to continue at 2001 s pace as municipalities have increasing financing needs due to decreasing revenues and higher demand for expenditures due to the slowdown in the U.S. economy.

### The Trust s Portfolio and Investment Strategy

The Trust s portfolio is actively managed to diversify exposure to various sectors, issuers, revenue sources and security types. BlackRock s investment strategy emphasizes a relative value approach, which allows the Trust to capitalize upon changing market conditions by rotating municipal sectors and coupons. Additionally, the Trust emphasizes securities whose maturity dates match the termination date of the Trust.

Over the period, trading activity in the Trust remained relatively low, as many of the securities in the Trust s portfolio continued to trade at prices above where they were purchased. As trading activity that results in the Trust realizing a capital gain could require a taxable distribution, as it did in 2001, as well as reduce its income generating capacity, we continue to believe that waiting to restructure the portfolio in a higher interest rate environment is the most prudent portfolio management strategy. At present, we are confident that the Trust is on schedule to achieve its primary investment objective of returning \$15 per share upon termination and will continue to seek investment opportunities in the municipal market.

Additionally, the Trust employs leverage to enhance its income by borrowing at short-term municipal rates and investing the proceeds in longer maturity issues that have higher yields. The degree to which the Trust can benefit from its use of leverage may affect its ability to pay high monthly income. At the end of the period, the Trust s leverage amount was 36% of total assets.

The following chart shows the Trust s asset composition:

| Sector Breakdown     |                   |                   |
|----------------------|-------------------|-------------------|
| Sector               | December 31, 2001 | December 31, 2000 |
| County, City & State | 23%               | 25%               |
| Utility/Power        | 21%               | 22%               |
| Education            | 12%               | 11%               |

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|   |     |     |
|---|-----|-----|
| Hospital                                      | 11% | 12% |
| Transportation                                | 8%  | 7%  |
| Tax Revenue                                   | 6%  | 5%  |
| Lease Revenue & Certificates of Participation | 6%  | 5%  |
| Special District                              | 5%  | 5%  |
| Water & Sewer                                 | 3%  | 5%  |
| Industrial & Pollution Control                | 3%  | 1%  |
| Housing                                       | 2%  | 2%  |

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We look forward to continuing to manage the Trust to benefit from the opportunities available in the fixed income markets and to meet its investment objectives. We thank you for your investment in The BlackRock Insured Municipal 2008 Term Trust Inc. Please feel free to contact our marketing center at (800) 227-7BFM (7236) if you have specific questions which were not addressed in this report.

Sincerely,

Robert S. Kapito  
Vice Chairman and Portfolio Manager

Kevin M. Klingert  
Managing Director and Portfolio Manager

**The BlackRock Insured Municipal 2008 Term Trust Inc.**

|  |                    |
|--|--------------------|
| Symbol on New York Stock Exchange:                                   | BRM                |
| Initial Offering Date:   | September 18, 1992 |
| Closing Stock Price as of 12/31/01:                                  | \$ 15.70           |
| Net Asset Value as of 12/31/01:                                      | \$ 16.80           |
| Yield on Closing Stock Price as of 12/31/01 (\$15.70) <sup>1</sup> : | 5.06%              |
| Current Monthly Distribution per Common Share <sup>2</sup> :         | \$ 0.06625         |
| Current Annualized Distribution per Common Share <sup>2</sup> :      | \$ 0.79500         |

<sup>1</sup> Yield on Closing Stock Price is calculated by dividing the current annualized distribution per share by the closing stock price.

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

### Privacy Principles of the Trust

The Trust is committed to maintaining the privacy of shareholders and to safeguarding its non-public personal information. The following information is provided to help you understand what personal information the Trust collects, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, the Trust does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Trust. The Trust does not disclose any non-public personal information about its shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

The Trust restricts access to non-public personal information about the shareholders to BlackRock employees with a legitimate business need for the information. The Trust maintains physical, electronic and procedural safeguards designed to protect the non-public personal information of its shareholders.

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### The BlackRock Insured Municipal 2008 Term Trust Inc. Portfolio of Investments December 31, 2001

| Rating*<br>(Unaudited)              | Principal<br>Amount<br>(000) | Description  | Option Call<br>Provisions<br>(Unaudited) | Value<br>(Note 1) |
|-------------------------------------|------------------------------|--|--|-------------------|
| <b>LONG-TERM INVESTMENTS 158.0%</b> |                              |  |  |                   |
| <b>Alabama 0.3%</b>                 |                              |  |  |                   |
| AAA                                 | \$ 1,905                     | Mobile Impvt. Wt., Zero Coupon, 8/15/08, MBIA  | 8/02 @ 71.587                            | \$ 1,296,524      |
| <b>Arizona 0.7%</b>                 |                              |  |  |                   |
| AAA                                 | 4,000                        | Chandler, G.O., Zero Coupon, 7/01/08, FGIC   | No Opt. Call                             | 3,010,480         |
| <b>California 0.4%</b>              |                              |  |  |                   |
| AAA                                 | 1,890                        | California Hlth. Fac. Fin. Auth. Rev., Marin Gen. Hosp., Ser. A, 5.75%, 8/01/09, FSA | 8/03 @ 102                               | 1,983,782         |
| <b>Colorado 11.9%</b>               |                              |  |  |                   |
| AAA                                 | 2,000                        | E-470 Pub. Hwy. Auth. Rev., Ser. B, Zero Coupon, 9/01/11, MBIA                       | No Opt. Call                             | 1,243,500         |
| AAA                                 | 30,205                       | Jefferson Cnty. Sch. Dist. No. R-001, G.O., 6.25%, 12/15/02, AMBAC                   | N/A                                      | 31,823,384        |
| AAA                                 | 6,965                        | Regl. Transp. Dist., C. O. P., Trans. Vehicles Proj., Ser. A, 5.00%, 6/01/08, MBIA   | 6/07 @ 101                               | 7,302,175         |
| AAA                                 | 13,285                       | Univ. of Colorado Hosp. Auth. Rev., Ser. A, 6.25%, 11/15/02, AMBAC                   | N/A                                      | 14,077,052        |
| <b>District of Columbia 8.2%</b>    |                              |  |  |                   |
| Dist. of Columbia, G.O.,            |                              |  |  |                   |
| AAA                                 | 195                          | Ser. B, 5.50%, 6/01/09, FSA  | ETM                                      | 209,319           |
| AAA                                 | 2,605                        | Ser. B, 5.50%, 6/01/09, FSA  | No Opt. Call                             | 2,777,738         |
| AAA                                 | 17,950                       | Ser. B, 6.30%, 6/01/02, MBIA   | N/A                                      | 18,645,921        |

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|   |        |   |              |            |
|---|--------|---|--------------|------------|
| AAA   | 10,000 | Ser. B-1, 5.50%, 6/01/08, AMBAC   | No Opt. Call | 10,681,900 |
| AAA   | 320    | Ser. E, 5.875%, 6/01/03, MBIA   | N/A          | 341,907    |
| AAA   | 2,750  | Ser. E, 5.875%, 6/01/08, MBIA   | ETM          | 2,938,265  |
| AAA   | 2,000  | Dist. of Columbia, Hosp. Rev., Children's Hosp., Ser. A, 6.25%, 7/15/08, FGIC               | 7/02 @ 102   | 2,079,280  |
|   |        |   |              | 37,674,330 |
| <b>Florida 0.5%</b>   |        |   |              |            |
| AAA   | 2,080  | Tampa Fla. Wtr. & Swr. Rev., 5.50%, 10/01/08, FSA (WI)                                      | No Opt. Call | 2,162,680  |
| <b>Georgia 5.0%</b>   |        |   |              |            |
| AAA   | 7,000  | Atlanta, C.O.P., Pretrial Det. Ctr., 6.25%, 12/01/02, MBIA                                  | N/A          | 7,431,550  |
| AAA   | 5,000  | Georgia St., G.O., Ser. E, 5.25%, 2/01/10   | No Opt. Call | 5,293,750  |
| AAA   | 10,000 | Monroe Cnty., P.C.R., Pwr. Co. Plant Vogtle Proj., 4.20%, 1/01/12, AMBAC                    | No Opt. Call | 10,000,300 |
|   |        |   |              | 22,725,600 |
| <b>Illinois 15.0%</b>   |        |   |              |            |
| AAA   | 14,205 | Chicago O' Hare Intl. Arprt. Rev., Ser. A, 6.25%, 1/01/08, MBIA                             | 1/05 @ 102   | 15,308,160 |
| AAA   | 3,105  | Chicago Pub. Bldg. Comm. Bldg. Rev., Ser. A, Zero Coupon, 1/01/07, MBIA                     | ETM          | 2,509,678  |
|   |        | Chicago Sch. Fin. Auth., G.O., Ser. A, FGIC,  |              |            |
| AAA   | 13,000 | 6.25%, 6/01/07  | 6/02 @ 102   | 13,461,890 |
| AAA   | 9,150  | 6.25%, 6/01/09  | 6/02 @ 102   | 9,475,099  |
| Aaa   | 5,980  | Cook Cnty. High Sch. Dist. No. 201, J. Sterling Morton Twnshp., Zero Coupon, 12/01/09, FGIC | No Opt. Call | 4,121,117  |
| AAA   | 8,985  | Du Page Cnty. Fst. Presv. Dist., Zero Coupon, 11/01/08                                      | No Opt. Call | 6,598,225  |
| AAA   | 9,500  | Illinois Hlth. Fac. Auth. Rev., Alexian Med. Ctr. Proj., Ser. A, 6.35%, 1/01/02, MBIA       | N/A          | 9,690,000  |
|   |        | Met. Pier & Expo. Auth. Ded. St. Tax Rev. Auth., FGIC,                                      |              |            |
| AAA   | 1,570  | Ser. A, Zero Coupon, 6/15/08  | ETM          | 1,177,673  |
| AAA   | 8,600  | Ser. A, Zero Coupon, 6/15/08  | No Opt. Call | 6,423,942  |
|   |        |   |              | 68,765,784 |
| <b>Indiana 2.3%</b>   |        |   |              |            |
| Indiana Hlth. Fac. Fin. Auth. Hosp. Rev. & Impvt., Ancilla Sys. Inc., MBIA, |        |   |              |            |
| AAA   | 1,805  | Ser. A, 6.25%, 7/01/02  | N/A          | 1,881,478  |
| AAA   | 3,860  | Ser. A, 6.25%, 7/01/08  | 7/02 @ 102   | 4,163,821  |
| AAA   | 1,385  | Ser. B, 6.25%, 7/01/02  | N/A          | 1,443,682  |
| AAA   | 2,965  | Ser. B, 6.25%, 7/01/08  | 7/02 @ 102   | 3,198,375  |
|   |        |   |              | 10,687,356 |

