

BLACKROCK CALIFORNIA MUNICIPAL INCOME TRUST
Form N-CSRS
July 08, 2005

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: 811-10331

BlackRock California Municipal Income Trust
(Exact name of registrant as specified in charter)

100 Bellevue Parkway, Wilmington, DE

19809

(Address of principal executive offices)

(Zip code)

Robert S. Kapito, President

BlackRock California Municipal Income Trust

40 East 52nd Street, New York, NY 10022
(Name and address of agent for service)

Registrant's telephone number, including area code: 888-825-2257

Date of fiscal year end: October 31, 2005

Date of reporting period: April 30, 2005

Item 1. Reports to Shareholders.

The Registrant's semi-annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

FIXED INCOME LIQUIDITY EQUITIES ALTERNATIVES BLACKROCK SOLUTIONS

BlackRock Closed-End Funds Semi-Annual Report

APRIL 30, 2005 (Unaudited)

BlackRock Investment Quality Municipal Trust (BKN)
BlackRock Municipal Income Trust (BFK)
BlackRock California Investment Quality Municipal Trust (RAA)
BlackRock California Municipal Income Trust (BFZ)
BlackRock Florida Investment Quality Municipal Trust (RFA)
BlackRock Florida Municipal Income Trust (BBF)
BlackRock New Jersey Investment Quality Municipal Trust (RNJ)
BlackRock New Jersey Municipal Income Trust (BNJ)
BlackRock New York Investment Quality Municipal Trust (RNY)
BlackRock New York Municipal Income Trust (BNY)

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

TABLE OF CONTENTS

Letter to Shareholders	1
Trusts Summary	2
Portfolios of Investments	12
Financial Statements	
Statements of Assets and Liabilities	36
Statements of Operations	38
Statements of Changes in Net Assets	40
Financial Highlights	44
Notes to Financial Statements	54
Dividend Reinvestment Plans	60
Additional Information	60

Privacy Principles of the Trusts

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

Generally, the Trusts do not receive any non-public personal information relating to their shareholders, although certain non-public personal information of shareholders may become available to the Trusts. The Trusts do not disclose any non-public personal information about their 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 Trusts restrict access to non-public personal information about their shareholders to BlackRock employees with a legitimate business need for the information. The Trusts maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of their shareholders.

LETTER TO SHAREHOLDERS

April 30, 2005

Dear Shareholder:

We are pleased to report that during the semi-annual period, the Trusts continued to provide monthly income, as well as the opportunity to invest in various portfolios of municipal securities. This report contains the Trusts' unaudited financial statements and a listing of the portfolios' holdings.

The portfolio management team continuously monitors the municipal bond market and adjusts the portfolios in order to gain exposure to various issuers, revenue sources and security types. This strategy enables the Trusts to move among different sectors, credits and coupons to capitalize on changing market conditions.

The following table shows the Trusts' current yields, tax-equivalent yields, closing market prices per share and net asset values (NAV) per share as of April 30, 2005.

Trust (Ticker)	Current Yield1	Tax-Equivalent Yield1	Closing Market Price	NAV
BlackRock Investment Quality Municipal Trust (BKN)	5.93%	9.12%	\$ 15.41	\$ 15.85
BlackRock Municipal Income Trust (BFK)	6.72	10.34	14.49	14.85
BlackRock California Investment Quality Municipal Trust (RAA)	5.95	9.15	14.25	14.53
BlackRock California Municipal Income Trust (BFZ)	6.49	9.98	14.06	15.27
BlackRock Florida Investment Quality Municipal Trust (RFA)	5.94	9.14	14.30	14.79
BlackRock Florida Municipal Income Trust (BBF)	6.11	9.40	14.80	15.66
BlackRock New Jersey Investment Quality Municipal Trust (RNJ)	5.56	8.55	14.50	14.78
BlackRock New Jersey Municipal Income Trust (BNJ)	6.16	9.48	14.62	15.92
BlackRock New York Investment Quality Municipal Trust (RNY)	6.24	9.60	14.07	15.35
BlackRock New York Municipal Income Trust (BNY)	6.23	9.58	14.52	15.52

¹Yields are based on closing market price. Tax-equivalent yield assumes the maximum Federal tax rate of 35%.

BlackRock, Inc. (BlackRock), a world leader in asset management, has a proven commitment to the municipal bond market. As of March 31, 2005, BlackRock managed over \$30 billion in municipal bonds, including seven open-end and 37 closed-end municipal bond funds. BlackRock is recognized for its emphasis on risk management

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and proprietary analytics and for its reputation managing money for the world's largest institutional investors. BlackRock Advisors, Inc., and its affiliate, BlackRock Financial Management, Inc., which manages the Trusts, are wholly owned subsidiaries of BlackRock.

On behalf of BlackRock, we thank you for your continued trust and assure you that we remain committed to excellence in managing your assets.

Sincerely,

Laurence D. Fink
Chief Executive Officer
BlackRock Advisors, Inc.

Ralph L. Schlosstein
President
BlackRock Advisors, Inc.

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock Investment Quality Municipal Trust (BKN)****Trust Information**

Symbol on New York Stock Exchange:	BKN
Initial Offering Date:	February 19, 1993
Closing Market Price as of 4/30/05:	\$15.41
Net Asset Value as of 4/30/05:	\$15.85
Yield on Closing Market Price as of 4/30/05 (\$15.41): ¹	5.93%
Current Monthly Distribution per Common Share: ²	\$0.076189
Current Annualized Distribution per Common Share: ²	\$0.914268
Leverage as of 4/30/05: ³	36%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$15.41	\$15.12	1.92%	\$16.38	\$14.31
NAV	\$15.85	\$15.71	0.89%	\$16.06	\$15.53

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
---------------	-----------------------	-------------------------

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City, County & State	25%	18%
Hospital	12	11
Transportation	11	8
Education	10	11
Industrial & Pollution Control	9	13
Power	7	8
Tobacco	7	3
Housing	6	7
Lease Revenue	6	12
Tax Revenue	4	6
Water & Sewer	3	3

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	49%	44%
AA/Aa	5	6
A	15	19
BBB/Baa	15	21
BB/Ba	7	2
B	1	0
Not Rated	8	8

⁴ Using the higher of Standard & Poor's (S&P's), Moody's Investors Service (Moody's) or Fitch Ratings (Fitch's) rating.

TRUST SUMMARIES (unaudited)
APRIL 30, 2005
BlackRock Municipal Income Trust (BFK)

Trust Information

Symbol on New York Stock Exchange:	BFK
Initial Offering Date:	July 27, 2001
Closing Market Price as of 4/30/05:	\$14.49
Net Asset Value as of 4/30/05:	\$14.85
Yield on Closing Market Price as of 4/30/05 (\$14.49): ¹	6.72%
Current Monthly Distribution per Common Share: ²	\$0.081125
Current Annualized Distribution per Common Share: ²	\$0.973500
Leverage as of 4/30/05: ³	37%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.49	\$14.05	3.13%	\$14.94	\$13.59
NAV	\$14.85	\$14.26	4.14%	\$14.98	\$14.10

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
---------------	-----------------------	-------------------------

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Hospital	25%	23%
Industrial & Pollution Control	19	19
City, County & State	13	13
Housing	11	12
Transportation	11	8
Tobacco	9	4
Tax Revenue	4	3
Education	4	6
Lease Revenue	2	7
Power	1	1
Water & Sewer	1	4

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	19%	19%
AA/Aa	4	4
A	31	32
BBB/Baa	25	32
BB/Ba	7	2
B	5	4
Not Rated	9	7

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

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock California Investment Quality Municipal Trust (RAA)****Trust Information**

Symbol on American Stock Exchange:	RAA
Initial Offering Date:	May 28, 1993
Closing Market Price as of 4/30/05:	\$14.25
Net Asset Value as of 4/30/05:	\$14.53
Yield on Closing Market Price as of 4/30/05 (\$14.25): ¹	5.95%
Current Monthly Distribution per Common Share: ²	\$0.0706
Current Annualized Distribution per Common Share: ²	\$0.8472
Leverage as of 4/30/05: ³	34%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.25	\$14.30	(0.35)%	\$14.95	\$13.76
NAV	\$14.53	\$14.43	0.69%	\$14.65	\$14.30

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
---------------	-----------------------	-------------------------

City, County & State	25%	24%
Transportation	16	14
Lease Revenue	15	24
Tobacco	13	10
Education	11	11
Industrial & Pollution Control	10	8
Power	7	7
Water & Sewer	3	2

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	33%	36%
AA/Aa	8	7
A	18	18
BBB/Baa	20	22
B	7	5
Not Rated	14	12

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

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock California Municipal Income Trust (BFZ)****Trust Information**

Symbol on New York Stock Exchange:	BFZ
Initial Offering Date:	July 27, 2001
Closing Market Price as of 4/30/05:	\$14.06
Net Asset Value as of 4/30/05:	\$15.27
Yield on Closing Market Price as of 4/30/05 (\$14.06): ¹	6.49%
Current Monthly Distribution per Common Share: ²	\$0.076074
Current Annualized Distribution per Common Share: ²	\$0.912888
Leverage as of 4/30/05: ³	37%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.06	\$13.65	3.00%	\$14.45	\$13.27
NAV	\$15.27	\$14.77	3.39%	\$15.43	\$14.62

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
City, County & State	21%	22%

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Transportation	13	12
Housing	13	13
Hospital	12	9
Education	10	10
Lease Revenue	9	14
Tobacco	7	11
Power	7	7
Water & Sewer	5	□
Industrial & Pollution Control	3	2

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	34%	28%
AA/Aa	3	3
A	31	33
BBB/Baa	20	24
B	1	1
Not Rated ⁵	11	11

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

⁵ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of April 30, 2005 and October 31, 2004, the market value of these securities was \$8,165,617, representing 2.3%, and \$8,107,293, representing 2.3%, respectively, of the Trust's long-term investments.

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock Florida Investment Quality Municipal Trust (RFA)****Trust Information**

Symbol on American Stock Exchange:	RFA
Initial Offering Date:	May 28, 1993
Closing Market Price as of 4/30/05:	\$14.30
Net Asset Value as of 4/30/05:	\$14.79
Yield on Closing Market Price as of 4/30/05 (\$14.30): ¹	5.94%
Current Monthly Distribution per Common Share: ²	\$0.070781
Current Annualized Distribution per Common Share: ²	\$0.849372
Leverage as of 4/30/05: ³	34%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/3005	10/31/04	Change	High	Low
Market Price	\$14.30	\$14.30	0.00%	\$15.55	\$13.90
NAV	\$14.79	\$15.02	(1.53)%	\$15.01	\$14.66

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
City, County & State	20%	14%
Tax Revenue	19	20

Education	15	16
Transportation	15	16
Hospital	12	12
Lease Revenue	8	10
Power	5	6
Housing	5	5
Water & Sewer	1	1

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	56%	61%
A	13	11
BBB/Baa	16	16
BB/Ba	3	3
Not Rated	12	9

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

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock Florida Municipal Income Trust (BBF)****Trust Information**

Symbol on New York Stock Exchange:	BBF
Initial Offering Date:	July 27, 2001
Closing Market Price as of 4/30/05:	\$14.80
Net Asset Value as of 4/30/05:	\$15.66
Yield on Closing Market Price as of 4/30/05 (\$14.80): ¹	6.11%
Current Monthly Distribution per Common Share: ²	\$0.075375
Current Annualized Distribution per Common Share: ²	\$0.904500
Leverage as of 4/30/05: ³	36%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.80	\$14.40	2.78%	\$15.11	\$13.88
NAV	\$15.66	\$15.27	2.55%	\$15.76	\$15.13

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
City, County & State	35%	34%
Hospital	20	19

Water & Sewer	9	8
Education	7	7
Tax Revenue	6	6
Housing	6	6
Lease Revenue	5	5
Power	4	8
Tobacco	4	3
Transportation	3	3
Industrial & Pollution Control	1	1

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	26%	22%
AA/Aa	34	40
A	9	9
BBB/Baa	14	13
BB/Ba	2	2
Not Rated ⁵	15	14

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

⁵ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of April 30, 2005 and October 31, 2004, the market value of these securities was \$3,765,543, representing 2.4%, and \$1,745,869, representing 1.1%, respectively, of the Trust's long-term investments.

