

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

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

FORM N-CSR

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

Investment Company Act file number 811-05542

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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Date of fiscal year end: 08/31/2008

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

Item 1□ Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Annual Report

AUGUST 31, 2008

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

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

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

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

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

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

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

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

Table of Contents

	Page
<u>A Letter to Shareholders</u>	3
Annual Report:	
<u>Trust Summaries</u>	4
<u>The Benefits and Risks of Leveraging</u>	11
<u>Swap Agreements</u>	11
Financial Statements:	
<u>Schedules of Investments</u>	12
<u>Statements of Assets and Liabilities</u>	60
<u>Statements of Operations</u>	62
<u>Statements of Changes in Net Assets</u>	64
<u>Statements of Cash Flows</u>	67
<u>Financial Highlights</u>	68
<u>Notes to Financial Statements</u>	75
<u>Report of Independent Registered Public Accounting Firm</u>	84
<u>Disclosure of Investment Advisory Agreement and Subadvisory Agreement</u>	85
<u>Dividend Reinvestment Plans</u>	89
<u>Important Tax Information</u>	89
<u>Officers and Directors/Trustees</u>	90
<u>Additional Information</u>	94

A Letter to Shareholders

Dear Shareholder

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

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

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

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

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

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

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

Sincerely,

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Rob Kapito
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

AUGUST 31, 2008

3

Trust Summary as of August 31, 2008

BlackRock Core Bond Trust

Investment Objective

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

Performance

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

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

Trust Information

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

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

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

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

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

Portfolio Composition

8/31/08 10/31/07

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

Credit Quality Allocations⁴

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

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

Trust Summary as of August 31, 2008

BlackRock High Income Shares

Investment Objective

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

Performance

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

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Trust Information

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

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

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

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

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

Portfolio Composition

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

Credit Quality Allocations⁴

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

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

Trust Summary as of August 31, 2008

BlackRock High Yield Trust

Investment Objective

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

Performance

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

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Trust Information

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

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

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

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

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

Ten Largest Industries⁴

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