See Notes to Financial Statements.

| Rating*<br>(Unaudited) | Principal<br>Amount<br>(000) | Description | Option Call<br>Provisions<br>(Unaudited) | Value<br>(Note 1) |
|------------------------|------------------------------|-------------|--|-------------------|
|------------------------|------------------------------|-------------|--|-------------------|

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|  |        |  |              |            |
|--|--------|--|--------------|------------|
| <b>Iowa 0.9%</b>   |        |  |              |            |
| AAA  | \$ 85  | Iowa Fin. Auth., Sngl. Fam. Mtg. Rev., Ser. F, 6.35%, 7/01/09, AMBAC                                 | 1/03 @ 102   | \$ 87,648  |
| AAA  | 4,195  | Muscatine Elec. Rev., 5.00%, 1/01/08, FSA  | 1/02 @ 100   | 4,215,388  |
|  |        |  |              | 4,303,036  |
| <b>Kentucky 0.6%</b>   |        |  |              |            |
| AAA  | 3,890  | Owensboro Elec. Lt. & Pwr. Rev., Ser. B, Zero Coupon, 1/01/09, AMBAC                                 | No Opt. Call | 2,819,783  |
| <b>Louisiana 1.2%</b>  |        |  |              |            |
| AAA  | 5,000  | Louisiana Pub. Fac. Auth. Hosp. Rev., Lafayette Gen. Med. Ctr. Proj., 6.30%, 10/01/02, FSA           | N/A          | 5,268,150  |
| <b>Massachusetts 4.7%</b>  |        |  |              |            |
| AAA  | 4,465  | Chelsea Sch. Proj. Loan, 6.00%, 6/15/04, AMBAC   | N/A          | 4,875,110  |
| AAA  | 200    | Massachusetts Bay Trans. Auth. Rev., Ser. B, MBIA, 6.00%, 3/01/03                                    | N/A          | 212,442    |
| AAA  | 5,800  | 6.00%, 3/01/10   | 3/03 @ 102   | 6,111,866  |
| AAA  | 10,000 | Massachusetts St. Hsg. Fin. Agcy. Hsg. Proj., Ser. A, 5.95%, 10/01/08, AMBAC                         | 4/03 @ 102   | 10,371,600 |
|  |        |  |              | 21,571,018 |
| <b>Michigan 5.1%</b>   |        |  |              |            |
| Lake Orion, Cmnty. Sch. Dist., AMBAC,                                    |        |  |              |            |
| AAA  | 3,290  | 6.60%, 5/01/05   | N/A          | 3,667,396  |
| AAA  | 3,285  | 6.70%, 5/01/05   | N/A          | 3,672,071  |
| AAA  | 8,920  | Michigan St. Bldg. Auth. Rev., Fac. Proj., Ser. IIA, 6.25%, 10/01/02, AMBAC                          | N/A          | 9,402,037  |
| AAA  | 3,000  | Michigan St. Trunk Line, Ser. A, 4.125%, 11/01/08, FSA   | No Opt. Call | 2,977,590  |
| AAA  | 3,400  | Wyandotte, Elec. Rev., 6.25%, 10/01/08, MBIA   | No Opt. Call | 3,755,776  |
|  |        |  |              | 23,474,870 |
| <b>Missouri 1.6%</b>   |        |  |              |            |
| AAA  | 7,315  | Kansas City, Sch. Dist. Bldg. Corp. Leasehold Rev., Cap. Impvts. Proj., Ser. A, 6.50%, 2/01/08, FGIC | 1/02 @ 102   | 7,427,285  |
| <b>Nevada 3.1%</b>   |        |  |              |            |
| Director St. Dept. Business & Ind. Rev. Las Vegas Monorail Proj., AMBAC, |        |  |              |            |
| AAA  | 2,085  | Zero Coupon, 1/01/09   | No Opt. Call | 1,495,946  |
| AAA  | 3,585  | Zero Coupon, 1/01/10   | No Opt. Call | 2,434,179  |
| Washoe Cnty. Arpt. Auth. Rev., Ser. B, MBIA,                             |        |  |              |            |
| AAA  | 3,135  | 5.70%, 7/01/07   | 7/03 @ 102   | 3,291,092  |
| AAA  | 2,645  | 5.75%, 7/01/08   | 7/03 @ 102   | 2,782,566  |
| AAA  | 4,135  | Washoe Cnty. Sch. Dist., G.O., Ser. A, 6.20%, 10/01/02, AMBAC  | N/A          | 4,316,072  |
|  |        |  |              | 14,319,855 |

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| <b>New Jersey 13.3%</b>                       |        |   |              |            |
|---|--------|---|--------------|------------|
| AAA   | 30,275 | New Jersey Econ. Dev. Auth., Mkt. Trans. Fac. Rev., Ser. A, 5.80%, 7/01/04, MBIA                | N/A          | 32,934,356 |
| AAA   | 1,750  | New Jersey St. Transp. Trust Fund Auth., Transp. Sys. Ser. C, Ser. C, 5.25%, 12/15/08, AMBAC    | No Opt. Call | 1,865,098  |
| AAA   | 8,370  | New Jersey St., G.O., Ser. D, MBIA, 6.00%, 2/15/03  | N/A          | 8,875,464  |
| AAA   | 16,125 | 6.00%, 2/15/09  | 2/03 @ 102   | 16,980,754 |
|   |        |   |              | 60,655,672 |
| <b>New York 12.6%</b>                         |        |   |              |            |
| New York City, G.O., MBIA,                    |        |   |              |            |
| AAA   | 5,000  | Ser. E, 6.125%, 8/01/06   | No Opt. Call | 5,512,900  |
| AAA   | 15,500 | Ser. E, 6.20%, 8/01/07  | No Opt. Call | 17,177,255 |
| AAA   | 5,000  | Ser. G, 5.75%, 2/01/08  | 2/06 @ 101.5 | 5,346,300  |
| New York St. Env. Fac. Corp., Ser. D, P.C.R., |        |   |              |            |
| AAA   | 5,945  | 6.50%, 5/15/07  | 11/04 @ 102  | 6,537,776  |
| AAA   | 2,245  | 6.50%, 11/15/07   | 11/04 @ 102  | 2,468,849  |
| AAA   | 15,915 | New York St., G.O., Ser. F, 5.25%, 9/15/09, MBIA  | 9/08 @ 101   | 16,822,473 |
| AAA   | 3,395  | New York St. Thruway Auth. Svc. Contract Rev., Local Hwy. & Bldg., Ser. A, 5.40%, 1/01/09, MBIA | 1/05 @ 102   | 3,549,167  |
|   |        |   |              | 57,414,720 |

See Notes to Financial Statements.

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| Rating*<br>(Unaudited)                                   | Principal<br>Amount<br>(000) | Description   | Option Call<br>Provisions<br>(Unaudited) | Value<br>(Note 1) |
|--|------------------------------|---|--|-------------------|
| <b>North Carolina 8.4%</b>                               |                              |   |  |                   |
| AAA  | \$ 1,000                     | Cumberland Cnty., C.O.P., Civic Ctr. Proj., Ser. A, 6.375%, 12/01/04, AMBAC         | N/A                                      | \$ 1,114,610      |
| North Carolina Eastn. Mun. Pwr. Agcy. Sys. Rev., Ser. B, |                              |   |  |                   |
| AAA  | 13,500                       | 6.125%, 1/01/09, FGIC   | No Opt. Call                             | 14,812,065        |
| AAA  | 5,000                        | 7.00%, 1/01/08, CAPMAC  | No Opt. Call                             | 5,691,650         |
| AAA  | 14,675                       | 7.25%, 1/01/07, CAPMAC  | No Opt. Call                             | 16,681,660        |
|  |                              |   |  | 38,299,985        |
| <b>Ohio 2.2%</b>   |                              |   |  |                   |
| AAA  | 2,410                        | Cleveland G.O., 6.40%, 11/15/04, MBIA   | N/A                                      | 2,684,499         |
| AAA  | 6,095                        | Hamilton City, Elec. Sys. Rev., Ser. A, 6.125%, 10/15/08, FGIC                      | 10/02 @ 102                              | 6,391,339         |
| AAA  | 1,000                        | Ohio St. Bldg. Auth. Fac. Rev., Juvenile Correctional Proj., 6.50%, 10/01/04, AMBAC | N/A                                      | 1,112,650         |
|  |                              |   |  | 10,188,488        |