TRUST SUMMARIES (unaudited) APRIL 30, 2005**BlackRock New Jersey Investment Quality Municipal Trust (RNJ)****Trust Information**

Symbol on American Stock Exchange:	RNJ
Initial Offering Date:	May 28, 1993
Closing Market Price as of 4/30/05:	\$14.50
Net Asset Value as of 4/30/05:	\$14.78
Yield on Closing Market Price as of 4/30/05 (\$14.50): ¹	5.56%
Current Monthly Distribution per Common Share: ²	\$0.067148
Current Annualized Distribution per Common Share: ²	\$0.805776
Leverage as of 4/30/05: ³	34%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.50	\$15.00	(3.33)%	\$15.38	\$13.81
NAV	\$14.78	\$14.79	(0.07)%	\$14.98	\$14.63

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
Transportation	34%	34%
Hospital	11	11

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Housing	11	11
City, County & State	9	6
Industrial & Pollution Control	7	6
Water & Sewer	6	6
Tax Revenue	6	5
Education	6	11
Resource Recovery	5	5
Tobacco	5	5

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	56%	56%
AA/Aa	6	11
A	11	11
BBB/Baa	19	18
B	4	4
Not Rated	4	□

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

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock New Jersey Municipal Income Trust (BNJ)****Trust Information**

Symbol on New York Stock Exchange:	BNJ
Initial Offering Date:	July 27, 2001
Closing Market Price as of 4/30/05:	\$14.62
Net Asset Value as of 4/30/05:	\$15.92
Yield on Closing Market Price as of 4/30/05 (\$14.62): ¹	6.16%
Current Monthly Distribution per Common Share: ²	\$0.075108
Current Annualized Distribution per Common Share: ²	\$0.901296
Leverage as of 4/30/05: ³	35%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.62	\$14.45	1.18%	\$15.14	\$14.05
NAV	\$15.92	\$15.38	3.51%	\$16.06	\$15.25

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
Hospital	23%	23%
Housing	17	19

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City, County & State	14	12
Transportation	11	11
Lease Revenue	11	11
Tobacco	7	9
Tax Revenue	6	5
Industrial & Pollution Control	6	5
Education	5	5

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	24%	25%
AA/Aa	5	□
A	24	29
BBB/Baa	41	44
B	3	2
Not Rated	3	□

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

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock New York Investment Quality Municipal Trust (RNY)****Trust Information**

Symbol on American Stock Exchange:	RNY
Initial Offering Date:	May 28, 1993
Closing Market Price as of 4/30/05:	\$14.07
Net Asset Value as of 4/30/05:	\$15.35
Yield on Closing Market Price as of 4/30/05 (\$14.07): ¹	6.24%
Current Monthly Distribution per Common Share: ²	\$0.073125
Current Annualized Distribution per Common Share: ²	\$0.877500
Leverage as of 4/30/05: ³	33%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.07	\$14.50	(2.97)%	\$14.70	\$13.59
NAV	\$15.35	\$15.35	0.00%	\$15.56	\$15.12

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
Education	18%	20%
City, County & State	17	18

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Tax Revenue	15	13
Water & Sewer	14	12
Industrial & Pollution Control	11	11
Lease Revenue	8	8
Housing	7	8
Hospital	4	4
Transportation	4	4
Tobacco	2	2

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	44%	31%
AA/Aa	22	33
A	20	21
BBB/Baa	6	6
BB/Ba	4	5
Caa	4	4

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

TRUST SUMMARIES (unaudited)**APRIL 30, 2005****BlackRock New York Municipal Income Trust (BNY)****Trust Information**

Symbol on New York Stock Exchange:	BNY
Initial Offering Date:	July 27, 2001
Closing Market Price as of 4/30/05:	\$14.52
Net Asset Value as of 4/30/05:	\$15.52
Yield on Closing Market Price as of 4/30/05 (\$14.52): ¹	6.23%
Current Monthly Distribution per Common Share: ²	\$0.075339
Current Annualized Distribution per Common Share: ²	\$0.904068
Leverage as of 4/30/05: ³	36%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

² The distribution is not constant and is subject to change.

³ As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

The table below summarizes the changes in the Trust's market price and NAV:

	4/30/05	10/31/04	Change	High	Low
Market Price	\$14.52	\$13.99	3.79%	\$14.77	\$13.80
NAV	\$15.52	\$15.28	1.57%	\$15.61	\$15.13

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

Portfolio Composition

Sector	April 30, 2005	October 31, 2004
Transportation	17%	17%
Housing	15	14

Industrial & Pollution Control	13	12
Lease Revenue	13	13
Tobacco	12	10
Water & Sewer	10	4
Education	8	12
Hospital	5	5
City, County & State	5	6
Tax Revenue	2	7

Credit Quality Allocations⁴

Credit Rating	April 30, 2005	October 31, 2004
AAA/Aaa	28%	24%
AA/Aa	15	19
A	21	26
BBB/Baa	32	27
BB/Ba	□	1
CCC/Caa	3	3
Not Rated	1	□

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

PORTFOLIO OF INVESTMENTS (unaudited)
APRIL 30, 2005
BlackRock Investment Quality Municipal Trust (BKN)

Rating ¹	Principal Amount (000)	Description	Option Call Provisions ²	Value
LONG-TERM INVESTMENTS 151.6%				
Alabama 5.9%				
AAA	\$ 14,000	Univ. of Alabama Hosp., Ser. A, 5.875%, 9/01/31, MBIA	09/10@ 102	\$ 15,581,020
Alaska 2.3%				
AAA	6,015	Hsg. Fin. Corp., Ser. A, 5.875%, 12/01/24, MBIA	12/05@ 102	6,173,916
California 26.6%				
AAA	10,000	California, GO, 5.00%, 3/01/33	03/15@ 100	10,482,000
A	5,770	5.625%, 5/01/18	05/10@ 101	6,403,604
BBB	7,000	Foothill/Eastn. Transp. Corridor Agcy., Refdg. Conv. Cap. Apprec., Zero Coupon, 1/15/28	01/14@ 101	5,800,340
BBB	3,495	Toll Road Rev., 5.75%, 1/15/40	01/10@ 101	3,565,145
A-	13,000	Golden St. Tobacco Sec. Corp., Ser. B, 5.50%, 6/01/43	06/13@ 100	13,873,470
A-	6,900	5.625%, 6/01/38	06/13@ 100 @	7,494,573
AAA	10,945	Los Altos Sch. Dist., GO, Zero Coupon, 8/01/24, MBIA	08/1353.632	3,904,191
AAA	15,460	Los Angeles Cnty., Asset Leasing Corp. Rev. Proj., 5.95%, 12/01/07, AMBAC	No Opt. Call	16,697,418
NR	795	San Marcos Spl. Tax, Cmnty. Facs. Dist. No. 02-01, 5.90%, 9/01/28	09/10@ 102	811,011
NR	1,485	5.95%, 9/01/35	09/10@ 102	1,515,740
				70,547,492
Colorado 0.9%				
AAA	2,2503	E-470 Pub. Hwy. Auth., Ser. B, 6.90%, 8/31/05	N/A	2,349,810
Connecticut 1.2%				
Baa3	3,000	Mashantucket Western Pequot Tribe, Spec. Rev., Ser. A, 5.50%, 9/01/28	09/09@ 101	3,101,790
District of Columbia 2.0%				
BBB	4,960	Tobacco Settlement Fin. Corp., 6.50%, 5/15/33	No Opt. Call	5,260,179
Florida 16.8%				
AAA	4,265	Brd. of Ed., Cap. Outlay, Ser. J, 5.00%, 6/01/31	06/13@ 101	4,477,440
AAA	5,705	Brd. of Ed. Pub. Ed., Cap. Outlay, Ser. A, 5.00%, 6/01/31	06/14@ 101	6,014,211
NR	2,110	Fishhawk Cmnty. Dev. Dist. II, Spl. Assmt. Rev., Ser. A, 6.125%, 5/01/34	05/13@ 101	2,194,231
NR	3,700	Hillsborough Cnty. Ind. Dev. Auth., Nat. Gypsum Proj., Ser. A, 7.125%, 4/01/30	10/10@ 101	4,140,300

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AAA	1,995	JEA Wtr. & Swr. Sys. Rev., Ser. C, 5.00%, 10/01/39, FSA	10/09@ 100	2,036,795
NR	2,250	Live Oak Cmnty. Dev. Dist., Spl. Assmt., Ser. A, 5.85%, 5/01/35	05/12@ 101	2,291,828
BB+	4,755	Miami Beach Hlth. Facs. Auth., Mt. Sinai Med. Ctr. Proj., 6.75%, 11/15/21	11/14@ 100	5,360,074
NR	1,015	Pine Islands Cmnty. Dev. Dist., Spl. Assmt., 5.75%, 5/01/35	05/12@ 101	1,027,383
NR	2,515	Reunion West Cmnty. Dev. Dist., Spl. Assmt., 6.25%, 5/01/36	05/12@ 101	2,639,316
NR	4,000	Town Center Palm Coast Cmnty., 6.00%, 5/01/36	05/13@ 101	4,083,080
NR	10,000	Vlg. Cmnty. Dev. Dist. No. 6, Spl. Assmt. Rev., 5.625%, 5/01/22	05/13@ 100	10,236,800
				<hr/>
				44,501,458
				<hr/>

Georgia 6.1%

		Atlanta Arpt. Passenger Fac., FSA,		
AAA	5,000	Ser. C, 5.00%, 1/01/33	07/14@ 100	5,189,450
AAA	5,000	Ser. J, 5.00%, 1/01/34	01/15@ 100	5,189,800
AAA	4,000	Atlanta Wtr. & Wstwtr. Rev., 5.00%, 11/01/34, FSA	11/14@ 100	4,200,400
BBB	1,500	Milledgeville Baldwin Cnty. Dev. Auth., Georgia Coll. & St. Univ. Fndtn. Proj., 6.00%, 9/01/33	09/14@ 101	1,600,395
				<hr/>
				16,180,045
				<hr/>

Hawaii 1.0%

AAA	2,500	Dept. of Budget & Fin., Hawaiian Elec. Co., Inc. Proj., Ser. D, 6.15%, 1/01/20, AMBAC	01/09@ 101	2,773,000
				<hr/>

See Notes to Financial Statements.

BlackRock Investment Quality Municipal Trust (BKN) (continued)

Rating¹	Principal Amount (000)	Description	Option Call Provisions²	Value
Illinois 12.4%				
NR	\$ 1,920	Centerpoint Intermodal Ctr. Prog. Trust, Ser. A, 8.00%, 6/15/23	No Opt. Call	\$ 1,959,379
AAA	1,040	Chicago Brd. of Ed., Sch. Reform, 5.75%, 12/01/27, AMBAC	12/07@ 102	1,125,810
AAA	5,000	Chicago Pub. Bldg., Ser. A, 7.00%, 1/01/20, MBIA	ETM	6,597,900
AAA	4,000	Edl. Fac. Auth., FGIC, 5.45%, 7/01/14	05/05@ 101	4,015,280
AAA	5,000	5.70%, 7/01/13	05/05@ 101	5,021,450
AA+	5,800	Fin. Auth., Northwestern Mem. Hosp. Proj., Ser. A, 5.50%, 8/15/43	08/14@ 100	6,240,220
Baa2	875	Fin. Auth. Student Hsg., MJH Ed. Asst. IV Proj., Ser. A, 5.125%, 6/01/35	06/14@ 100	875,280
Baa3	700	Ser. B, 5.375%, 6/01/35	06/14@ 100	700,217
AAA	1,000	O'Hare Intl. Arpt., Ser. A, 5.00%, 1/01/29, MBIA	01/15@ 100	1,041,140
AAA	1,610	Ser. A, 5.00%, 1/01/30, MBIA	01/15@ 100	1,674,964
AAA	3,540	Ser. C-2, 5.25%, 1/01/30, FSA	01/14@ 100	3,687,193
				32,938,833
Kentucky 4.2%				
AAA	15,715	Econ. Dev. Fin. Sys., Norton Hlth. Care, Inc. Proj., Ser. B, Zero Coupon, 10/01/23, MBIA	No Opt. Call	6,481,023
AAA	4,530	Louisville & Jefferson Cnty. Met. Swr. Dist., Ser. A, 5.00%, 5/15/38, FGIC	05/14@ 101	4,750,883
				11,231,906
Louisiana 1.9%				
AAA	4,640	New Orleans, GO, 5.875%, 11/01/29, FSA	11/09@ 100	5,153,416
Maryland 0.7%				
Baa1	1,740	Hlth. & Higher Edl. Facs. Auth., Medstar Hlth. Proj., 5.50%, 8/15/33	08/14@ 100	1,832,881
Massachusetts 0.6%				
AAA	1,460	Tpke. Auth., Met. Hwy. Sys. Rev., Ser. A, 5.00%, 1/01/37, MBIA	01/07@ 102	1,492,689
Michigan 1.6%				
BB+	4,000	Midland Cnty. Econ. Dev., Ser. A, 6.875%, 7/23/09	07/07@ 101	4,170,160
Missouri 1.6%				
BBB-	4,500	Lake of the Ozarks Cmnty. Brdg. Corp., Brdg. Sys., 5.25%, 12/01/14 12/01/26	12/08@ 102	4,181,060
Multi-State 4.7%				
Baa1	7,0004	Charter Mac Equity Issuer Trust, Ser. B, 7.60%, 11/30/50	11/10@ 100	7,896,980
Baa1	4,0004	MuniMae TE Bond Subsidiary, LLC, Ser. B, 7.75%, 6/30/50	11/10@ 100	4,603,040

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				12,500,020
		Nevada 0.4%		
AAA	950	Director of the Dept. of Business & Ind., Las Ventanas Retirement Proj., Ser. A, 7.00%, 11/15/34	11/14@ 100	982,661
		New Jersey 4.2%		
AAA	2,000	Delaware River Port Auth. of PA & NJ, Port Dist. Proj., GO, Ser. B, 5.70%, 1/01/22, FSA	01/10@ 100	2,211,060
BBB	7,000	Econ. Dev. Auth., Cigarette Tax Rev., 5.75%, 6/15/29	06/14@ 100	7,418,740
NR	1,510	Middlesex Cnty. Impvt. Auth., Heldrich Ctr. Hotel Proj., Ser. B, 6.25%, 1/01/37	01/15@ 100	1,489,630
				11,119,430
		New Mexico 0.7%		
AAA	1,945	Farmington PCR, So. California Edison Co. Proj., Ser. A, 5.875%, 6/01/23, MBIA	06/05@ 100	1,950,271
		New York 8.7%		
AAA	3,895	Dorm. Auth., Univ. of Rochester Proj., Ser. A, Zero Coupon, 7/01/21-7/01/23, MBIA	07/10@ 101	3,156,155
A+	4,140	New York City, GO, Ser. A, 6.00%, 8/01/05	No Opt. Call	4,173,079
A1	4,8055	Ser. E, 6.50%, 2/15/06	ETM	4,948,621
A+	2,1955	Ser. E, 6.50%, 2/15/06	No Opt. Call	2,259,401
A-	5,000	New York City Ind. Dev. Agcy., Term. One Grp. Assoc. Proj., 6.00%, 1/01/08-1/01/15	05/05@ 101	5,081,800
AAA	3,115	Sales Tax Asset Receivable Corp., Ser. A, 5.00%, 10/15/29, AMBAC	10/14@ 100	3,305,109
				22,924,165

See Notes to Financial Statements.