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|     |        |   |              |                   |
|-----|--------|---|--------------|-------------------|
|     |        | <b>Oregon 0.7%</b>  |              |                   |
| AAA | 2,905  | Oregon St. Dept. Admin. Svcs., C.O.P., Ser. A, 5.00%, 11/01/08, FSA (WI)                            | No Opt. Call | 2,960,050         |
|     |        | <b>Pennsylvania 13.3%</b>   |              |                   |
| AAA | 4,000  | Allegheny Cnty. Hosp. Dev. Auth. Rev., Magee Women's Hosp., 6.25%, 10/01/08, FGIC                   | 10/02 @ 102  | 4,190,040         |
| AAA | 5,000  | Dauphin Cnty. Gen. Auth. Hosp. Rev., HAPSCO-Western Pennsylvania Hosp. Proj., MBIA, 6.25%, 7/01/08  | ETM          | 5,453,350         |
| AAA | 10,000 | 6.25%, 7/01/08  | 7/02 @ 102   | 10,383,200        |
| AAA | 6,600  | Erie Cnty. Hosp. Auth. Rev., St. Vincent Hlth. Ctr. Proj., Ser. A, 6.25%, 7/01/08, MBIA             | 7/02 @ 102   | 6,852,912         |
| AAA | 3,500  | Indiana Cnty. Incl. Dev. Auth. P.C.R., New York St. Elec. & Gas Corp., Ser. A, 6.00%, 6/01/06, MBIA | No Opt. Call | 3,821,650         |
| AAA | 6,500  | Pennsylvania Hsg. Fin. Agcy. Rev., Rental Hsg., Ser. C, 6.25%, 7/01/07, FNMA                        | 7/02 @ 102   | 6,676,800         |
| AAA | 2,075  | Pennsylvania St., Dept. Gen. Svcs., C.O.P., FSA, 4.50%, 5/01/08                                     | No Opt. Call | 2,101,954         |
| AAA | 2,120  | 4.50%, 11/01/08   | No Opt. Call | 2,149,616         |
| AAA | 2,165  | 4.50%, 5/01/09  | No Opt. Call | 2,179,657         |
| AAA | 2,220  | 4.50%, 11/01/09   | No Opt. Call | 2,236,051         |
| AAA | 3,175  | Philadelphia, G.O., 4.10%, 9/15/08, FSA   | No Opt. Call | 3,143,377         |
| AAA | 10,930 | Pittsburgh, G.O., Ser. D, 6.00%, 9/01/02, AMBAC   | N/A          | 11,457,482        |
|     |        |   |              | <b>60,646,089</b> |
|     |        | <b>Texas 25.6%</b>  |              |                   |
| AAA | 13,000 | Austin Pub. Impvt., G.O., 6.10%, 9/01/02, AMBAC   | N/A          | 13,382,980        |
| AAA | 11,515 | Austin Util. Sys. Rev., Ser. A, Zero Coupon, 11/15/08, MBIA   | No Opt. Call | 8,412,974         |
| AAA | 5,000  | Ser. A, Zero Coupon, 11/15/09, AMBAC  | No Opt. Call | 3,434,400         |
| AAA | 5,000  | Ser. A, Zero Coupon, 11/15/09, MBIA   | No Opt. Call | 3,434,400         |
| AAA | 7,000  | 6.25%, 11/15/08, AMBAC  | 11/02 @ 102  | 7,369,040         |
| AAA | 5,000  | 6.625%, 11/15/08, AMBAC   | No Opt. Call | 5,674,850         |
| AAA | 2,385  | Baytown, G.O., AMBAC, 6.40%, 2/01/02  | N/A          | 2,393,801         |
| AAA | 2,840  | 6.40%, 2/01/08  | 2/02 @ 100   | 2,848,463         |
| AAA | 4,360  | Circle C Mun. Util. Dist. No. 3 Rev., 6.50%, 11/15/09, FGIC   | 1/02 @ 100   | 4,370,944         |
| AAA | 1,430  | Coppell Indpt. Sch. Dist., MBIA, 6.10%, 8/15/09   | ETM          | 1,606,605         |
| AAA | 2,495  | 6.10%, 8/15/09  | 8/02 @ 100   | 2,551,612         |
| AAA | 4,390  | Houston Indpt. Sch. Dist., Zero Coupon, 8/15/09, AMBAC  | No Opt. Call | 3,051,533         |
| AAA | 16,135 | Houston Wtr. & Swr. Sys. Rev., Jr. Lien, Ser. C, 6.25%, 12/01/09, MBIA                              | 12/02 @ 102  | 17,012,744        |
| AAA | 6,000  | San Antonio Elec. & Gas Rev., Ser. B, Zero Coupon, 2/01/10, FGIC                                    | ETM          | 4,096,560         |
| AAA | 15,000 | Texas Mun. Pwr. Agcy. Rev., Zero Coupon, 9/01/08, AMBAC   | No Opt. Call | 11,062,348        |
| AAA | 16,175 | Zero Coupon, 9/01/09, AMBAC   | No Opt. Call | 11,219,627        |
| AAA | 7,000  | 5.00%, 9/01/10, FGIC  | 9/04 @ 100   | 7,079,380         |
| AAA | 5,900  | Texas St. Pub. Fin. Auth. Bldg. Rev., Ser. B, 6.25%, 2/01/09, AMBAC                                 | No Opt. Call | 6,530,946         |
| AAA | 2,275  | Ysleta Indpt. Sch. Dist. Rev., Zero Coupon, 8/15/08, PSFG   | No Opt. Call | 1,681,179         |

117,214,386

See Notes to Financial Statements.

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| Rating*<br>(Unaudited)                                  | Principal<br>Amount<br>(000) | Description   | Option Call<br>Provisions<br>(Unaudited) | Value<br>(Note 1) |
|---|------------------------------|---|--|-------------------|
| <b>Utah 3.5%</b>  |                              |   |  |                   |
| AAA   | \$ 2,215                     | Intermountain Pwr. Agcy. Pwr. Supply Rev., Ser. B, MBIA,<br>6.00%, 7/01/07                        | ETM \$                                   | 2,441,794         |
| AAA   | 1,285                        | 6.00%, 7/01/07  | No Opt. Call                             | 1,398,401         |
| AAA   | 1,550                        | Salt Lake Cnty. Mun. Bldg. Auth. Lease Rev., Ser. A, 6.05%, 10/01/04, MBIA                        | N/A                                      | 1,692,027         |
| AAA   | 10,300                       | Utah St., G.O., Ser. F, 5.00%, 7/01/10  | 7/07 @ 100                               | 10,600,863        |
|   |                              |   |  | 16,133,085        |
| <b>Washington 14.2%</b>                                 |                              |   |  |                   |
| AAA   | 12,850                       | King Cnty., G.O., Ser. D, 5.55%, 12/01/08, MBIA<br>Snohomish Cnty. Sch. Dist., G.O., MBIA,        | 12/07 @ 102                              | 13,808,481        |
| AAA   | 2,235                        | 6.10%, 12/01/03   | N/A                                      | 2,431,009         |
| AAA   | 1,765                        | 6.10%, 12/01/08   | 12/03 @ 102                              | 1,900,764         |
| AAA   | 1,010                        | Washington St. Hlth. Care Fac. Auth. Rev., MBIA,<br>Catholic Hlth. Initiatives A, 5.30%, 12/01/08 | No Opt. Call                             | 1,058,662         |
| AAA   | 1,000                        | Catholic Hlth. Initiatives A, 5.40%, 12/01/10   | 6/10 @ 101                               | 1,046,210         |
| AAA   | 9,000                        | Virginia Mason Oblig. Group, 6.30%, 2/15/09   | 2/03 @ 102                               | 9,491,580         |
| AAA   | 3,000                        | Washington St. Pub. Pwr. Supply Sys. Rev.,<br>Nuclear Proj. No. 2, 5.55%, 7/01/10, FGIC           | 7/03 @ 102                               | 3,093,870         |
| AAA   | 13,635                       | Nuclear Proj. No. 2, Ser. A, 6.25%, 7/01/09, MBIA   | 7/02 @ 102                               | 14,162,947        |
| AAA   | 5,550                        | Nuclear Proj. No. 3, Zero Coupon, 7/01/07, BIGI   | No Opt. Call                             | 4,356,140         |
| AAA   | 2,000                        | Nuclear Proj. No. 3, Zero Coupon, 7/01/08, BIGI   | No Opt. Call                             | 1,483,380         |
| AAA   | 11,000                       | Ser. A, 5.80%, 7/01/07, FSA   | No Opt. Call                             | 11,824,670        |
|   |                              |   |  | 64,657,713        |
| <b>West Virginia 2.7%</b>                               |                              |   |  |                   |
| AAA   | 11,600                       | West Virginia St. Pkwys. Econ. Dev. & Tourism Auth., 5.70%, 5/15/09, FGIC                         | 5/03 @ 102                               | 12,221,760        |
|   |                              |   |  | 12,221,760        |
| <b>Total Long-Term Investments (cost \$676,241,140)</b> |                              |   |  | 722,328,592       |
| <b>SHORT-TERM INVESTMENTS 2.5%**</b>                    |                              |   |  |                   |
| <b>Alabama 0.9%</b>                                     |                              |   |  |                   |
| A-1+  | 4,000                        | Jefferson Cnty., G.O., Ser. B, 1.35%, 1/02/02, FRDD   | N/A                                      | 4,000,000         |
| <b>Kansas 0.1%</b>                                      |                              |   |  |                   |
| A-1+  | 300                          | Kansas St. Dept. Transp. Hwy. Rev., Ser. B-2, 1.85%, 1/02/02, FRDD                                | N/A                                      | 300,000           |

|      |       |   |     |                |
|------|-------|---|-----|----------------|
|      |       | <b>Maryland 1.1%</b>  |     |                |
| A-1+ | 5,410 | Maryland St. Hlth. & Higher Edl. Facs. Auth. Lease Rev., Ser. D, 1.55%, 1/02/02, FRDD | N/A | 5,410,000      |
|      |       | <b>New York 0.4%</b>  |     |                |
| A-1+ | 690   | New York City, G.O., Ser. B, 1.75%, 1/02/02, FRDD                                     | N/A | 690,000        |
| A-1+ | 1,000 | New York St. Energy Res. and Dev. Auth., P.C.R., 1.75%, 1/02/02, FRDD                 | N/A | 1,000,000      |
|      |       |   |     | 1,690,000      |
|      |       | <b>Total Short-Term Investments (cost \$11,400,000)</b>                               |     | 11,400,000     |
|      |       | <b>Total Investments 160.5% (cost \$687,641,140)</b>                                  |     | 733,728,592    |
|      |       | Liabilities in excess of other assets (1.2)%  |     | (5,658,845)    |
|      |       | Liquidation value of preferred stock (59.3)%  |     | (271,000,000)  |
|      |       | <b>Net Assets Applicable to Common Shareholders 100%</b>                              |     | \$ 457,069,747 |

\* Using the higher of Standard & Poor's, Moody's or Fitch's rating.

\*\* For purposes of amortized cost valuation, the maturity dates of these instruments is considered to be the earlier of the next date on which the security

can be redeemed at par, or the next date on which the rate of interest is adjusted.

Option call provisions: date (month/year) and price of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

This bond is prerefunded. See glossary for definition.

See Notes to Financial Statements.

**KEY TO ABBREVIATIONS**

|        |   |        |                                      |
|--------|---|--------|--------------------------------------|
| AMBAC  | American Municipal Bond Assurance Corporation | FRDD   | Floating Rate Daily Demand           |
| BIGI   | Bond Investors Guaranty Insurance Company     | FSA    | Financial Security Assurance         |
| CAPMAC | Capital Markets Assurance Company             | G.O.   | General Obligation                   |
| C.O.P. | Certificate of Participation                  | MBIA   | Municipal Bond Insurance Association |
| ETM    | Escrowed to Maturity                          | P.C.R. | Pollution Control Revenue            |
| FGIC   | Financial Guaranty Insurance Company          | PSFG   | Permanent School Fund Guaranty       |
| FNMA   | Federal National Mortgage Association         | WI     | When Issued                          |

See Notes to Financial Statements.

**The BlackRock Insured  
Municipal 2008 Term Trust Inc.  
Statement of Assets and Liabilities  
December 31, 2001**

**Assets**

|   |    |             |
|---|----|-------------|
| Investments, at value (cost \$687,641,140) (Note 1) | \$ | 733,728,592 |
|---|----|-------------|

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|                                 |             |
|---------------------------------|-------------|
| Cash                            | 2,454,904   |
| Interest receivable             | 10,640,556  |
| Receivable for investments sold | 890,000     |
| Other assets                    | 71,799      |
|                                 | <hr/>       |
|                                 | 747,785,851 |
|                                 | <hr/>       |

**Liabilities**

|  |            |
|--|------------|
| Dividends payable common stock           | 1,941,199  |
| Dividends payable preferred stock        | 144,220    |
| Payable for securities purchased         | 17,041,095 |
| Investment advisory fee payable (Note 2) | 210,486    |
| Administration fee payable (Note 2)      | 62,107     |
| Deferred directors fees (Note 1)         | 39,693     |
| Other accrued expenses                   | 277,304    |
|  | <hr/>      |
|  | 19,716,104 |
|  | <hr/>      |

**Net Investment Assets** \$ 728,069,747

---

Net investment assets were comprised of:

Common stock:

|                                  |             |
|----------------------------------|-------------|
| Par value (Note 4)               | \$ 272,071  |
| Paid-in capital in excess of par | 377,589,494 |
| Preferred stock (Note 4)         | 271,000,000 |
|                                  | <hr/>       |

648,861,565

|  |            |
|--|------------|
| Undistributed net investment income (Note 1) | 33,431,255 |
| Accumulated net realized loss (Note 1)       | (310,525)  |
| Net unrealized appreciation (Note 1)         | 46,087,452 |
|  | <hr/>      |

Net investment assets, December 31, 2001 \$ 728,069,747

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Net assets applicable to common shareholders \$ 457,069,747

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Net asset value per share:

(\$457,069,747 ÷ 27,207,093 shares of  
common stock issued and outstanding) \$16.80

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**The BlackRock Insured  
Municipal 2008 Term Trust Inc.  
Statement of Operations  
Year Ended December 31, 2001**

**Net Investment Income**

|                     |               |
|---------------------|---------------|
| Income              |               |
| Interest (Note 1)   | \$ 40,860,119 |
|                     | <hr/>         |
| Expenses            |               |
| Investment advisory | 2,559,177     |

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|  |                      |
|--|----------------------|
| Administration   | 733,162              |
| Auction agent  | 717,800              |
| Custodian  | 153,178              |
| Reports to shareholders  | 83,507               |
| Directors  | 77,655               |
| Independent accountants  | 40,324               |
| Legal  | 38,635               |
| Registration   | 33,250               |
| Transfer agent   | 29,817               |
| Miscellaneous  | 215,682              |
| <hr/>  |                      |
| Total expenses   | 4,682,187            |
| Less fees paid indirectly (Note 2)   | (20,685)             |
| <hr/>  |                      |
| Net expenses   | 4,661,502            |
| <hr/>  |                      |
| Net investment income  | 36,198,617           |
| <hr/>  |                      |
| <b>Realized and Unrealized Gain (Loss)</b>                                 |                      |
| <b>on Investments</b>  |                      |
| Net realized gain on investments   | 188,050              |
| Net change in unrealized appreciation<br>on investments                    | (2,296,483)          |
| <hr/>  |                      |
| Net loss on investments  | (2,108,433)          |
| <hr/>  |                      |
| <b>Net Increase in Net Investment<br/>Assets Resulting from Operations</b> | <b>\$ 34,090,184</b> |
| <hr/>  |                      |

See Notes to Financial Statements.

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**The BlackRock Insured Municipal 2008 Term Trust Inc.  
Statements of Changes in Net Investment Assets**

|   | Year Ended December 31, |               |
|---|-------------------------|---------------|
|   | 2001                    | 2000          |
| <b>Increase (Decrease) in Net Investment Assets</b>             |                         |               |
| <b>Operations:</b>  |                         |               |
| Net investment income   | \$ 36,198,617           | \$ 35,381,235 |
| Net realized gain (loss) on investments                         | 188,050                 | (19,108)      |
| Net change in unrealized appreciation on investments            | (2,296,483)             | 14,541,901    |
|   | <hr/>                   | <hr/>         |
| Net increase in net investment assets resulting from operations | 34,090,184              | 49,904,028    |
|   | <hr/>                   | <hr/>         |
| <b>Dividends and distributions:</b>                             |                         |               |
| To common shareholders from net investment income               | (21,642,306)            | (21,629,152)  |

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|   |                |                |
|---|----------------|----------------|
| To common shareholders from net realized gain on investments  | (125,534)      |                |
| To preferred shareholders from net investment income  | (7,367,624)    | (10,564,692)   |
| To preferred shareholders from net realized gain on investments   | (50,283)       |                |
|   | <hr/>          | <hr/>          |
| Total dividends and distributions   | (29,185,747)   | (32,193,844)   |
|   | <hr/>          | <hr/>          |
| <b>Capital Stock Transactions:</b>  |                |                |
| Net proceeds from additional issuance of preferred shares   |                | 64,032,840     |
| Unused offering costs relating to issuance of preferred shares  | 107,874        |                |
|   | <hr/>          | <hr/>          |
| Total increase  | 5,012,311      | 81,743,024     |
|   | <hr/>          | <hr/>          |
| <b>Net Investment Assets</b>  |                |                |
| Beginning of year   | 723,057,436    | 641,314,412    |
|   | <hr/>          | <hr/>          |
| End of year (including undistributed net investment income of<br>\$33,431,255 and \$25,792,372, respectively) | \$ 728,069,747 | \$ 723,057,436 |
|   | <hr/>          | <hr/>          |

See Notes to Financial Statements.