BlackRock Investment Quality Municipal Trust (BKN) (continued)

Rating¹	Principal Amount (000)	Description	Option Call Provisions²	Value
		North Carolina 2.1%		
AAA	\$ 5,000	Eastn. Mun. Pwr. Agcy., Sys. Rev., Ser. B, 7.00%, 1/01/08, CAPMAC	No Opt. Call	\$ 5,504,400
		Ohio 3.8%		
A+	3,485	Cuyahoga Cnty., Cleveland Clinic Hlth. Sys. Proj., 6.00%, 1/01/20	07/13@ 100	3,965,895
Aa3	5,000	6.00%, 1/01/21	07/13@ 100	5,682,500
AAA	290	Cuyahoga Cnty. Port Auth., Port Dev. Proj., 6.00%, 3/01/07	ETM	301,986
				9,950,381
		Oklahoma 1.1%		
B-	2,900	Tulsa Mun. Arpt. Trust, Ser. A, 7.75%, 6/01/35	No Opt. Call	2,987,725
		Oregon 1.1%		
BB+	2,930	Klamath Falls Elec., Klamath Cogen Proj., 5.50%, 1/01/07	No Opt. Call	2,978,521
		Pennsylvania 8.3%		
A3	2,000	Econ. Dev. Fin. Auth., Amtrak Proj., Ser. A, 6.25%, 11/01/31	05/11@ 102	2,077,860
A3	3,100	Amtrak Proj., Ser. A, 6.375%, 11/01/41	05/11@ 102	3,217,459
BB-	8,235	Exempt Facs. Rev., Reliant Energy Conv. Proj., Ser. A, 6.75%, 12/01/36	12/09@ 103	8,890,423
A	2,750	Higher Edl. Fac. Auth., Univ. of Pennsylvania Hlth. Svcs. Proj., Ser. A, 5.875%, 1/01/06	N/A	2,834,425
AAA	4,000	Intergovtl. Coop. Auth., Spec. Tax, Philadelphia Fdg. Prog., 5.50%, 6/15/20, FGIC	06/06@ 100	4,115,280
AAA	870	McKeesport Area Sch. Dist., FGIC, Zero Coupon, 10/01/31	ETM	243,069
AAA	2,435	Zero Coupon, 10/01/31	No Opt. Call	659,155
				22,037,671
		Rhode Island 0.8%		
AAA	2,000	Hlth. & Edl. Bldg. Corp., Hosp. Fin., 5.50%, 5/15/16, MBIA	05/07@ 102	2,115,400
		South Carolina 2.6%		
BBB+	2,185	Jobs Econ. Dev. Auth., Hosp. Facs. Rev., Palmetto Hlth. Alliance Proj., Ser. A, 6.25%, 8/01/31	08/13@ 100	2,378,220
BBB+	4,000	Ser. C, 6.875%, 8/01/27	08/13@ 100	4,550,360
				6,928,580
		Tennessee 2.0%		

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AAA	4,865	Memphis Shelby Cnty. Arpt. Auth., Ser. D, 6.00%, 3/01/24, AMBAC	03/10@ 102	5,352,716
Texas 15.4%				
Ba3	6,320	Affordable Hsg. Corp., Multi-Fam. Hsg. Rev., 5.80%, 11/01/26	11/11@ 102	5,313,793
BBB	4,300	Brazos River Auth., PCR, TXU Elec. Co. Proj., Ser. C, 6.75%, 10/01/38	10/13@ 102	4,698,524
AAA	6,000	Grapevine, GO, 5.875%, 8/15/24, FGIC	08/10@ 100	6,721,140
AAA	5,000	Harris Cnty. Houston Sports Auth., Ser. A, Zero Coupon, 11/15/38, MBIA	@ 11/3061.166	816,500
AAA	8,375	Humble Indpt. Sch. Dist., Sch. Bldg., Ser. B, 5.00%, 2/15/30, FGIC	02/15@ 100	8,722,981
AAA	9,495	La Joya Indpt. Sch. Dist., 5.00%, 2/15/34	02/14@ 100 @	9,863,501
AAA	15,000	Tpke. Auth., Central Sys. Rev., Zero Coupon, 8/15/31, AMBAC	08/1232.807	3,406,800
AA+	1,000	Wtr. Fin. Asst., GO, 5.75%, 8/01/22	08/10@ 100	1,111,390
				40,654,629
Utah 1.2%				
AAA	1,950	Intermountain Pwr. Agcy., Pwr. Sply. Rev., 5.00%, 7/01/13, AMBAC	ETM	1,958,600
A+	1,145	Ser. B, 5.00%, 7/01/16	ETM	1,148,698
				3,107,298
Washington 7.3%				
AAA	13,395	Pub. Pwr. Sply., Nuclear Proj. No. 1, 5.75%, 7/01/11, MBIA Washington, GO,	07/06@ 102	14,082,164
Aa1	4,000	Ser. A, 5.375%, 7/01/21	07/06@ 100	4,064,600
Aa1	1,000	Ser. B, 6.00%, 1/01/25	01/10@ 100	1,113,820
				19,260,584
Wisconsin 1.4%				
A-	3,220	Hlth. & Edl. Facs. Auth., Aurora Hlth. Care Proj., 6.40%, 4/15/33	04/13@ 100	3,568,179
Total Long-Term Investments (cost \$375,683,834)				401,392,286

See Notes to Financial Statements.

BlackRock Investment Quality Municipal Trust (BKN) (continued)

Rating¹	Principal Amount (000)	Description	Value
SHORT-TERM INVESTMENTS 4.9%			
Florida 1.5%			
A-1+	\$ 3,8856	Jacksonville Hlth. Facs. Hosp., Variable Baptist Med. Ctr. Proj., 3.00%, 5/02/05, FRDD	\$ 3,885,000
Maryland 0.4%			
A-1+	9756	Hlth. & Higher Edl. Facs. Auth., Pooled Ln. Prog. Proj., Ser. D, 2.98%, 5/05/05, FRWD	975,000
New Jersey 0.1%			
A-1+	3006	Sports & Expo. Auth., Ser. B-2, 2.89%, 5/04/05, MBIA, FRWD	300,000
New York 1.0%			
A-1+	2,6006	New York City Transl. Fin. Auth., Ser. A-1, 3.04%, 5/04/05, FRWD	2,600,000
Ohio 1.8%			
VMIG1	4,8006	Univ. of Akron, 2.99%, 5/03/05, FGIC, FRWD	4,800,000
Puerto Rico 0.1%			
A-1	4006	Govt. Dev. Bank, 2.86%, 5/04/05, MBIA, FRWD	400,000
Total Short-Term Investments (cost \$12,960,000)			12,960,000
Total Investments 156.5% (cost \$388,643,834)			\$ 414,352,286
Liabilities in excess of other assets (1.1)%			(2,913,293)
Preferred shares at redemption value, including dividends payable (55.4)%			(146,616,510)
Net Assets Applicable to Common Shareholders 100%			\$ 264,822,483

1 Using the higher of S&P's, Moody's or Fitch's rating.

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

3 This bond is prefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par.

4 Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, to qualified institutional investors.

As of April 30, 2005, the Trust held 4.7% of its net assets, with a current market value of \$12,500,020, in securities restricted as to resale.

5 Entire or partial principal amount pledged as collateral for financial futures contracts.

6 For purposes of amortized cost valuation, the maturity date of this instrument is considered to be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted.

KEY TO ABBREVIATIONS

AMBAC □

FRWD □ Floating Rate Weekly Demand

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American Municipal Bond Assurance
Corporation

CAPMAC	<input type="checkbox"/>	Capital Markets Assurance Company	FSA	<input type="checkbox"/>	Financial Security Assurance
ETM	<input type="checkbox"/>	Escrowed to Maturity	GO	<input type="checkbox"/>	General Obligation Municipal Bond Insurance
FGIC	<input type="checkbox"/>	Financial Guaranty Insurance Company	MBIA	<input type="checkbox"/>	Association
FRDD	<input type="checkbox"/>	Floating Rate Daily Demand	PCR	<input type="checkbox"/>	Pollution Control Revenue

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (unaudited)
APRIL 30, 2005

BlackRock Municipal Income Trust (BFK)

Rating ¹	Principal Amount (000)	Description	Option Call Provisions ²	Value
LONG-TERM INVESTMENTS 149.2%				
Alabama 3.6%				
Baa2	\$ 7,000	Courtland Ind. Dev. Brd. PCR, Champion Intl. Corp. Proj., 6.15%, 6/01/19	06/05@ 102	\$ 7,155,400
A2	15,000	Huntsville Hlth. Care Auth., GO, Ser. B, 5.75%, 6/01/32	06/12@ 101	16,121,100
				23,276,500
Arizona 1.2%				
A3	7,000	Scottsdale Ind. Dev. Auth., Scottsdale Hlth. Care Proj., 5.80%, 12/01/31	12/11@ 101	7,560,770
California 22.2%				
Foothill/Eastn. Transp. Corridor Agcy., Toll Road Rev.,				
BBB	54,635	Zero Coupon, 1/15/32	@ 01/1027.37	11,241,151
BBB	20,535	Zero Coupon, 1/15/34	@ 01/1024.228	3,738,397
BBB	75,000	Zero Coupon, 1/15/38	@ 01/1019.014	10,674,000
Golden St. Tobacco Sec. Corp.,				
BBB	10,000	Ser. A-1, 6.625%, 6/01/40	06/13@ 100	10,526,000
A-	30,600	Ser. B, 5.50%, 6/01/43	06/13@ 100	32,656,014
A-	16,500	Ser. B, 5.625%, 6/01/38	06/13@ 100	17,921,805
Lincoln Spl. Tax, Cmnty.				
NR	3,500	Los Angeles Regl. Arpt. Impvt. Corp. Lease Rev., Facs. Dist., 6.00%, 9/01/34	09/13@ 102	3,575,285
B-	14,805	Amer. Airlines, Inc. Proj., Ser. C, 7.50%,	12/12@ 102	15,476,851
AAA	13,320	Facs. Laxfuel Corp., L.A. Intl. Proj., 5.50%, 1/01/32, AMBAC	01/12@ 100	14,039,013
NR	5,000	Murrieta Cmnty. Facs. Dist., Spl. Tax No. 2, The Oaks Impvt. Area A Proj., 6.00%, 9/01/34	09/14@ 100	5,157,950
AAA	1,500	Sacramento Cnty. San. Dist. Fin. Auth., Sacramento Regl. Cnty. San., Ser. A, 5.00%, 12/01/35, AMBAC	12/14@ 100	1,582,860
San Marcos Spl. Tax, Cmnty. Facs. Dist. No. 02-01,				
NR	1,870	5.90%, 9/01/28	09/10@ 102	1,907,662
NR	3,510	5.95%, 9/01/35	09/10@ 102	3,582,657
A	5,000	Statewide Cmnty. Dev. Auth., Mem. Hlth. Svcs., Ser. A, 5.50%, 10/01/33	04/13@ 100	5,285,100
BBB+	6,000	Statewide Cmntys., Daughters of Charity Hlth., Ser. A, 5.00%, 7/01/39	07/15@ 100	6,080,760
				143,445,505
Colorado 0.6%				
BBB	3,500		12/11@ 100	3,654,070

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Denver Hlth. & Hosp. Auth., Hlth. Care Rev., Ser. A, 6.00%,
12/01/31

District of Columbia 6.2%

Dist. of Columbia,

A	2,390	Friendship Pub. Charter Sch., Inc. Proj., 5.25%, 6/01/33, ACA	06/14@ 100 @	2,450,586
AAA	15,600	Georgetown Univ. Proj., Ser. A, Zero Coupon, 4/01/36, MBIA	04/1122.875 @	2,627,352
AAA	51,185	Georgetown Univ. Proj., Ser. A, Zero Coupon, 4/01/37, MBIA	04/1121.546	8,115,382
BBB	25,535	Tobacco Settlement Fin. Corp., 6.75%, 5/15/40	05/11@ 101	26,736,677
				39,929,997