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**The BlackRock Insured Municipal 2008 Term Trust Inc.  
Financial Highlights**

Year Ended December 31,

|  | 2001     | 2000     | 1999     | 1998     | 1997     |
|--|----------|----------|----------|----------|----------|
| <b>PER COMMON SHARE OPERATING PERFORMANCE:</b>                         |          |          |          |          |          |
| Investment operations:   |          |          |          |          |          |
| Net asset value, beginning of the year <sup>1</sup>                    | \$ 16.62 | \$ 16.00 | \$ 17.06 | \$ 16.80 | \$ 15.90 |
|  | <hr/>    | <hr/>    | <hr/>    | <hr/>    | <hr/>    |
| Net investment income <sup>2</sup>                                     | 1.33     | 1.30     | 1.21     | 1.20     | 1.18     |
| Net realized and unrealized gain (loss)<br>on investments <sup>2</sup> | (0.08)   | 0.54     | (1.23)   | 0.11     | 0.78     |
|  | <hr/>    | <hr/>    | <hr/>    | <hr/>    | <hr/>    |
| Net increase (decrease) from<br>investment operations                  | 1.25     | 1.84     | (0.02)   | 1.31     | 1.96     |
|  | <hr/>    | <hr/>    | <hr/>    | <hr/>    | <hr/>    |
| Dividends and distributions:   |          |          |          |          |          |
| Dividends from net investment income<br>to:                            |          |          |          |          |          |
| Common shareholders  | (0.80)   | (0.80)   | (0.80)   | (0.80)   | (0.79)   |
| Preferred shareholders   | (0.27)   | (0.38)   | (0.24)   | (0.25)   | (0.27)   |
| Distributions from net realized gain on<br>investments to:             |          |          |          |          |          |
| Common shareholders  | 0.003    |          |          |          |          |
| Preferred shareholders   | 0.003    |          |          |          |          |

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Distributions in excess of net realized gain on investments to:

|   |               |               |                 |               |               |
|---|---------------|---------------|-----------------|---------------|---------------|
| Common shareholders   |               |               |                 | 0.004         | 0.004         |
| Preferred shareholders                                      |               |               |                 | 0.004         | 0.004         |
| Total dividends and distributions                           | (1.07)        | (1.18)        | (1.04)          | (1.05)        | (1.06)        |
| Capital charge with respect to issuance of preferred shares |               | (0.04)        |                 |               |               |
| Net asset value, end of year <sup>1</sup>                   | \$ 16.80      | \$ 16.62      | \$ 16.00        | \$ 17.06      | \$ 16.80      |
| Market value, end of year <sup>1</sup>                      | \$ 15.70      | \$ 14.88      | \$ 13.75        | \$ 16.13      | \$ 15.25      |
| <b>TOTAL INVESTMENT RETURN<sup>5</sup></b>                  | <b>11.06%</b> | <b>14.40%</b> | <b>(10.14)%</b> | <b>11.21%</b> | <b>10.97%</b> |

**RATIOS TO AVERAGE NET ASSETS OF COMMON**

**SHAREHOLDERS:<sup>6</sup>**

|   |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|
| Expenses  | 1.01% | 1.05% | 0.93% | 0.88% | 0.92% |
| Net investment income before preferred stock dividends <sup>2</sup> | 7.87% | 8.06% | 7.30% | 7.10% | 7.19% |
| Preferred stock dividends   | 1.60% | 2.40% | 1.47% | 1.49% | 1.62% |
| Net investment income available to common shareholders <sup>2</sup> | 6.27% | 5.66% | 5.83% | 5.61% | 5.57% |

**SUPPLEMENTAL DATA:**

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Average net assets of common shareholders (000)          | \$ 460,153 | \$ 438,958 | \$ 452,317 | \$ 458,993 | \$ 444,895 |
| Portfolio turnover                                       | 3%         | 3%         | 1%         | 0%         | 11%        |
| Net assets of common shareholders, end of year (000)     | \$ 457,070 | \$ 452,057 | \$ 435,314 | \$ 464,236 | \$ 457,192 |
| Preferred stock outstanding (000)                        | \$ 271,000 | \$ 271,000 | \$ 206,000 | \$ 206,000 | \$ 206,000 |
| Asset coverage per share of preferred stock, end of year | \$ 67,178  | \$ 66,735  | \$ 77,857  | \$ 81,361  | \$ 80,508  |

<sup>1</sup> Net asset value and market value are published in *Barron's* on Saturday and *The Wall Street Journal* on Monday.

<sup>2</sup> As required, January 1, 2001, the Trust adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing

market discount on debt securities. The effect of this accounting policy change had no impact on the total net assets of the Trust. The reclass of this change

for the year ended December 31, 2001 to the net investment income from net realized and unrealized gain (loss) on investments was \$0.003 per common

share. The ratio of net investment income to average net assets on common shares increased from 6.25% to 6.27%, and net investment income before

preferred share dividends to average net assets on common shares increased 7.85% to 7.87%. Per share, ratios and supplement data for prior years have

not been restated to reflect this change.

<sup>3</sup> Actual amount paid to common shareholders was \$0.004614 for the year ended December 31, 2001. Actual amount paid to preferred shareholders was

\$0.001848 per common share for the year ended December 31, 2001.

<sup>4</sup> Actual amount paid to common shareholders was \$0.005235 and \$0.004814 for the years ended December 31, 1998 and 1997, respectively. Actual amount

paid to preferred shareholders was \$0.001696 and \$0.00154 per common share for the years ended December 31, 1998 and 1997, respectively.

<sup>5</sup> Total investment return is calculated assuming a purchase of common stock at the current market price on the first day and a sale at the current market

price on the last day of each year reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices

obtained under the Trust's dividend reinvestment plan. Total investment return does not reflect brokerage commissions. Past performance is not a guarantee

of future results.

<sup>6</sup> Ratios are calculated on the basis of income and expenses applicable to both the common and preferred stock, relative to the average net assets of common

shareholders.

The information above represents the audited operating performance data for a share of common stock outstanding, total investment return, ratios to average

net assets and other supplemental data for the years indicated. This information has been determined based upon financial information provided in the

financial statements and market value data for the Trust's common shares.

See Notes to Financial Statements.

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**The BlackRock Insured  
Municipal 2008 Term Trust Inc.  
Notes to Financial Statements**

**Note 1. Organization & Accounting Policies**

The BlackRock Insured Municipal 2008 Term Trust Inc. (the Trust), was organized in Maryland on June 30, 1992 as a diversified, closed-end management investment company. The Trust's investment objectives are to provide current income exempt from regular Federal income tax and to return \$15 per share to investors on or about December 31, 2008. The ability of issuers of debt securities held by the Trust to meet their obligations may be affected by economic developments in the specific industry or region. No assurance can be given that the Trust's investment objectives will be achieved.

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

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

**Securities Transactions and Investment Income:** Securities transactions are recorded on trade date. Realized and unrealized gains and losses are calculated on the identified cost basis. The Trust also records interest income on an accrual basis and amortizes premium and accretes discount to interest income on securities purchased using the interest method.

**Federal Income Taxes:** It is the Trust's intention to continue to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute sufficient net income to shareholders. Therefore, no Federal income tax provision is required.

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

**Reclassification of Capital Accounts:** The Trust accounts for and reports distributions to shareholders in accordance with the American Institute of Certified Public Accountants' Statement of Position 93-2: Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. The effect caused by applying this statement was to decrease undistributed net investment income and decrease accumulated net realized loss by \$36,128 as a



result of differences between financial reporting and tax accounting.

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

**Deferred Compensation Plan:** Under a deferred compensation plan approved by the Board of Directors on February 24, 2000, non-interested Directors may elect to defer receipt of all or a portion of their annual compensation.

Deferred amounts earn a return as though equivalent dollar amounts had been invested in common shares of other BlackRock funds selected by the Directors. This has the same economic effect for the Directors as if the Directors had invested the deferred amounts in such other BlackRock funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Trust. The Trust may, however, elect to invest in common shares of those funds selected by the Directors in order to match its deferred compensation obligations.

**New Accounting Policies:** As required, effective January 1, 2001, the Trust adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies, as revised, and began amortizing market discount on debt securities. Prior to January 1, 2001, the Trust amortized premiums and original issue discount on debt securities. The cumulative effect of this accounting policy change had no impact on the total net assets of the Trust. This resulted in a \$486,324 increase to undistributed net investment income and a corresponding decrease in net unrealized appreciation, based on securities held by the Trust on January 1, 2001. The Statements of Changes in Net Investment Assets and the Financial Highlights of the Trust for prior years have not been restated to reflect this change.

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The effect of this change for the year ended December 31, 2001, was to increase net investment income by \$88,821; decrease net unrealized appreciation by \$42,114 and decrease net realized gains by \$46,707.

## Note 2. Agreements

The Trust has an Investment Advisory Agreement with BlackRock Advisors, Inc., (the Advisor), a wholly-owned subsidiary of BlackRock, Inc., which in turn is an indirect majority-owned subsidiary of PNC Financial Services Group, Inc. The Trust has an Administration Agreement with Princeton Administrators, L.P. (the Administrator), an indirect wholly-owned affiliate of Merrill Lynch & Co., Inc.

The investment advisory fee paid to the Advisor is computed weekly and payable monthly at an annual rate of 0.35% of the Trust's average weekly net investment assets. The administration fee paid to the Administrator is also computed weekly and payable monthly at an annual rate of 0.10% of the Trust's average weekly net investment assets.

Pursuant to the agreements, the Advisor provides continuous supervision of the investment portfolio and pays the compensation of officers of the Trust who are affiliated persons of the Advisor. The Administrator pays occupancy and certain clerical and accounting costs of the Trust. The Trust bears all other costs and expenses.

Pursuant to the terms of the custody agreement, the Trust receives earnings credits from its custodian when positive cash balances are maintained, which are used to offset custody fees. The earnings credits for the period ended December 31, 2001 were \$20,685.

## Note 3. Portfolio Securities

Purchases and sales of investments, other than short-term investments, for the year ended December 31, 2001, aggregated \$32,116,823 and \$25,080,650, respectively.

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The Federal income tax basis of the Trust's investments at December 31, 2001 was \$687,418,485, and accordingly, net unrealized appreciation was \$46,310,107 (gross unrealized appreciation \$46,649,084, gross unrealized depreciation \$338,977).

### Note 4. Capital

There are 200 million shares of \$.01 par value common stock authorized. The Trust may classify or reclassify any unissued shares of common stock into one or more series of preferred stock. Of the 27,207,093 common shares outstanding at December 31, 2001, the Advisor owned 7,093 shares. As of December 31, 2001, there were 10,840 preferred shares outstanding as follows: Series T28 2,060, Series R28 2,060, Series T7 4,660, and Series R7 2,060, which includes 2,600 shares of Series T7 issued on March 10, 2000.

On March 10, 2000, the Trust reclassified 2,600 shares of common stock and issued an additional 2,600 shares of Series T7 preferred shares. The additional shares issued have identical rights and features of the existing Series T7 preferred shares. Offering costs of \$209,286 and underwriting discounts of \$650,000 have been charged to paid-in capital in excess of par of the common shares.

Dividends on Series T7 shares and R7 shares are cumulative at a rate which is reset every 7 days based on the results of an auction. Dividends on Series T28 shares are cumulative at a rate which is reset every 28 days based on the results of an auction. Series R28 shares paid dividends monthly at a rate established at the initial offering through May 17, 1994. Thereafter, rates on Series R28 shares reset every 28 days based on the results of an auction. Dividend rates ranged from 1.10% to 5.10% during the year ended December 31, 2001.

The Trust may not declare dividends or make other distributions on shares of common stock or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding preferred stock would be less than 200%.

The preferred stock is redeemable at the option of the Trust, in whole or in part, on any dividend payment date at \$25,000 per share plus any accumulated or unpaid dividends whether or not declared. The preferred stock is also subject to mandatory redemption at \$25,000 per share plus any accumulated or unpaid dividends, whether or not declared if certain requirements relating to the composition of the assets and liabilities of the Trust as set forth in the Articles of Incorporation are not satisfied.

The holders of preferred stock have voting rights equal to the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. However, holders of preferred stock are also entitled to elect two of the Trust's Directors. In addition, the Investment Company Act of 1940 requires that along with approval by stockholders that might otherwise be required, the approval of the holders of a majority of any outstanding preferred stock, voting separately as a class would be required to (a) adopt any plan of reorganization that would adversely affect the preferred stock, and (b) take any action requiring a vote of security holders, including, among other things, changes in the Trust's subclassification as a closed-end investment company or changes in its fundamental investment restrictions.

### Note 5. Dividends

Subsequent to December 31, 2001, the Board of Directors of the Trust declared a dividend from undistributed earnings of \$0.06625 per common share payable, February 1, 2002 to shareholders of record on January 15, 2002.

For the period January 1, 2002 to January 31, 2002 dividends declared on preferred shares totaled \$315,244 in aggregate for the four outstanding preferred share series.

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### THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC. REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors of  
The BlackRock Insured Municipal 2008 Term Trust Inc.:

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We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of The BlackRock Insured Municipal 2008 Term Trust Inc., (the Trust ) as of December 31, 2001, and the related statement of operations for the year then ended, and of changes in net investment assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at December 31, 2001, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of The BlackRock Insured Municipal 2008 Term Trust Inc. as of December 31, 2001, and the results of its operations, the changes in its net investment assets and its financial highlights for the respective stated periods in conformity with accounting principles generally accepted in the United States of America.

Boston, Massachusetts February 8, 2002

**THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC.  
DIRECTOR INFORMATION**

**Independent Directors**

| Name, address, age | Andrew F. Brimmer       | Richard E. Cavanagh     | Kent Dixon              | Frank J. Fabozzi        |
|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                    | P.O. Box 4546           | P.O. Box 4546           | P.O. Box 4546           | P.O. Box 4546           |
|                    | New York, NY 10163-4546 | New York, NY 10163-4546 | New York, NY 10163-4546 | New York, NY 10163-4546 |
|                    | Age: 75                 | Age: 55                 | Age: 64                 | Age: 53                 |

Current positions held

| with the Funds            | Lead Director                | Director                     | Director                     | Director                     |
|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Term of office and length | 3 years <sup>2</sup> / since | 3 years <sup>2</sup> / since | 3 years <sup>2</sup> / since | 3 years <sup>2</sup> / since |
| of time served            | inception <sup>3</sup>       | 8/11/94                      | inception <sup>3</sup>       | inception <sup>3</sup>       |

|  |  |  |  |  |
|--|--|--|--|--|
| Principal occupations during the past five years | President of Brimmer & Company, Inc., a Washington, D.C.-based economic and financial consulting firm. | President and Chief Executive Officer of The Conference Board, Inc., a leading global business membership organization, from 1995-present. Former Executive Dean of the John | Consultant/Investor. Former President and Chief Executive Officer of Empire Federal Savings Bank of America and Banc PLUS Savings Associa- | Consultant. Editor of THE JOURNAL OF PORTFOLIO MANAGEMENT and Adjunct Professor of Finance |
|--|--|--|--|--|

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|   |  |
|---|--|
| <p>F. Kennedy School of Government at Harvard University from 1988-1995. Acting Director, Harvard Center for Business and Government (1991-1993). Formerly Partner (principal) of McKinsey &amp; Company, Inc. (1980-1988). Former Executive Director of Federal Cash Management, White House Office of Management and Budget (1977-1979). Co-author, THE WINNING PERFORMANCE (best selling management book published in 13 national editions).</p> | <p>tion, former Chairman of the Board, President and Chief Executive Officer of Northeast Savings. editor of several books on fixed income portfolio management. Visiting Professor of Finance and Accounting at the Sloan School of Management, Massachusetts Institute of Technology from 1986 to August 1992.</p> |
|---|--|

Number of portfolios over-seen within the fund complex

294

294

294

294

Other Directorships held outside of the fund complex

Director of CarrAmerica Realty Corporation and Borg-Warner Auto-motive. Formerly member of the Board of Governors of the Federal Reserve System. Formerly Director of AirBorne Express, BankAmerica Bell South Corporation, College Retirement Equities Fund (Trustee), Corporation (Bank of America), Commodity Exchange, Inc. (Public Governor), Connecticut Mutual Life Insurance Company, E.I. Dupont de Nemours & Company, Equitable Life Assurance Society of the United States, Gannett Company, Mercedes-Benz of North America, MNC Financial Corporation (American Security Bank), NMC Capital Management, Navistar International Corporation, PHH Corp.

Trustee Emeritus, Wesleyan University, Trustee: Drucker Foundation, Airplanes Group, Aircraft Finance Trust (AFT) and Educational Testing Service (ETS). Director, Arch Chemicals, Fremont Group and The Guardian Life Insurance Company of America.

Former Director of ISFA (the owner of INVEST, a national securities brokerage service designed for banks and thrift institutions).

Director, Guardian Mutual Funds Group.

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and UAL Corporation (United Airlines).

For Interested Director Relationships, events or transactions by reason of which the director is an interested person as defined in Section 2(a)(19)(1940 Act)

<sup>1</sup> Interested Director as defined by Section 2(a)(19) of the Investment Company Act of 1940.

<sup>2</sup> The Board of Directors is classified into three classes of which one class is elected annually. Each Director serves a three year term concurrent with the class from which he is elected.

<sup>3</sup> Commencement of investment operations 9/28/1992.

<sup>4</sup> The fund complex currently consists of 29 separate closed-end funds, each with one investment portfolio.

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**THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC.  
DIRECTOR INFORMATION**

**Independent Directors (continued)**

**Interested Directors<sup>1</sup>**

|   |  |   |  |
|---|--|---|--|
| James Clayburn La Force, Jr.<br>P.O. Box 4546<br>New York, NY 10163-4546<br>Age: 73   | Walter F. Mondale<br>P.O. Box 4546<br>New York, NY 10163-4546<br>Age: 74   | Laurence D. Fink <sup>1</sup><br>345 Park Avenue<br>New York, NY 10154<br>Age: 49   | Ralph L. Schlosstein <sup>1</sup><br>345 Park Avenue<br>New York, NY 10154<br>Age: 51  |
| Director  | Director   | Chairman of the Board   | President and Director   |
| 3 years <sup>2</sup> / since inception <sup>3</sup>   | 3 years <sup>2</sup> / since inception to 8/12/93 <sup>3</sup> and 4/15/97 to present  | 3 years <sup>2</sup> / since inception <sup>3</sup>   | 3 years <sup>2</sup> / since inception <sup>3</sup>  |
| Dean Emeritus of The John E. Anderson Graduate School of Management, University of California since July 1, 1993.<br>Acting Dean of The School of | Partner, Dorsey & Whitney, a law firm (December 1996-present, September 1987-August 1993).<br>Formerly U.S. Ambassador to Japan (1993-1996). | Chairman and Chief Executive Officer of BlackRock, Inc. since its formation in 1998 and of BlackRock, Inc. s predecessor entities since 1988. Chairman of the Management Committee. Formerly, Managing Director of the First Boston | Director since 1999 and President of BlackRock, Inc. since its formation in 1998 and of BlackRock, Inc. s predecessor entities since 1988. Member of the Management Committee and Investment Strategy Group of BlackRock, Inc. |