Florida 14.3%

NR	3,000	Amelia Nat. Cmnty. Dev. Dist., Cap. Impvt., Ser. A, 6.30%, 5/01/35	05/14@ 101	3,118,890
NR	4,000	Bellalago Edu. Fac. Benefits Dist., Ser. B, 5.80%, 5/01/34	05/14@ 100	4,066,520
NR	4,000	Bridgewater Cmnty. Dev. Dist., Florida Spl. Assmt., Ser. A, 6.00%, 5/01/35	05/12@ 101	4,099,720
NR	2,000	CFM Cmnty. Dev. Dist., Cap. Impvt., Ser. A, 6.25%, 5/01/35	05/14@ 101	2,105,980
Baa2	4,600	Escambia Cnty., PCR, Champion Intl. Corp. Proj., 6.40%, 9/01/30	09/06@ 102	4,767,348
NR	2,000	Heritage Isle at Viera Cmnty. Dev. Dist., Spl. Assmt., Ser. A, 6.00%, 5/01/35	05/12@ 101	2,056,360
A	9,670	Highlands Cnty. Hlth. Facs. Auth., Hosp. Adventist/Sunbelt Proj., Ser. A, 6.00%, 11/15/31	11/11@ 101	10,543,588
BBB-	9,000	Martin Cnty. Incl. Dev. Auth., Indiantown Cogeneration Proj., Ser. A, 7.875%, 12/15/25	05/05@ 102	9,247,320
BB+	11,685	Miami Beach Hlth. Facs. Auth., Mt. Sinai Med. Ctr. Proj., 6.75%, 11/15/21	11/14@ 100	13,171,916
NR	3,705	Parkway Ctr. Cmnty. Dev. Dist., Ser. A, 6.30%, 5/01/34	05/14@ 101	3,796,551
NR	2,440	Pine Islands Cmnty. Dev. Dist., Spl. Assmt., 5.75%, 5/01/35	05/12@ 101	2,469,768
NR	3,880	Reunion East Cmnty. Dev. Dist., 5.80%, 5/01/36	05/13@ 101	3,942,352
NR	5,945	Reunion West Cmnty. Dev. Dist., Spl. Assmt., 6.25%, 5/01/36	05/12@ 101	6,238,861
NR	3,970	Stevens Plantation Cmnty. Dev. Dist., Spl. Assmt. Rev., Ser. A, 7.10%, 5/01/35	05/14@ 100	4,106,647
NR	10,000	Vlg. Cmnty. Dev. Dist. No. 6, Spl. Assmt. Rev., 5.625%, 5/01/22	05/13@ 100	10,236,800
NR	2,950	Vlgs. of Westport Cmnty. Dev., Ser. A, 5.70%, 5/01/35	05/13@ 100	2,976,933
NR	4,000	World Commerce Cmnty. Dev. Dist., Ser. A-1, 6.50%, 5/01/36	05/14@ 101	4,178,440
NR	1,750	Ser. A-2, 6.125%, 5/01/35	05/14@ 101	1,826,090
				92,950,084

See Notes to Financial Statements.

BlackRock Municipal Income Trust (BFK) (continued)

Rating¹	Principal Amount (000)	Description	Option Call Provisions²	Value
Georgia 2.2%				
AAA	\$ 9,700	Atlanta Arpt. Passenger Fac., Ser. C, 5.00%, 1/01/33, FSA	07/14@ 100	\$ 10,067,533
BBB	4,000	Richmond Cnty. Dev. Auth., Env. Impvt. Rev., Intl. Paper Co. Proj., Ser. A, 6.00%, 2/01/25	02/12@ 101	4,243,280
				14,310,813
Idaho 2.8%				
AAA	16,970	Univ. of Idaho, Student Fee Hsg. Impvt. Proj., 5.40%, 4/01/41, FGIC	04/11@ 100	17,961,387
Illinois 16.4%				
AAA	21,205	Bolingbrook, Ser. B, Zero Coupon, 1/01/33 1/01/34, FGIC	No Opt. Call	5,052,650
NR	4,630	Centerpoint Intermodal Ctr. Prog. Trust, Ser. A, 8.00%, 6/15/23	No Opt. Call	4,724,961
		Dev. Fin. Auth.,		
A	7,1453	Hosp. Rev., Adventist Hlth. Sys. Sunbelt Oblig. Proj., 5.65%, 11/15/24	11/09@ 101	7,521,685
A2	25,000	PCR, Ser. C, 5.95%, 8/15/26	12/06@ 101	25,762,000
		Edl. Facs. Auth., Student Hsg. Rev., Edl. Advancement Fund Univ. Ctr. Proj.,		
BBB	10,000	6.25%, 5/01/30	05/12@ 101	10,751,700
BBB	7,000	6.25%, 5/01/34	05/07@ 100	7,252,420
		Edl. Facs. Auth. Revs., Ser. A,		
Aa1	760	Bal Union Chicago Proj., 5.25%, 7/01/41	07/11@ 101	802,598
Aa1	315	Univ. Chicago Proj., 5.25%, 7/01/41	07/11@ 101	353,225
AA+	3,700	Fin. Auth., Northwestern Mem. Hosp. Proj., Ser. A, 5.50%, 8/15/43	08/14@ 100	3,980,830
		Fin. Auth. Student Hsg., MJH Ed. Asst. IV Proj.,		
Baa2	2,100	Ser. A, 5.125%, 6/01/35	06/14@ 100	2,100,672
Baa3	1,675	Ser. B, 5.375%, 6/01/35	06/14@ 100	1,675,519
		Hlth. Facs. Auth., Elmhurst Mem. Hlth. Care Proj.,		
A	5,000	5.50%, 1/01/22	01/13@ 100	5,297,300
A	6,000	5.625%, 1/01/28	01/13@ 100	6,333,360
		Met. Pier & Exposition Auth., Dedicated St. Tax Rev., McCormick		
AAA	40,000	Place Expansion Proj.,		
		Ser. A, Zero Coupon, 12/15/34, MBIA	No Opt. Call	9,186,400
		O'Hare Intl. Arpt.,		
AAA	7,000	Ser. A, 5.00%, 1/01/29 1/01/30, MBIA	01/15@ 100	7,284,820
AAA	7,645	Ser. C-2, 5.25%, 1/01/30, FSA	01/14@ 100	7,962,879
				106,043,019
Indiana 7.3%				
A+	9,000	Hlth. Fac. Fin. Auth., Methodist Hosp., Inc. Proj., 5.50%, 9/15/31	09/11@ 100	9,296,550
BBB	7,500	Indianapolis Arpt. Auth., FedEx Corp. Proj., 5.10%, 1/15/17	No Opt. Call	7,912,275
		Petersburg, PCR, Pwr. & Lt. Conv.,		
BBB	10,000	5.90%, 12/01/24	08/11@ 102	10,587,400

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BBB	16,000	5.95%, 12/01/29	08/11@ 102	16,867,360
NR	2,545	Vincennes Econ. Dev., Southwest Indiana Regl. Youth Proj., 6.25%, 1/01/24	01/09@ 102	2,524,513
				47,188,098
		Kentucky 1.4%		
AAA	9,060	Hsg. Corp., Hsg. Rev., Ser. F, 5.45%, 1/01/32	07/11@ 100	9,376,466
		Louisiana 4.5%		
A	21,425	Local Gov't. Env. Facs. & Cmnty. Dev. Auth., Cap. Projs. & Equip. Acquisition, 6.55%, 9/01/25, ACA	No Opt. Call	24,701,740
Baa1	4,605	Oakleigh Apts. Proj., Ser. A, 6.375%, 6/01/38	06/13@ 102	4,666,154
				29,367,894
		Maryland 0.7%		
Baa1	4,205	Hlth. & Higher Edl. Facs. Auth., Medstar Hlth. Proj., 5.50%, 8/15/33	08/14@ 100	4,429,463
		Massachusetts 1.1%		
AAA	6,750	Tpke. Auth., Met. Hwy. Sys. Rev., Ser. A, 5.00%, 1/01/37, MBIA	01/07@ 102	6,901,133
		Michigan 2.8%		
AA	17,210	Kent Hosp. Fin. Auth., Spectrum Hlth. Proj., Ser. A, 5.50%, 1/15/31	07/11@ 101	18,224,357
		Mississippi 3.0%		
A	18,680	Gulfport Hosp. Fac., Mem. Hosp. Gulfport Proj., Ser. A, 5.75%, 7/01/31	07/11@ 100	19,716,927

See Notes to Financial Statements.

BlackRock Municipal Income Trust (BFK) (continued)

Rating¹	Principal Amount (000)	Description	Option Call Provisions²	Value
Multi-State 7.2%				
Charter Mac Equity Issuer Trust,				
A3	\$ 1,0004	Ser. A, 6.625%, 6/30/49	06/09@ 100	\$ 1,074,550
A3	11,0004	Ser. A-2, 6.30%, 6/30/49	06/09@ 100	11,686,400
A3	16,0004	Ser. A-3, 6.80%, 10/01/52	10/14@ 100	18,000,800
Baa1	6,5004	Ser. B-1, 6.80%, 11/30/50	11/10@ 100	7,082,335
A3	8,0004	MuniMae TE Bond Subsidiary, LLC, Ser. A, 6.875%, 6/30/49	06/09@ 100	8,671,200
				46,515,285
Nevada 0.4%				
NR	2,250	Director of the Dept. of Business & Ind., Las Ventanas Retirement Proj., Ser. A, 7.00%, 11/15/34 .	11/14@ 100	2,327,355
New Hampshire 0.6%				
A+	3,500	Hlth. & Edl. Facs. Auth., Exeter Hosp. Proj., 5.75%, 10/01/31	10/11@ 101	3,719,170
New Jersey 9.3%				
Econ. Dev. Auth.,				
BBB	18,500	Cigarette Tax Rev., 5.75%, 6/15/29	06/14@ 100	19,606,670
B	31,410	Continental Airlines, Inc. Proj., 7.00%, 11/15/30	11/10@ 101	27,841,196
Baa3	8,000	Kapkowski Rd. Landfill Proj., 6.50%, 4/01/28	No Opt. Call	9,362,480
NR	3,680	Middlesex Cnty. Imprvt. Auth., Heldrich Ctr. Hotel Proj., Ser. B, 6.25%, 1/01/37	01/15@ 100	3,630,357
				60,440,703
New York 3.7%				
AAA	5,375	Env. Facs. Corp., Clean Wtr. & Drinking Wtr. Rev., NYC Mun. Wtr. Proj., Ser. B, 5.00%, 6/15/31	06/12@ 100	5,603,276
AAA	7,115	Met. Transp. Auth., Svc. Contract, Ser. A, 5.00%, 7/01/30, AMBAC	07/12@ 100	7,427,562
AAA	10,360	Sales Tax Asset Receivable Corp., Ser. A, 5.00%, 10/15/29 10/15/32, AMBAC	10/14@ 100	10,986,895
				24,017,733
Ohio 3.0%				
Baa2	14,500	Air Quality Dev. Auth., PCR, Cleveland Elec. Illuminating Co. Proj., Ser. B, 6.00%, 8/01/20	08/07@ 102	15,308,810
NR	3,760	Pinnacle Cmnty. Infrastructure, Fin. Auth., Ser. A, 6.25%, 12/01/36	12/14@ 101	3,900,850
				19,209,660
Oklahoma 1.1%				
B-	7,175	Tulsa Mun. Arpt. Trust, Ser. A, 7.75%, 6/01/35	No Opt. Call	7,392,044

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Pennsylvania 7.7%

		Econ. Dev. Fin. Auth., Ser. A,		
A3	6,500	Amtrak Proj., 6.375%, 11/01/41	05/11@ 101	6,746,285
BB-	19,750	Exempt Facs. Rev., Reliant Energy Conv. Proj., 6.75%, 12/01/36	12/09@ 103	21,321,902
		Higher Edl. Facs. Auth.,		
BBB+	4,000	La Salle Univ. Proj., 5.50%, 5/01/34	05/13@ 100	4,208,400
A	17,2505	Univ. of Pennsylvania Hlth. Svcs. Proj., Ser. A, 5.75%, 1/01/06	N/A	17,765,603
				<hr/>
				50,042,190
				<hr/>

South Carolina 4.9%

		Jobs Econ. Dev. Auth., Hosp. Facs. Rev., Palmetto Hlth. Alliance Proj.,		
BBB+	5,075	Ser. A, 6.25%, 8/01/31	08/13@ 100	5,523,782
BBB+	9,000	Ser. C, 6.875%, 8/01/27	08/13@ 100	10,238,310
		Lexington Cnty. Hlth. Svcs. Dist., Hosp. Rev.,		
A	5,000	5.50%, 11/01/32	11/13@ 100	5,309,750
A	10,000	5.75%, 11/01/28	11/13@ 100	10,874,100
				<hr/>
				31,945,942
				<hr/>

Tennessee 1.5%

		Knox Cnty. Hlth. Edl. & Hsg. Facs. Brd., Hosp. Facs. Rev., Ser. A,		
AAA	20,825	Zero Coupon,		
			@	
		1/01/20, FSA	01/1367.474	9,669,881
				<hr/>

Texas 11.2%

		Affordable Hsg. Corp., Multi-Fam. Hsg. Rev.,		
Ba3	6,010	5.80%, 11/01/26	11/11@ 102	5,053,148
Ba3	18,605	Arborstone/Baybrook Oaks Proj., Ser. A, 5.85%, 11/01/31	11/11@ 102	15,652,014
BB-	6,445	So. Texas Pptys. Corp. Proj., Ser. B, 8.00%, 3/01/32	09/12@ 102	6,105,284
C	4,435	Amer. Oppty. Hsg. Portfolio Proj., Ser. B, 8.00%, 3/01/32	09/12@ 102	1,330,500
BBB	945	Brazos River Auth., PCR, TXU Elec. Co. Proj., Ser. C, 6.75%, 10/01/38	10/13@ 101	1,032,583
AAA	3,805	Dallas Area Rapid Trans., 5.00%, 12/01/31, AMBAC	12/11@ 100	3,927,407

See Notes to Financial Statements.

BlackRock Municipal Income Trust (BFK) (continued)

Rating1	Principal Amount (000)	Description	Option Call Provisions2	Value
Texas (cont'd)				
		Harris Cnty. Houston Sports Auth., MBIA,		
AAA	\$ 12,580	Ser. A, Zero Coupon, 11/15/38	@ 11/3061.166	\$ 2,054,314
AAA	26,120	Ser. A-3, Zero Coupon, 11/15/37	@ 11/2446.545	4,427,079
AAA	5,000	Ser. H, Zero Coupon, 11/15/35	@ 11/3178.178	991,000
		Tpke. Auth., Central Sys. Rev., AMBAC,		
AAA	35,000	Zero Coupon, 8/15/32	@ 08/1230.846	7,468,650
AAA	62,325	Zero Coupon, 8/15/33	@ 08/1228.997	12,493,046
AAA	65,040	Zero Coupon, 8/15/34	@ 08/1227.31	12,279,552
				72,814,577
Virginia 0.3%				
AAA	8,105	Transp. Brd. Trust, Zero Coupon, 4/01/32, MBIA	@ 04/1234.99	1,995,937
Washington 0.4%				
A-	2,1905	Energy Northwest Wind Proj., Ser. B, 6.00%, 1/01/07	N/A	2,365,813
West Virginia 1.6%				
BBB	8,000	Braxton Cnty. Sld. Wst. Disp., Weyerhaeuser Co. Proj., 6.50%, 4/01/25	05/05@ 102	8,160,000
AAA	2,070	Econ. Dev. Auth., Correctional Juvenile Safety Proj., Ser. A, 5.00%, 6/01/29, MBIA	06/14@ 100	2,171,513
				10,331,513
Wisconsin 6.0%				
		Hlth. & Edl. Facs. Auth.,		
A-	7,500	Aurora Hlth. Care Proj., 6.40%, 4/15/33	04/13@ 100	8,310,975
AA-	13,750	Froedert & Cmnty. Hlth. Oblig. Proj., 5.375%, 10/01/30	10/11@ 101	14,272,086
A	15,000	Wheaton Franciscan Svcs. Proj., 5.75%, 8/15/30	02/12@ 101	16,004,700
				38,587,761
Total Long-Term Investments (cost \$914,128,449)				965,712,047
SHORT-TERM INVESTMENTS 6.6%				
Maryland 0.3%				
A-1+	1,9956	Hlth. & Higher Edl. Facs. Auth., Pooled Ln. Prog., Ser. D, 2.98%, 5/05/05, FRWD	N/A	1,995,000

		Massachusetts 1.2%		
A1+	7,9006	Dev. Fin. Agcy., Boston Univ. Proj., Ser. R-2, 2.94%, 5/02/05, XLCA, FRDD	N/A	7,900,000
		New Jersey 1.2%		
A-1+	7,6406	Sports & Expo. Auth., Ser. B-2, 2.89%, 5/04/05, MBIA, FRWD	N/A	7,640,000
		New York 0.8%		
A-1+	5,3006	New York City, GO, Ser. H-7, 3.02%, 5/02/05, FRDD	N/A	5,300,000
		North Carolina 0.8%		
A-1	5,0006	North Carolina, Ser. B, 2.89%, 5/04/05, FRWD	N/A	5,000,000
		Ohio 0.5%		
VMIG1	3,3006	Hamilton Cnty. Hosp. Facs., 2.99%, 5/05/05, FRWD	N/A	3,300,000
		Pennsylvania 0.1%		
A-1+	5006	Higher Ed. Asst. Agcy., Ser. C, 3.00%, 5/04/05, AMBAC, FRWD	N/A	500,000
		Puerto Rico 0.1%		
A-1	4006	Gov't. Dev. Bank, 2.86%, 5/04/05, MBIA, FRWD	N/A	400,000
		Tennessee 1.2%		
VMIG1	7,6006	Montgomery Cnty. Pub. Bldg. Auth., Pooled Fin. Rev., Cnty. Ln. Pool, 3.05%, 5/02/05, FRDD	N/A	7,600,000

See Notes to Financial Statements.

BlackRock Municipal Income Trust (BFK) (continued)

Shares (000)	Description	Value
	Money Market Fund 0.4%	
2,850	AIM Tax Free Investment Co. Cash Reserve Portfolio	\$ 2,850,000
	Total Short-Term Investments (cost \$42,485,000)	<u>42,485,000</u>
	Total Investments 155.8% (cost \$956,613,449)	\$ 1,008,197,047
	Other assets in excess of liabilities 2.2%	14,387,447
	Preferred shares at redemption value, including dividends payable (58.0)%	<u>(375,230,635)</u>
	Net Assets Applicable to Common Shareholders 100%	<u>\$ 647,353,859</u>

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Date (month/year) and price of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- 3 Entire or partial principal amount pledged as collateral for financial futures contracts.
- 4 Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. As of April 30, 2005, the Trust held 7.2% of its net assets, with a current market value of \$46,515,285, in securities restricted as to resale.
- 5 This bond is prefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par.
- 6 For purposes of amortized cost valuation, the maturity date of this instrument is considered to be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted.

KEY TO ABBREVIATIONS

ACA	□ American Capital Access	FSA	□ Financial Security Assurance
	□ American Municipal Bond Assurance		
AMBAC	□ Corporation	GO	□ General Obligation
FGIC	□ Financial Guaranty Insurance Company	MBIA	□ Municipal Bond Insurance Association
FRDD	□ Floating Rate Daily Demand	PCR	□ Pollution Control Revenue
FRWD	□ Floating Rate Weekly Demand		

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (unaudited)
APRIL 30, 2005

BlackRock California Investment Quality Municipal Trust (RAA)

Rating ¹	Principal Amount (000)	Description	Option Call Provisions ²	Value
LONG-TERM INVESTMENTS □ 100.8%				
California □ 89.6%				
A	\$ 40	California, GO, 5.75%, 3/01/19 Edl. Facs. Auth., MBIA,	09/05@ 102	\$ 40,818
AAA	7603	Santa Clara Univ. Proj., 5.00%, 9/01/06	N/A	798,988
AAA	240	Student Loan Prog., Ser. A, 6.00%, 3/01/16 Golden St. Tobacco Sec. Corp., Ser. B,	03/07@ 102	252,425
A-	600	5.50%, 6/01/43	06/13@ 100	640,314
A-	400	5.625%, 6/01/38 Los Angeles Cnty.,	06/13@ 100	434,468
AAA	1,000	Cmnty. Facs. Spec. Tax, Ser. A, 5.50%, 9/01/14, FSA	09/07@ 102	1,091,210
AAA	1,0003	Met. Trans. Auth. Sales Tax Rev., 6.00%, 7/01/06, MBIA	N/A	1,049,040
AA	1,150	Los Angeles Harbor Dept., Ser. B, 6.00%, 8/01/13 Los Angeles Regl. Arpt. Impvt., Corp. Lease Rev., Amer. Airlines, Inc.	08/06@ 102	1,201,462
B-	945	Proj., Ser. B, 7.50%, 12/01/24	12/12@ 102	988,565
NR	1,000	Poway Unified Sch. Dist., Spl. Tax Rev., Cmnty. Facs. Dist. No. 6 Proj., 5.60%, 9/01/33	09/10@ 102	1,009,450
A-	1,000	Pub. Wks. Brd., Lease Rev., St. Univ. Proj., Ser. A, 6.10%, 10/01/06	03/05@ 102	1,022,970
BBB+	1,0003	Sacramento Pwr. Auth., Cogeneration Proj. Rev., 6.50%, 7/01/06	N/A	1,063,230
NR	1,000	San Bernardino Cnty., Spl. Tax Rev., Cmnty. Facs., 5.90%, 9/01/33	09/12@ 102	1,009,900
AAA	500	San Diego Ind. Dev., Ser. A, 5.90%, 6/01/18, AMBAC	05/05@ 102	508,640
AAA	150	San Francisco City & Cnty. Arpt. Comm., Intl. Arpt. Rev., Ser. 12-A, 5.90%, 5/01/26, MBIA	05/06@ 102	156,807
AAA	40	So. California Pub. Pwr. Auth. Rev., Transm. Proj., 5.50%, 7/01/20, MBIA	05/05@ 100	40,177
AAA	500	Temecula Valley Unified Sch. Dist., GO, Ser. G, 5.75%, 8/01/25, FGIC	08/07@ 102	539,380
BBB	900	Tobacco Sec. Auth. So. California, Tobacco Settlement Rev., Ser. A, 5.625%, 6/01/43	06/12@ 100	865,413
AAA	370	West Basin Mun. Wtr. Dist., COP, Ser. A, 5.50%, 8/01/22, AMBAC	08/07@ 102	394,102
				13,107,359
Puerto Rico □ 11.2%				
BBB+	7453	Pub. Fin. Corp., Ser. E, 5.50%, 2/01/12	N/A	841,381
BBB+	2554	5.50%, 8/01/29	02/12@ 100	277,233
A-	500	Pub. Impvt., Ser. A, 5.00%, 7/01/34	07/14@ 100	518,945
				1,637,559
Total Long-Term Investments (cost \$13,784,098)				14,744,918
SHORT-TERM INVESTMENTS □ 46.0%				

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California 44.0%

A-1+	5355	Daily Kindergarten Univ. Proj., Ser. A-4, 2.93%, 5/02/05, FRDD	N/A	535,000
A-1+	6005	Dept. of Wtr. Res., Pwr. Sply. Rev., Ser. B-2, 3.12%, 5/02/05, FRDD	N/A	600,000
A-1+	7005	Econ. Recovery, Ser. C-5, 2.95%, 5/02/05, FRDD	N/A	700,000
A-1+	7005	Facs. Financing Auth., Ser. B, 3.02%, 5/02/05, AMBAC, FRDD	N/A	700,000
VMIG1	6005	Irvine Impvt. Bond Act 1915, Spl. Assmt. Dist. 00-18, Ser. A, 3.01%, 5/02/05, FRDD	N/A	600,000
VMIG1	6005	Irvine Unified Sch. Dist. Spl. Tax, Cmnty. Facs. Dist. Number 01, 3.01%, 5/02/05, FRDD	N/A	600,000
A-1+	7005	Met. Wtr. Dist., So. California Wtr. Wks., Ser. C-2, 3.02%, 5/02/05, FRDD	N/A	700,000
A-1+	7005	Newport Beach Rev., Hoag Mem. Presbyterian Hosp., 2.95%, 5/02/05, FRDD	N/A	700,000
A-1+	6005	Orange Cnty. San. Dist., COP, Ser. B, 3.01%, 5/02/05, FRDD	N/A	600,000
A-1+	7005	Statewide Cmnty. Dev. Auth. Rev., John Muir/Mt. Diablo Hlth., 2.93%, 5/02/05, AMBAC, FRDD	N/A	700,000
				6,435,000

See Notes to Financial Statements.

BlackRock California Investment Quality Municipal Trust (RAA) (continued)

Shares (000)	Description	Value
	Money Market Fund 2.0%	
300	AIM Tax Free Investment Co. Cash Reserve Portfolio	\$ 300,000
	Total Short-Term Investments (cost \$6,735,000)	<u>6,735,000</u>
	Total Investments 146.8% (cost \$20,519,098)	\$ 21,479,918
	Other assets in excess of liabilities 4.5%	651,467
	Preferred shares at redemption value, including dividends payable (51.3)%	<u>(7,501,111)</u>
	Net Assets Applicable to Common Shareholders 100%	<u>\$ 14,630,274</u>

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Date (month/year) and price of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- 3 This bond is prefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par.
- 4 Entire or partial principal amount pledged as collateral for financial futures contracts.
- 5 For purposes of amortized cost valuation, the maturity date of this instrument is considered to be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted.