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|  |  |  |   |
|--|--|--|---|
| Business, Hong Kong University of Science and Technology 1990-1993. From 1978 to September 1993, Dean of The John E. Anderson Graduate School of Management, University of California. | Formerly Vice President of the United States, U.S. Senator and Attorney General of the State of Minnesota. 1984 Democratic Nominee for President of the United States. | Corporation, Member of its Management Committee, Co-head of its Taxable Fixed Income Division and Head of its Mortgage and Real Estate Products Group. Currently, Chairman of the Board of each of the closed-end Trusts in which BlackRock Advisors, Inc. acts as investment advisor. | Formerly, Managing Director of Lehman Brothers, Inc. and Co-head of its Mortgage and Savings Institutions Group. Currently, President and Director of each of the closed-end Trusts in which BlackRock Advisors, Inc. acts as investment advisor. |
|--|--|--|---|

29<sup>4</sup>

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|   |   |  |  |
|---|---|--|--|
| Director, Jacobs Engineering Group, Inc., Payden & Rygel Investment Trust, Provident Investment Counsel Funds, Timken Company, and Trust for Investment Managers. | Director, Northwest Airlines Corp., UnitedHealth Group. | President, Treasurer and a Trustee of the BlackRock Funds, Chairman of the Board and Director of Anthracite Capital, Inc., a Director of BlackRock's offshore funds and several BlackRock's alternative investment vehicles and Chairman of the Board of Nomura BlackRock Asset Management Co., Ltd. Currently, Co-Chairman of the Board of Trustees of Mount Sinai-New York University Medical Center and Health System and a Member of the Board of Phoenix House. | Chairman and President of the BlackRock Provident Institutional Funds and Director of several of BlackRock's alternative investment vehicles. Currently, a Member of the Visiting Board of Overseers of the John F. Kennedy School of Government at Harvard University, the Financial Institutions Center Board of the Wharton School of the University of Pennsylvania, a Trustee of Trinity School in New York City and a Trustee of New Visions for Public Education in New York City. Formerly, a Director of Pulte Corporation and a Member of Fannie Mae's Advisory Council. |
|   |   | Chairman and Chief Executive Officer of the Advisor.   | Director and President of the Advisor.   |

**THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC.  
TAX INFORMATION**

We are required by the Internal Revenue Code to advise you within 60 days of the Trust's tax year end as to the Federally exempt interest dividends received by you during such tax year. Accordingly, all dividends paid by the Trust during the year are Federally tax-exempt, except the following:

|                 | <b>Taxable<br/>Ordinary<br/>Income</b> |  | <b>Long-Term<br/>Capital Gains<br/>Per Share*</b> |
|-----------------|--|--|---|
| Common Stock    | \$ 0.000485                            |  | \$ 0.004614                                       |
| Preferred Stock |  |  |   |
| Series R7       | \$ 0.43                                |  | \$ 3.83   |
| Series T7       | \$ 0.47                                |  | \$ 4.22   |
| Series R28      | \$ 0.47                                |  | \$ 4.23   |
| Series T28      | \$ 0.48                                |  | \$ 4.36   |

\*The percentage of long-term capital gains that qualify as five-year gains is 100%.

For purposes of preparing your Federal income tax return, you should report the amounts as reflected on the appropriate Form 1099-DIV or substitute 1099-DIV.

**DIVIDEND REINVESTMENT PLAN**

Pursuant to the Trust's Dividend Reinvestment Plan (the "Plan"), common shareholders may elect to have all distributions of dividends and capital gains reinvested by EquiServe Trust Company, N.A. (the "Plan Agent") in Trust shares pursuant to the Plan. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent.

The Plan Agent serves as agent for the shareholders in administering the Plan. After the Trust declares a dividend or determines to make a capital gain distribution, the Plan Agent will, as agent for the participants, receive the cash payment and use it to buy Trust shares in the open market on the New York Stock Exchange or elsewhere for the participants' accounts. The Trust will not issue any new shares under the Plan.

Participants in the Plan may withdraw from the Plan upon written notice to the Plan Agent and will receive certificates for whole Trust shares and a cash payment for any fraction of a Trust share.

The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by the Trust. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any Federal income tax that may be payable on such dividends or distributions.

The Trust reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to written notice of the change sent to all shareholders of the Trust at least 90 days before the record date for the dividend or distribution. The Plan also may be amended or terminated by the Plan Agent upon at least 90 days written notice to all shareholders of the Trust. All correspondence concerning the Plan should be directed to the Plan Agent at (800) 699-1BFM. The address is on the front of this report.

**ADDITIONAL INFORMATION**

There have been no material changes in the Trust's investment objectives or policies that have not been approved by the shareholders or to its charter or by-laws or in the principal risk factors associated with investment in the Trust. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Trust's portfolio.

Quarterly performance and other information regarding the Trust may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com/funds/cefunds.html>. This reference to BlackRock's website is intended to allow investors public access to quarterly information regarding the Trust and is not intended to incorporate BlackRock's website into this report.

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**THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC.  
INVESTMENT SUMMARY**

**The Trust's Investment Objective:**

The BlackRock Insured Municipal 2008 Term Trust's investment objectives are to provide current income exempt from regular Federal income tax and to return \$15 per share (the initial public offering price per share) to investors on or about December 31, 2008.

**Who Manages the Trust?**

BlackRock Advisors, Inc. (the Advisor) manages the Trust. The Advisor is a wholly-owned subsidiary of BlackRock, Inc. (BlackRock), which is one of the largest publicly traded investment management firms in the United States with approximately \$239 billion of assets under management as of December 31, 2001. BlackRock manages assets on behalf of institutional and individual investors worldwide through a variety of equity, fixed income, liquidity and alternative investment separate accounts and mutual funds, including *BlackRock Funds* and *BlackRock Provident Institutional Funds*. In addition, BlackRock provides risk management and investment system services to institutional investors under the *BlackRock Solutions* name. Clients are served from BlackRock's headquarters in New York City, as well as offices in Wilmington, DE, San Francisco, Boston, Edinburgh, Tokyo, and Hong Kong. BlackRock is a member of The PNC Financial Services Group (NYSE: PNC), one of the largest diversified financial services organizations in the United States, and is majority-owned by PNC and by BlackRock employees.

**What Can the Trust Invest In?**

The Trust intends to invest at least 80% of its total assets in a diversified portfolio of municipal obligations insured as to the timely payment of both principal and interest. The Trust may invest up to 20% of its total assets in uninsured municipal obligations which are rated Aaa by Moody's or AAA by S&P, or are determined by the Advisor to be of comparable credit quality (guaranteed, escrowed or backed in trust).

**What is the Advisor's Investment Strategy?**

The Advisor will seek to meet the Trust's investment objective by managing the assets of the Trust so as to return the initial offering price (\$15 per share) on or about December 31, 2008. The Advisor will implement a strategy that will seek to closely match the maturity or call provisions of the assets of the portfolio with the future return of the initial investment at the end of 2008. At the Trust's termination, BlackRock expects that the value of the securities which have matured, combined with the value of the securities that are sold or called, if any, will be sufficient to return the initial offering price to investors. On a continuous basis, the Trust will seek its objective by actively managing its portfolio of municipal obligations and retaining a portion of its income each year.

In addition to seeking the return of the initial offering price, the Advisor also seeks to provide current income exempt from regular Federal income tax to investors. The portfolio managers will attempt to achieve this objective by investing in securities that provide competitive income. In addition, leverage will be used to enhance the income of the portfolio. In order to maintain competitive yields as the Trust approaches maturity and depending on market conditions, the Advisor will attempt to purchase securities with call protection or maturities as close to the Trust's maturity date as possible. Securities with call protection should provide the portfolio with some degree of protection against reinvestment risk during times of lower prevailing interest rates. Since the Trust's primary goal is to return the initial offering price at maturity, any cash that the Trust receives prior to its maturity date may be reinvested in securities with maturities which coincide with the remaining term of the Trust. It is important to note that the Trust will be managed so as to preserve the integrity of the return of the initial offering price. If market conditions, such as interest rate volatility, force a choice between current income and risking the return of the initial offering price, it is likely the return of the initial offering price will be emphasized.



### **How Are the Trust's Shares Purchased and Sold? Does the Trust Pay Dividends Regularly?**

The Trust's common stock is traded on the New York Stock Exchange which provides investors with liquidity on a daily basis. Orders to buy or sell shares of the Trust must be placed through a registered broker or financial advisor. The Trust pays monthly dividends which are typically paid on the first business day of the month. For shares held in the shareholder's name, dividends may be reinvested in additional shares of the Trust through the Trust's transfer agent, EquiServe Trust Company, N.A. Investors who wish to hold shares in a brokerage account should check with their financial advisor to determine whether their brokerage firm offers dividend reinvestment services.

### **Leverage Considerations in the Trust**

The Trust employs leverage primarily through the issuance of preferred stock. Leverage permits the Trust to borrow money at short-term rates and reinvest that money in longer-term assets, which typically offer higher interest rates. The difference between the cost of the borrowed funds and the income earned on the proceeds that are invested in longer term assets is the benefit to the Trust from leverage.

Leverage increases the duration (or price sensitivity of the net assets with respect to change in interest rates) of the Trust, which can improve the performance of the Trust in a declining rate environment, but can cause net assets to decline faster in a rapidly rising rate environment. The Advisor's portfolio managers continuously monitor and regularly review the Trust's use of leverage and the Trust may reduce, or unwind, the amount of leverage employed should the Advisor consider that reduction to be in the best interests of the shareholders.

### **Special Considerations and Risk Factors Relevant to the Trust**

*The Trust is intended to be a long-term investment and is not a short-term trading vehicle.*

**Investment Objectives.** Although the objectives of the Trust are to provide current income exempt from regular Federal income tax and to return \$15 per share to investors on or about December 31, 2008, there can be no assurance that these objectives will be achieved.