KEY TO ABBREVIATIONS

	American Municipal Bond Assurance		
AMBAC	□ Corporation	FSA	□ Financial Security Assurance
COP	□ Certificate of Participation	GO	□ General Obligation
FGIC	□ Financial Guaranty Insurance Company	MBIA	□ Municipal Bond Insurance Association
FRDD	□ Floating Rate Daily Demand		

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (unaudited)
APRIL 30, 2005
BlackRock California Municipal Income Trust (BFZ)

Rating ¹	Principal Amount (000)	Description	Option Call Provisions ²	Value
LONG-TERM INVESTMENTS 154.9%				
California 132.1%				
AAA	\$ 30,670	Anaheim Pub. Fin. Auth., Pub. Impvt. Proj., Ser. C, Zero Coupon, 9/01/31-9/01/32, FSA California, GO,	No Opt. Call	\$ 7,994,963
A	10,000	5.50%, 11/01/33	11/13@ 100	10,853,500
AAA	5,500	Ser. BZ, 5.35%, 12/01/21, MBIA	06/07@ 101	5,591,575
AAA	5,000	Ser. BZ, 5.375%, 12/01/24, MBIA	06/07@ 101	5,061,150
BBB	5,000	Cnty. Tobacco Sec. Agcy., Stanislaus Fdg. Proj., Ser. A, 5.875%, 6/01/43 Dept. of Wtr. Res., Pwr. Sply. Rev., Ser. A,	06/12@ 100	4,982,150
A	4,000	5.375%, 5/01/21	05/12@ 101	4,332,320
A	6,000	5.375%, 5/01/22	05/12@ 101	6,479,520
AAA	10,000	Edl. Facs. Auth., Stanford Univ. Proj., Ser. Q, 5.25%, 12/01/32	06/11@ 101	10,662,900
AAA	6,000	El Monte Sr. Dept. of Pub. Svcs., Fac. Phase II, COP, 5.25%, 1/01/34, AMBAC Elk Grove Unified Sch. Dist., Cmnty. Facs. Dist. 1, Spec. Tax, AMBAC,	01/11@ 100	6,341,880
AAA	7,485	Zero Coupon, 12/01/29	@ 12/1137.373	1,976,714
AAA	7,485	Zero Coupon, 12/01/30	@ 12/1135.365	1,869,079
AAA	7,485	Zero Coupon, 12/01/31	@ 12/1133.465	1,767,358
BBB	5,000	Foothill/Eastn. Transp. Corridor Agcy., Toll Road Rev., Zero Coupon, 1/15/33	@ 01/1025.78	968,750
BBB	5,000	Zero Coupon, 1/15/34	@ 01/1024.228	910,250
BBB	13,445	Zero Coupon, 1/15/35	@ 01/1022.819	2,303,128
BBB	1,000	Zero Coupon, 1/15/38	@ 01/1019.014	142,320
BBB	10,030	5.75%, 1/15/40	01/10@ 101	10,231,302
BBB	5,000	5.875%, 1/15/26	01/14@ 101	4,144,100
BBB	2,000	Golden St. Tobacco Sec. Corp., Ser. A-1, 6.625%, 6/01/40	06/13@ 100	2,105,200
BBB	1,000	Ser. A-1, 6.75%, 6/01/39	06/13@ 100	1,063,900
A-	10,200	Ser. B, 5.50%, 6/01/43	06/13@ 100	10,885,338
A-	5,800	Ser. B, 5.625%, 6/01/38	06/13@ 100	6,299,786
A	3,000	Hlth. Facs. Fin. Auth., Ser. A, Insured Hlth. Facs., Valleycare Proj., 5.375%, 5/01/27	05/12@ 100	3,187,380
AAA	4,890	Kaiser Proj., 5.40%, 5/01/28 Infrastructure & Econ. Dev.,	ETM	5,035,282
AAA	20,035	Bay Area Toll Bldgs., Ser. A, 5.00%, 7/01/36, AMBAC	07/13@ 100	20,976,244
A	15,250	J. David Gladstone Inst. Proj., 5.25%, 10/01/34	10/11@ 101	15,807,540

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A	13,500	Kaiser Hosp. Asst. LLC Proj., Ser. A, 5.55%, 8/01/31	08/11@ 102	14,341,860
NR	4,965	Irvine Mobile Home Park, Meadows Mobile Home Park Proj., Ser. A, 5.70%, 3/01/28	03/08@ 102	4,976,966
A3	7,700	Kaweah Delta Hlth. Care Dist., 6.00%, 8/01/34	08/12@ 102	8,373,134
NR ⁴	2,855	Lathrop Fin. Auth., Wtr. Sply. Proj., 5.90%, 6/01/27	06/13@ 100	2,898,967
NR ⁴	5,140	6.00%, 6/01/35	06/13@ 100	5,266,650
		Live Oak Unified Sch. Dist., Cap. Apprec. Election 2004, XLCA,		
AAA	1,030	Zero Coupon, 8/01/36	@ 08/1837.743	189,664
AAA	1,080	Zero Coupon, 8/01/37	@ 08/1835.649	185,457
AAA	1,125	Zero Coupon, 8/01/38	@ 08/1833.665	182,914
AAA	1,175	Zero Coupon, 8/01/39	@ 08/1831.785	180,879
AAA	1,230	Zero Coupon, 8/01/40	@ 08/1830.004	178,990
AAA	1,285	Zero Coupon, 8/01/41	@ 08/1828.317	176,482
AAA	1,340	Zero Coupon, 8/01/42	@ 08/1826.72	173,651
AAA	1,400	Zero Coupon, 8/01/43	@ 08/1825.208	170,002
AAA	1,465	Zero Coupon, 8/01/44	@ 08/1823.777	167,860
AAA	985	Ser. B, Zero Coupon, 8/01/35	@ 08/1839.952	191,474
B-	4,110	Los Angeles Regl. Arpt. Impvt. Corp. Lease Rev., Amer. Airlines, Inc. Proj., Ser. C, 7.50%,	12/12@ 102	4,296,512
BBB	1,000	Palm Springs Mobile Home Park., Sahara Mobile Home Park Proj., 5.625%, 5/15/26	05/12@ 102	1,052,380
BBB+	4,000	Poll. Ctrl. Fin. Auth. Sld. Wst. Disp. Rev., Republic Svcs., Inc. Proj., Ser. C, 5.25%, 12/01/04	No Opt. Call	4,321,520
BBB	2,290	Poll. Ctrl. Sld. Wst., Wst. Mgmt., Inc. Proj., Ser. A-2, 5.40%, 4/01/25	04/15@ 101	2,340,815
NR	4,000	Rancho Cucamonga Cmnty. Facs. Dist., Ser. A, 6.50%, 9/01/33	09/13@ 100	4,243,640
AAA	15,500	Rancho Cucamonga Redev. Agcy., Tax Alloc. Rev., Rancho Redev. Proj., 5.125%, 9/01/30, MBIA	09/11@ 100	16,174,405
AAA	1,905	Richmond Wst. & Wtr., Zero Coupon, 8/01/31, FGIC	No Opt. Call	505,511

See Notes to Financial Statements.

BlackRock California Municipal Income Trust (BFZ) (continued)

Rating¹	Principal Amount (000)	Description	Option Call Provisions²	Value
California (cont'd)				
AAA	\$ 15,400	Sacramento Cnty. San. Dist. Fin. Auth., Sacramento Regl. Cnty. San. Proj., Ser. A, 5.00%, 12/01/35, AMBAC	12/14@ 100 \$	16,250,696
AAA	6,500	San Francisco City & Cnty. Arpt. Comm., Intl. Arpt. Rev., Ser. 27-A, 5.25%, 5/01/31, MBIA	05/11@ 100	6,809,140
NR	1,775	San Francisco City & Cnty. Redev. Agcy., Cmnty. Facs. Dist., Mission Bay South Proj., 6.125%, 8/01/31	08/09@ 102	1,833,699
NR	7,500	6.25%, 8/01/33	08/11@ 101	7,777,125
AAA	2,880	San Jose Multi-Fam. Hsg., Lenzen Hsg. Proj., Ser. B, 5.45%, 2/20/43	08/11@ 102	2,980,714
AAA	3,595	Vlgs. Pkwy. Sr. Apts. Proj., Ser. D, 5.50%, 4/01/34	04/11@ 100	3,706,193
NR	6,250	Santa Clara Cnty. Hsg. Auth., Multi-Fam. Hsg., Ser. A, Blossom River Apts. Proj., 6.50%, 9/01/39	03/08@ 102	6,181,500
A3	1,715	John Burns Gardens Apts. Proj., 5.85%, 8/01/31	02/12@ 101	1,760,962
A3	1,235	River Town Apts. Proj., 6.00%, 8/01/41	02/12@ 101	1,266,270
NR	3,075	Santa Clarita Facs. Dist., Valencia Town Ctr. Proj., 5.85%, 11/15/32	11/10@ 102	3,151,998
BBB+	10,500	Statewide Cmnty. Dev. Auth., Daughters of Charity Hlth. Proj., Ser. A, 5.25%, 7/01/30-7/01/35	07/15@ 100	10,889,960
AA-	10,000	Sutter Hlth. Oblig. Grp. Proj., Ser. B, 5.625%, 8/15/42	08/12@ 100	10,538,800
AAA	2,000	Upland Unified Sch. Dist., GO, Ser. B, 5.125%, 8/01/25, FSA	08/13@ 100	2,147,800
NR	2,245	Val Verde Unified Sch. Dist. Fin. Auth., Spec. Tax Rev., 6.25%, 10/01/28	10/13@ 102	2,358,777
Aaa	2,0005	Vernon Elec. Sys., Malburg Generating Station Proj., 5.50%, 4/01/08	N/A	2,155,580
				302,372,576
Multi-State 9.8%				
A3	7,0006	Charter Mac Equity Issuer Trust, Ser. A-2, 6.30%, 6/30/49	06/09@ 100	7,436,800
Baa1	4,0006	Ser. B-1, 6.80%, 11/30/50	11/10@ 100	4,358,360
A3	7,0006	MuniMae TE Bond Subsidiary, LLC, Ser. A-1, 6.30%, 6/30/49	06/09@ 100	7,390,810
Baa1	3,0006	Ser. B-1, 6.80%, 6/30/50	11/10@ 100	3,265,530
				22,451,500
Puerto Rico 13.0%				
A-	10,000	Elec. Pwr. Auth., Ser. 2, 5.25%, 7/01/31 Pub. Fin. Corp., Ser. E,	07/12@ 101	10,640,200
BBB+	10,0005	5.70%, 2/01/10	N/A	11,175,200
BBB+	5,7505	5.75%, 2/01/07	N/A	6,047,160

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A-	1,850	Pub. Impvt., Ser. A, 5.00%, 7/01/29	07/14@ 100	1,927,164
				29,789,724
		Total Long-Term Investments (cost \$334,961,955)		354,613,800

**Shares
(000)**

	MONEY MARKET FUND	0.6%		
	AIM Tax Free Investment Co. Cash Reserve Portfolio (cost			
1,400	\$1,400,000)		N/A	1,400,000
	Total Investments	155.5% (cost \$336,361,955)		\$ 356,013,800
	Other assets in excess of liabilities			2.1%
	Preferred shares at redemption value, including dividends payable			(57.6%)
				(131,971,798)
	Net Assets Applicable to Common Shareholders	100%		\$ 228,898,546

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Date (month/year) and price of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- 3 Entire or partial principal amount pledged as collateral for financial futures contracts.
- 4 Security is deemed to be of investment grade quality by the investment advisor.
- 5 This bond is prefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par.
- 6 Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors. As of April 30, 2005, the Trust held 9.8% of its net assets, with a current market value of \$22,451,500, in securities restricted as to resale.

KEY TO ABBREVIATIONS

	American Municipal Bond Assurance			
AMBAC	□	Corporation	FSA	□
COP	□	Certificate of Participation	GO	□
ETM	□	Escrowed to Maturity	MBIA	□
FGIC	□	Financial Guaranty Insurance Company	XLCA	□
				Financial Security Assurance
				General Obligation
				Municipal Bond Insurance Association
				XL Capital Assurance

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (unaudited)**APRIL 30, 2005****BlackRock Florida Investment Quality Municipal Trust (RFA)**

Rating1	Principal Amount (000)	Description	Option Call Provisions2	Value
LONG-TERM INVESTMENTS 122.0%				
Florida 109.9%				
AAA	\$ 170	Boynton Beach, Util. Sys. Rev., 6.25%, 11/01/20, FGIC	ETM	\$ 207,227
AAA	1,0003	Brd. of Ed., GO, Ser. B, 5.875%, 6/01/05	N/A	1,012,690
AAA	1,0003	Brevard Cnty. Sch. Brd., COP, Ser. B, 5.50%, 7/01/06, AMBAC Cap. Trust Agcy. Multi-Fam., American Oppty. Proj., Ser. A, 5.875%, 6/01/38	N/A	1,051,310
Baa1	1,000		06/13@ 102	989,870
AAA	1,0003	Collier Cnty. Sch. Brd., COP, 5.00%, 2/15/06, FSA	N/A	1,028,190
AAA	1,000	Dade Cnty., Aviation Rev., Ser. C, 5.75%, 10/01/25, MBIA	10/05@ 102	1,032,080
AAA	1,0003	Dade Cnty. GO, Ser. B, Zero Coupon, 10/01/08, AMBAC	N/A	647,120
AAA	1,0003	Dept. of Trans., GO, 5.80%, 7/01/05	N/A	1,015,330
AAA	1,0003	Div. of Bond Fin. Dept., Gen. Svcs. Rev., Dept. of Env. Presvtn. Proj., Ser. A, 5.75%, 7/01/05, AMBAC	N/A	1,015,250
AAA	1,0003	First Florida Govtl. Fin. Com., 5.75%, 7/01/06, AMBAC	N/A	1,044,440
AAA	1,0003	Lee Cnty., Transp. Fac., 5.75%, 10/01/05, MBIA	N/A	1,033,090
NR	750	Live Oak Cmnty. Dev. Dist., Spl. Assmt., Ser. A, 5.85%, 5/01/35 Miami Beach Hlth. Facs. Auth., Mt. Sinai Med. Ctr. Proj., 6.75%, 11/15/21	05/12@ 101	763,942
BB+	500		11/14@ 100 @	563,625
AAA	5,000	MBIA Miami Hlth. Facs. Auth., Catholic Hlth. East Proj., Ser. C, 5.125%, 11/15/24	04/0828.079	1,200,400
A	750		11/13@ 100	778,582
A1	1,000	11/15/33	05/13@ 100	1,057,090
NR	660	Stevens Plantation Impvt. Proj., 6.375%, 5/01/13	No Opt. Call	682,130
NR	1,000	Sumter Landing Cmnty. Dev. Dist., Spec. Assmt., 6.95%, 5/01/33	05/13@ 101	1,069,920
AAA	1,0003,4	Sunrise Util. Sys., Ser. A, 5.75%, 10/01/06, AMBAC	N/A	1,051,760
BBB+	1,000	Volusia Cnty. Edl. Fac. Auth., 6.125%, 10/15/16	10/06@ 102	1,059,830
				18,303,876
Puerto Rico 12.1%				
A-	3803	Pub. Bldg. Auth., Pub. Ed. & Hlth. Fac. Rev., Ser. M, 5.50%, 7/01/05 Pub. Fin. Corp., Ser. E, 5.50%, 2/01/12	N/A	381,893
BBB+	7453		N/A	841,381
BBB+	255	5.50%, 8/01/29	02/12@ 100	277,233
A-	500	Pub. Impvt., Ser. A, 5.00%, 7/01/34	07/14@ 100	518,945
				2,019,452
Total Long-Term Investments (cost \$19,108,397)				20,323,328

SHORT-TERM INVESTMENTS 24.9%

Florida 9.6%

Jacksonville Hlth. Facs. Hosp., Variable Baptist Med. Ctr. Proj.,

A-1	8005	3.00%, 5/02/05, FRDD	N/A	800,000
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A-1	8005	Putnam Cnty. Dev. Poll. Ctrl., Pwr. & Lt. Co., 3.03%, 5/02/05, FRDD		800,000
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1,600,000

Puerto Rico 8.7%

A-1	7005	Gov't. Dev. Bank, 2.86%, 5/04/05, MBIA, FRWD	N/A	700,000
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		Hwy. & Transp. Auth., Transp. Rev., Ser. A, 3.00%, 5/04/05, AMBAC,		
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A-1	7505	FRWD	N/A	750,000
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1,450,000

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (unaudited)
APRIL 30, 2005

BlackRock Florida Investment Quality Municipal Trust (RFA)

Shares (000)	Description	Value
Money Market Funds 6.6%		
800	AIM Tax Free Investment Co. Cash Reserve Portfolio	\$ 800,000
300	SSgA Tax Free Money Mkt. Fund	300,000
		1,100,000
Total Short-Term Investments (cost \$4,150,000)		4,150,000
Total Investments 146.9% (cost \$23,258,397)		\$ 24,473,328
Other assets in excess of liabilities 4.1%		693,229
Preferred shares at redemption value, including dividends payable (51.0)%		(8,501,444)
Net Assets Applicable to Common Shareholders 100%		\$ 16,665,113

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Date (month/year) and price of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- 3 This bond is prefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par.
- 4 Entire or partial principal amount pledged as collateral for financial futures contracts.
- 5 For purposes of amortized cost valuation, the maturity date of this instrument is considered to be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted.

KEY TO ABBREVIATIONS

AMBAC	□ American Municipal Bond Assurance Corporation	FRWD	□ Floating Rate Weekly Demand
COP	□ Certificate of Participation	FSA	□ Financial Security Assurance
ETM	□ Escrowed to Maturity	GO	□ General Obligation Municipal Bond Insurance
FGIC	□ Financial Guaranty Insurance Company	MBIA	□ Association
FRDD	□ Floating Rate Daily Demand		

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (unaudited)
APRIL 30, 2005

BlackRock Florida Municipal Income Trust (BBF)

Rating1	Principal Amount (000)	Description	Option Call Provisions2	Value
LONG-TERM INVESTMENTS 148.6%				
Florida 127.8%				
		Beacon Tradeport Cmnty. Dev. Dist., Spl. Assmt., Ser.	@	
AA	\$ 7,715	A, 5.625%, 5/01/32, RAA	05/12102	\$ 8,465,824
		Boynton Beach Multi-Fam. Hsg., Clipper Cove Apts.	@	
A	2,000	Proj., 5.45%, 1/01/33, ACA	01/13100	2,069,400
		Brd. of Ed., GO,	@	
AAA	5,550	Ser. A, 5.125%, 6/01/30	06/10101	5,819,564
		Ser. J, 5.00%, 6/01/24,	@	
AAA	1,000	AMBAC	06/13101	1,064,480
		Cap. Projs. Fin. Auth., Student Hsg., Cap. Projs. Ln. Prog., Ser. F-1, 5.00%,	@	
AAA	2,800	10/01/31, MBIA	08/11102	2,863,532
		Cap. Trust Agcy. Multi-Fam., American Oppty. Proj., Ser.	@	
Baa1	1,000	A, 5.875%, 6/01/38	06/13102	989,870
		Escambia Cnty. Hlth. Facs. Auth., 5.95%, 7/01/20,		
AAA	7,0003	AMBAC	No Opt. Call	7,154,560
		Gateway Svcs. Cmnty. Dev. Dist., Spl. Assmt., Stoneybrook Proj., 5.50%,		
NR	2,440	7/01/08	No Opt. Call	2,487,409
		Heritage Harbour So. Cmnty., Cap. Impvt., Ser. A,	@	
NR	1,695	6.50%, 5/01/34	05/13101	1,802,310
		Highlands Cnty. Hlth. Facs. Auth., Hosp.		
		Adventist/Sunbelt Proj., Ser.	@	
A	6,500	A, 6.00%, 11/15/31	11/11101	7,087,210
		Hillsborough Cnty. Ind. Dev. Auth., PCR, Tampa Elec. Co.	@	
BBB+ BBBm;	1,450	Proj., 5.50%, 10/01/23	10/12100	1,499,793
BACKGROUND-COLOR: #cceeff"				
valign="bottom">				
	\$ 217,044		\$ (718)	
Obligations of U.S. states and political subdivisions				
	6,434		(84)	4,917 (806) 11,351
Corporate securities	866,715		(49,034)	307,215 (21,691) 1,173,
	102,506		(791)	28,048 (272) 130,55

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Asset-backed securities					
Mortgage-backed securities					
Commercial	26,483	(511)	-	-	26,483
Agency residential	320,285	(3,094)	150,095	(3,509)	470,385
Non-agency residential	-	-	-	-	-
Foreign government securities	61,498	(2,182)	77,911	(6,243)	139,406
Foreign corporate securities	324,904	(6,289)	76,951	(5,108)	401,858
Total fixed maturity securities	\$ 1,925,177	\$ (62,697)	\$ 645,829	\$ (37,635)	\$ 2,571,006

(Dollars in thousands)	Duration of Unrealized Loss at December 31, 2015 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	\$21,780	\$ (1,577)	\$ 12,212	\$ (1,171)	\$ 33,992	\$ (2,748)
Due in one year through five years	1,023,437	(23,255)	347,203	(21,582)	1,370,640	(44,837)
Due in five years through ten years	394,978	(31,423)	99,335	(10,131)	494,313	(41,554)
Due after ten years	35,708	(2,046)	8,936	(970)	44,644	(3,016)
Asset-backed securities	102,506	(791)	28,048	(272)	130,554	(1,063)
Mortgage-backed securities	346,768	(3,605)	150,095	(3,509)	496,863	(7,114)
Total fixed maturity securities	\$ 1,925,177	\$ (62,697)	\$ 645,829	\$ (37,635)	\$ 2,571,006	\$ (100,332)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2015 were \$2,571,006 thousand and \$100,332 thousand, respectively. The market value of securities for the single issuer whose securities comprised the largest unrealized loss position at December 31, 2015, did not exceed 0.07% of the overall market value of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The \$62,697 thousand of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were primarily comprised of domestic and foreign corporate securities, agency residential mortgage-backed securities and

foreign government securities. The majority of these unrealized losses are attributable to unrealized losses in the energy sector, \$35,978 thousand, as falling oil prices disrupted the market values for this sector, particularly for oil exploration, production and servicing companies and unrealized foreign exchange losses, \$6,090 thousand, as the U.S. dollar has strengthened against other currencies. The \$37,635 thousand of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to domestic and foreign corporate securities, foreign government securities and agency residential mortgage-backed securities. The majority of these unrealized losses are attributable to unrealized foreign exchange losses, \$14,807 thousand, as the U.S. dollar has strengthened against other currencies and unrealized losses in the energy sector, \$6,959 thousand, as falling oil prices disrupted the market values for this sector, particularly for oil exploration, production and servicing companies. The Company did not have any sub-prime or alt-A loans with gross unrealized depreciation at December 31, 2015. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

Other invested assets, at fair value, as of September 30, 2016, and December 31, 2015, were comprised of preferred shares held in Everest Preferred International Holdings ("Preferred Holdings"), an affiliated company.

The components of net investment income are presented in the table below for the periods indicated:

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Fixed maturities	\$ 44,810	\$ 46,414	\$ 134,931	\$ 140,829
Equity securities	7,870	8,004	25,752	26,638
Short-term investments and cash	296	220	851	705
Other invested assets				
Limited partnerships	6,020	3,021	17,698	17,676
Dividends from Parent's shares	-	9,234	-	27,702
Dividends from preferred shares of affiliate	7,758	-	23,274	-
Other	522	(242)	339	1,366
Gross investment income before adjustments	67,276	66,651	202,845	214,916
Funds held interest income (expense)	1,090	940	4,718	4,326
Interest income from Parent	1,075	1,075	3,225	3,225
Gross investment income	69,441	68,666	210,788	222,467
Investment expenses	(4,871)	(5,303)	(13,901)	(15,598)
Net investment income	\$ 64,570	\$ 63,363	\$ 196,887	\$ 206,869

(Some amounts may not reconcile due to rounding.)

The Company records results from limited partnership investments on the equity method of accounting with changes in value reported through net investment income. Due to the timing of receiving financial information from these partnerships, the results are generally reported on a one month or quarter lag. If the Company determines there has been a significant decline in value of a limited partnership during this lag period, a loss will be recorded in the period in which the Company identifies the decline.

The Company had contractual commitments to invest up to an additional \$279,126 thousand in limited partnerships at September 30, 2016. These commitments will be funded when called in accordance with the partnership agreements, which have investment periods that expire, unless extended, through 2020.

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The components of net realized capital gains (losses) are presented in the table below for the periods indicated:

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
Fixed maturity securities, market value:				
Other-than-temporary impairments	\$(836)	\$(10,502)	\$(25,242)	\$(43,433)
Gains (losses) from sales	4,338	(6,636)	(10,273)	(30,362)
Fixed maturity securities, fair value:				
Gains (losses) from sales	(1)	(17)	(1,855)	25
Gains (losses) from fair value adjustments	42	-	1,381	56
Equity securities, market value:				
Gains (losses) from sales	-	-	-	1
Equity securities, fair value:				
Gains (losses) from sales	5,452	(13,656)	(10,134)	(14,010)
Gains (losses) from fair value adjustments	16,063	(101,322)	34,725	(85,710)
Other invested assets, fair value:				
Gains (losses) from fair value adjustments	(47,090)	(84,272)	(47,846)	29,549
Gain (loss) on sale of subsidiary	(28,032)	94,704	(28,032)	94,704
Short-term investment gains (losses)	1	6	1	6
Total net realized capital gains (losses)	\$(50,063)	\$(121,695)	\$(87,275)	\$(49,174)

The Company recorded as net realized capital gains (losses) in the consolidated statements of operations and comprehensive income (loss) both fair value re-measurements and write-downs in the value of securities deemed to be impaired on an other-than-temporary basis as displayed in the table above. The Company had no other-than-temporary impaired securities where the impairment had both a credit and non-credit component.

The proceeds and split between gross gains and losses, from sales of fixed maturity and equity securities, are presented in the table below for the periods indicated:

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
Proceeds from sales of fixed maturity securities	\$136,767	\$130,284	\$435,242	\$420,108
Gross gains from sales	6,257	1,401	13,875	9,039
Gross losses from sales	(1,920)	(8,054)	(26,003)	(39,376)
Proceeds from sales of equity securities	\$109,914	\$138,799	\$531,894	\$442,292
Gross gains from sales	6,874	5,241	13,509	17,655
Gross losses from sales	(1,422)	(18,896)	(23,643)	(31,664)

4. FAIR VALUE

GAAP guidance regarding fair value measurements address how companies should measure fair value when they are required to use fair value measures for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation

hierarchy is based on the transparency of inputs to the valuation of an asset or liability. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement, with Level 1 being the highest priority and Level 3 being the lowest priority.