**Dividend Consideration.** The income and dividends paid by the Trust are likely to decline to some extent over the term of the Trust due to the anticipated shortening of the dollar-weighted average maturity of the Trust's assets.

**Leverage.** The Trust utilizes leverage through the issuance of preferred stock, which involves special risks. The Trust's net asset value and market value may be more volatile due to its use of leverage.

**Market Price of Shares.** The shares of closed-end investment companies such as the Trust trade on the New York Stock Exchange (NYSE symbol: BRM) and as such are subject to supply and demand influences. As a result, shares may trade at a discount or a premium to their net asset value.

**Illiquid Securities.** The Trust may invest in securities that are illiquid, although under current market conditions the Trust expects only to do so to a limited extent. An investment in these securities involves special risks.

**Antitakeover Provisions.** Certain antitakeover provisions will make a change in the Trust's business or management more difficult without the approval of the Trust's Board of Directors and may have the effect of depriving shareholders of an opportunity to sell their shares at a premium above the prevailing market price.

**Municipal Obligations.** Municipal obligations include debt obligations issued by states, cities, and local authorities, and possessions and certain territories of the United States to obtain funds for various public purposes, including the construction of public facilities, the refinancing of outstanding obligations and the obtaining of funds for general operating expenses and for loans to other public institutions and facilities. The value of municipal debt securities generally varies inversely with changes in prevailing market interest rates. Depending on the amount of call protection that the securities in the Trust have, the Trust may be subject to certain reinvestment risks in environments of declining interest rates.

**Alternative Minimum Tax (AMT).** The Trust may invest in securities subject to alternative minimum tax.

**THE BLACKROCK INSURED MUNICIPAL 2008 TERM TRUST INC.  
GLOSSARY**

**Closed-End Fund:** Investment vehicle which initially offers a fixed number of shares and trades on a stock exchange. The Trust invests in a portfolio of securities in accordance with its stated investment objectives and policies.

**Discount:** When a Trust's net asset value is greater than its stock price the Trust is said to be trading at a discount.

**Dividend:** Income generated by securities in a portfolio and distributed to shareholders after the deduction of expenses. The Trust declares and pays dividends to common shareholders on a monthly basis.

**Dividend Reinvestment:** Shareholders may have all dividends and distributions of capital gains automatically reinvested into additional shares of a Trust.

**Market Price:** Price per share of a security trading in the secondary market. For a closed-end fund, this is the price at which one share of the Trust trades on the stock exchange. If you were to buy or sell shares, you would pay or receive the market price.

**Net Asset Value (NAV):** Net asset value is the total market value of all securities and other assets held by the Trust, including income accrued on its investments, minus any liabilities including accrued expenses, divided by the total number of outstanding common shares. It is the underlying value of a single common share on a given day. Net asset value for the Trust is calculated weekly and published in *Barron's* on Saturday and *The Wall Street Journal* on Monday.

**Premium:** When a Trust's stock price is greater than its net asset value, the Trust is said to be trading at a premium.

**Prerefunded Bonds:** These securities are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the tax exempt issue and retire the bond in full at the date indicated, typically at a premium to par.

**BLACKROCK ADVISORS, INC. SUMMARY OF CLOSED-END FUNDS**

**Taxable Trusts**

| <b>Perpetual Trusts</b>                                   | <b>Stock<br/>Symbol</b> | <b>Maturity<br/>Date</b> |
|---|-------------------------|--------------------------|
| The BlackRock Income Trust Inc.                           | BKT                     | N/A                      |
| The BlackRock North American Government Income Trust Inc. | BNA                     | N/A                      |
| The BlackRock High Yield Trust                            | BHY                     | N/A                      |
| BlackRock Core Bond Trust                                 | BHK                     | N/A                      |
| <b>Term Trusts</b>  |                         |                          |
| The BlackRock Strategic Term Trust Inc.                   | BGT                     | 12/02                    |
| The BlackRock Investment Quality Term Trust Inc.          | BQT                     | 12/04                    |
| The BlackRock Advantage Term Trust Inc.                   | BAT                     | 12/05                    |
| The BlackRock Broad Investment Grade 2009 Term Trust Inc. | BCT                     | 12/09                    |

**Tax-Exempt Trusts**

| <b>Perpetual Trusts</b>  | <b>Stock<br/>Symbol</b> | <b>Maturity<br/>Date</b> |
|--|-------------------------|--------------------------|
| The BlackRock Investment Quality Municipal Trust Inc.            | BKN                     | N/A                      |
| The BlackRock California Investment Quality Municipal Trust Inc. | RAA                     | N/A                      |
| The BlackRock Florida Investment Quality Municipal Trust         | RFA                     | N/A                      |
| The BlackRock New Jersey Investment Quality Municipal Trust Inc. | RNJ                     | N/A                      |
| The BlackRock New York Investment Quality Municipal Trust Inc.   | RNY                     | N/A                      |
| The BlackRock Pennsylvania Strategic Municipal Trust             | BPS                     | N/A                      |
| The BlackRock Strategic Municipal Trust                          | BSD                     | N/A                      |
| BlackRock California Municipal Income Trust                      | BFZ                     | N/A                      |
| BlackRock Municipal Income Trust                                 | BFK                     | N/A                      |
| BlackRock New York Municipal Income Trust                        | BNY                     | N/A                      |
| BlackRock New Jersey Municipal Income Trust                      | BNJ                     | N/A                      |
| BlackRock Florida Municipal Income Trust                         | BBF                     | N/A                      |
| <b>Term Trusts</b>   |                         |                          |
| The BlackRock Municipal Target Term Trust Inc.                   | BMN                     | 12/06                    |
| The BlackRock Insured Municipal 2008 Term Trust Inc.             | BRM                     | 12/08                    |
| The BlackRock California Insured Municipal 2008 Term Trust Inc.  | BFC                     | 12/08                    |
| The BlackRock Florida Insured Municipal 2008 Term Trust          | BRF                     | 12/08                    |
| The BlackRock New York Insured Municipal 2008 Term Trust Inc.    | BLN                     | 12/08                    |
| The BlackRock Insured Municipal Term Trust Inc.                  | BMT                     | 12/10                    |
| BlackRock California Municipal 2018 Term Trust                   | BJZ                     | 12/18                    |
| BlackRock New York Municipal 2018 Term Trust                     | BLH                     | 12/18                    |
| BlackRock Municipal 2018 Term Trust                              | BPK                     | 12/18                    |

***If you would like further information please do not hesitate to call BlackRock at (800) 227-7BFM (7236) or consult with your financial advisor.***

**BLACKROCK ADVISORS, INC.  
AN OVERVIEW**

BlackRock Advisors, Inc. (the Advisor) manages the Trust. The Advisor is a wholly-owned subsidiary of BlackRock, Inc. (BlackRock), which is one of the largest publicly traded investment management firms in the United States with approximately \$239 billion of assets under management as of December 31, 2001. BlackRock manages assets on behalf of institutional and individual investors worldwide through a variety of equity, fixed income, liquidity and alternative investment separate accounts and mutual funds, including *BlackRock Funds* and *BlackRock Provident Institutional Funds*. In addition, BlackRock provides risk management and investment system services to institutional investors under the *BlackRock Solutions* name. Clients are served from BlackRock's headquarters in New York City, as well as offices in Wilmington, DE, San Francisco, Boston, Edinburgh, Tokyo, and Hong Kong. BlackRock is a member of The PNC Financial Services Group (NYSE: PNC), one of the largest diversified financial services organizations in the United States, and is majority-owned by PNC and by BlackRock employees.

BlackRock's fixed income product was introduced in 1988 by a team of highly seasoned fixed income professionals. These professionals had extensive experience creating, analyzing and trading a variety of fixed income instruments, including the most complex structured securities. In fact, several individuals at BlackRock were responsible for developing many of the major innovations in the mortgage-backed and asset-backed securities markets, including the creation of the first CMO, the floating rate CMO, the senior/subordinated pass-through and the multi-class asset-backed security.

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BlackRock is unique among asset management and advisory firms in the emphasis it places on the development of proprietary analytical capabilities. Over one quarter of the firm's professionals are dedicated to the design, maintenance and use of these systems, which are not otherwise available to investors. BlackRock's proprietary analytical tools are used for evaluating, and designing fixed income investment strategies for client portfolios. Securities purchased include mortgages, corporate bonds, municipal bonds and a variety of hedging instruments.

BlackRock has developed investment products that respond to investors' needs and has been responsible for several major innovations in closed-end funds. In fact, BlackRock introduced the first closed-end mortgage fund, the first taxable and tax-exempt closed-end funds to offer a finite term, the first closed-end fund to achieve a AAA rating by Standard & Poor's, and the first closed-end fund to invest primarily in North American Government securities. Currently, BlackRock's closed-end funds have dividend reinvestment plans, which are designed to provide ongoing demand for the stock in the secondary market. BlackRock manages a wide range of investment vehicles, each having specific investment objectives and policies.

In view of our continued desire to provide a high level of service to all our shareholders, BlackRock maintains a toll-free number for your questions. The number is (800) 227-7BFM (7236). We encourage you to call us with any questions that you may have about your BlackRock funds and we thank you for the continued trust that you place in our abilities.

***If you would like further information  
please do not hesitate to call BlackRock at (800) 227-7BFM***

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This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Trust shares. Statements and other information contained in this report are as dated and are subject to change.

**The BlackRock Insured**

**Municipal 2008 Term Trust Inc.**

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