11

The levels in the hierarchy are defined as follows:

Level 1: Inputs to the valuation methodology are observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in an active market;

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument;

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's fixed maturity and equity securities are primarily managed by third party investment asset managers. The investment asset managers obtain prices from nationally recognized pricing services. These services seek to utilize market data and observations in their evaluation process. They use pricing applications that vary by asset class and incorporate available market information and when fixed maturity securities do not trade on a daily basis the services will apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. In addition, they use model processes, such as the Option Adjusted Spread model to develop prepayment and interest rate scenarios for securities that have prepayment features.

In limited instances where prices are not provided by pricing services or in rare instances when a manager may not agree with the pricing service, price quotes on a non-binding basis are obtained from investment brokers. The investment asset managers do not make any changes to prices received from either the pricing services or the investment brokers. In addition, the investment asset managers have procedures in place to review the reasonableness of the prices from the service providers and may request verification of the prices. In addition, the Company continually performs analytical reviews of price changes and tests the prices on a random basis to an independent pricing source. No material variances were noted during these price validation procedures. In limited situations, where financial markets are inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. Due to the unavailability of prices for twenty eight private placement securities, the Company valued the twenty eight securities at \$59,289 thousand at September 30, 2016. Due to the unavailability of prices for two private placement securities, the Company valued the two securities at \$3,593 thousand at December 31, 2015.

The Company internally manages a small public equity portfolio which had a fair value at September 30, 2016 and December 31, 2015 of \$135,958 thousand and \$131,219 thousand, respectively, and all prices were obtained from publically published sources.

Equity securities denominated in U.S. currency with quoted prices in active markets for identical assets are categorized as level 1 since the quoted prices are directly observable. Equity securities traded on foreign exchanges are categorized as level 2 due to the added input of a foreign exchange conversion rate to determine fair or market value. The Company uses foreign currency exchange rates published by nationally recognized sources.

All categories of fixed maturity securities listed in the tables below are generally categorized as level 2, since a particular security may not have traded but the pricing services are able to use valuation models with observable market inputs such as interest rate yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. For foreign government securities and foreign corporate securities, the fair values provided by the third party pricing services in local currencies, and where applicable, are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

The fixed maturities with fair values categorized as level 3 result when prices are not available from the nationally recognized pricing services. The asset managers will then obtain non-binding price quotes for the securities from brokers. The single broker quotes are provided by market makers or broker-dealers who are recognized as market participants in the markets in which they are providing the quotes. The prices received from brokers are reviewed for reasonableness by the third party asset managers and the Company. If the broker quotes are for foreign denominated securities, the quotes are converted to U.S. dollars using currency exchange rates from nationally recognized sources. In limited circumstances when broker prices are not available for private placements, the Company will value the securities using comparable market information.

The composition and valuation inputs for the presented fixed maturities categories are as follows:

U.S. Treasury securities and obligations of U.S. government agencies and corporations are primarily comprised of U.S. Treasury bonds and the fair value is based on observable market inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields;

Obligations of U.S. states and political subdivisions are comprised of state and municipal bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

Corporate securities are primarily comprised of U.S. corporate and public utility bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

Asset-backed and mortgage-backed securities fair values are based on observable inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields and cash flow models using observable inputs such as prepayment speeds, collateral performance and default spreads;

Foreign government securities are comprised of global non-U.S. sovereign bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source;

Foreign corporate securities are comprised of global non-U.S. corporate bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source.

Other invested assets, at fair value, was categorized as Level 3 at September 30, 2016 and December 31, 2015, since it represented a privately placed convertible preferred stock issued by an affiliate. The stock was received in exchange for shares of the Company's parent, which were valued on a public securities exchange on December 21, 2015. The fair value of the preferred stock at September 30, 2016 was determined using a pricing model and at December 31, 2015 represented the original exchange value.

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The following table presents the fair value measurement levels for all assets, which the Company has recorded at fair value (fair and market value) as of the period indicated:

(Dollars in thousands)	September 30, 2016	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	\$ 429,168	\$-	\$429,168	\$ -
Obligations of U.S. States and political subdivisions	765,004	-	765,004	-
Corporate securities	2,238,637	-	2,182,342	56,295
Asset-backed securities	169,025	-	169,025	-
Mortgage-backed securities				
Commercial	77,497	-	74,018	3,479
Agency residential	757,447	-	757,447	-
Non-agency residential	103	-	103	-
Foreign government securities	553,921	-	553,921	-
Foreign corporate securities	1,024,139	-	1,021,145	2,994
Total fixed maturities, market value	6,014,941	-	5,952,173	62,768
Fixed maturities, fair value	3,982	-	3,982	-
Equity securities, fair value	961,115	895,406	65,709	-
Other invested assets, fair value	1,725,367	-	-	1,725,367

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2016.

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The following table presents the fair value measurement levels for all assets, which the Company has recorded at fair value (fair and market value) as of the period indicated:

(Dollars in thousands)	December 31, 2015	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 330,985	\$-	\$330,985	\$ -
Obligations of U.S. States and political subdivisions	703,075	-	703,075	-
Corporate securities	1,968,558	-	1,964,625	3,933
Asset-backed securities	144,982	-	144,982	-
Mortgage-backed securities				
Commercial	62,446	-	62,446	-
Agency residential	712,298	-	712,298	-
Non-agency residential	150	-	150	-
Foreign government securities	463,074	-	463,074	-
Foreign corporate securities	970,909	-	969,316	1,593
Total fixed maturities, market value	5,356,477	-	5,350,951	5,526
Fixed maturities, fair value	2,102	-	2,102	-
Equity securities, fair value	1,215,377	1,153,310	62,067	-
Other invested assets, fair value	1,773,214	-	-	1,773,214

The following table presents the activity under Level 3, fair value measurements using significant unobservable inputs by asset type, for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2016				Nine Months Ended September 30, 2016			
	Corporate Securities	CMBS	Foreign Corporate	Total	Corporate Securities	CMBS	Foreign Corporate	Total
Beginning balance	\$32,410	\$-	\$ 2,021	\$34,431	\$3,933	\$-	\$ 1,593	\$5,526
Total gains or (losses) (realized/unrealized)								
Included in earnings	(12)	-	27	15	(22)	-	(970)	(992)
Included in other comprehensive income (loss)	(48)	(34)	(1,285)	(1,367)	(81)	(34)	140	25
Purchases, issuances and settlements	25,877	(40)	2,231	28,068	54,397	(40)	2,231	56,588
Transfers in and/or (out) of Level 3	(1,932)	3,553	-	1,621	(1,932)	3,553	-	1,621

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Ending balance	\$ 56,295	\$ 3,479	\$ 2,994	\$ 62,768	\$ 56,295	\$ 3,479	\$ 2,994	\$ 62,768
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The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (997)	\$ (997)
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(Some amounts may not reconcile due to rounding.)

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(Dollars in thousands)	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015			
	Corporate Securities	Foreign Corporate	Total	Corporate Securities	CMBS	Foreign Corporate	Total
Beginning balance	\$ 1,958	\$ 7,837	\$ 9,795	\$ -	\$ 8,597	\$ 7,166	\$ 15,763
Total gains or (losses) (realized/unrealized)							
Included in earnings	(6)	62	56	(2)	-	177	175
Included in other comprehensive income (loss)	(93)	(1,287)	(1,380)	(95)	-	(1,216)	(1,311)
Purchases, issuances and settlements	1,723	-	1,723	3,651	-	-	3,651
Transfers in and/or (out) of Level 3	1,693	(487)	1,206	1,721	(8,597)	(2)	(6,878)
Ending balance	\$ 5,275	\$ 6,125	\$ 11,400	\$ 5,275	\$ -	\$ 6,125	\$ 11,400

The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date

\$ - \$ - \$ - \$ - \$ - \$ - \$ -

(Some amounts may not reconcile due to rounding.)

The net transfers to/(from) level 3, fair value measurements using significant unobservable inputs were \$1,621 thousand and (\$6,878) thousand of investments for the nine months ended September 30, 2016 and 2015, respectively. The \$1,621 thousand relates to the net impact of securities no longer priced by a recognized pricing service. The (\$6,878) thousand primarily related to securities that were priced using single non-binding broker quotes as of December 31, 2014. The securities were subsequently priced using a recognized pricing service as of September 30, 2015, and were classified as level 2 as of that date.

The following table presents the activity under Level 3, fair value measurements using significant unobservable inputs by other invested assets, for the periods indicated:

(Dollars in thousands)	Three months ended		Nine months ended	
	September 30, 2016	2015	September 30, 2016	2015
Other invested assets, fair value:				
Beginning balance	\$ 1,772,458	\$ -	\$ 1,773,214	\$ -
Total gains or (losses) (realized/unrealized)				
Included in earnings	(47,090)	-	(47,846)	-
Included in other comprehensive income (loss)	-	-	-	-
Purchases, issuances and settlements	-	-	-	-
Transfers in and/or (out) of Level 3	-	-	-	-
Ending balance	\$ 1,725,367	\$ -	\$ 1,725,367	\$ -

The amount of total gains or losses for the period included in earnings
(or changes in net assets) attributable to the change in unrealized
gains or losses relating to assets still held at the reporting date \$ - \$ - \$ - \$ -

(Some amounts may not reconcile due to rounding.)

5. CONTINGENCIES

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance and reinsurance agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. The Company considers the statuses of these proceedings when determining its reserves for unpaid loss and loss adjustment expenses.

16

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Aside from litigation and arbitrations related to these insurance and reinsurance agreements, the Company is not a party to any other material litigation or arbitration.

The Company has entered into separate annuity agreements with The Prudential Insurance of America ("The Prudential") and an additional unaffiliated life insurance company in which the Company has either purchased annuity contracts or become the assignee of annuity proceeds that are meant to settle claim payment obligations in the future. In both instances, the Company would become contingently liable if either The Prudential or the unaffiliated life insurance company were unable to make payments related to the respective annuity contract.

The table below presents the estimated cost to replace all such annuities for which the Company was contingently liable for the periods indicated:

	At September 30, 2016	At December 31, 2015
(Dollars in thousands)		
The Prudential	\$ 140,826	\$ 142,427
Unaffiliated life insurance company	33,195	33,062

6. OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the components of comprehensive income (loss) in the consolidated statements of operations and comprehensive income (loss) for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2016			Nine Months Ended September 30, 2016		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Unrealized appreciation (depreciation) ("URA(D)") on securities - temporary	\$ 8,305	\$ (2,909)	\$ 5,396	\$ 92,221	\$ (32,279)	\$ 59,942
URA(D) on securities - OTTI	(2,444)	856	(1,588)	4,199	(1,469)	2,730
Reclassification of net realized losses (gains) included in net income (loss)	(4,258)	1,491	(2,767)	35,515	(12,430)	23,085
Foreign currency translation adjustments	(4,066)	1,424	(2,642)	42,741	(14,962)	27,779
Benefit plan actuarial net gain (loss)	-	-	-	-	-	-
Reclassification of amortization of net gain (loss) included in net income (loss)	1,951	(683)	1,268	6,076	(2,127)	3,949
Total other comprehensive income (loss)	\$ (512)	\$ 179	\$ (333)	\$ 180,752	\$ (63,267)	\$ 117,485

(Some amounts may not reconcile due to rounding)

Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
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(Dollars in thousands)	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Unrealized appreciation (depreciation) ("URA(D)") on securities - temporary	\$ (45,240)	\$ 15,347	\$ (29,893)	\$ (84,958)	\$ 28,749	\$ (56,209)
URA(D) on securities - OTTI	22	(7)	15	9,757	(3,414)	6,343
Reclassification of net realized losses (gains) included in net income (loss)	17,137	(5,512)	11,625	73,793	(24,842)	48,951
Foreign currency translation adjustments	(42,266)	14,793	(27,473)	(68,670)	24,034	(44,636)
Benefit plan actuarial net gain (loss)	-	-	-	-	-	-
Reclassification of amortization of net gain (loss) included in net income (loss)	2,393	(837)	1,556	7,336	(2,567)	4,769
Total other comprehensive income (loss)	\$ (67,954)	\$ 23,784	\$ (44,170)	\$ (62,742)	\$ 21,960	\$ (40,782)

(Some amounts may not reconcile due to rounding)

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The following table presents details of the amounts reclassified from AOCI for the periods indicated:

AOCI component (Dollars in thousands)	Three Months Ended		Nine Months Ended		Affected line item within the statements of operations and comprehensive income (loss)
	September 30, 2016	2015	September 30, 2016	2015	
URA(D) on securities	\$ (4,258) 1,491	\$ 17,137 (5,512)	\$ 35,515 (12,430)	\$ 73,793 (24,842)	Other net realized capital gains (losses) Income tax expense (benefit) Net income (loss)
Benefit plan net gain (loss)	\$ 1,951 (683)	\$ 2,393 (837)	\$ 6,076 (2,127)	\$ 7,336 (2,567)	Other underwriting expenses Income tax expense (benefit) Net income (loss)
	\$ 1,268	\$ 1,556	\$ 3,949	\$ 4,769	

(Some amounts may not reconcile
due to rounding)

The following table presents the components of accumulated other comprehensive income (loss), net of tax, in the consolidated balance sheets for the periods indicated:

(Dollars in thousands)	Nine Months Ended September 30, 2016	Twelve Months Ended December 31, 2015
Beginning balance of URA (D) on securities	\$ 13,654	\$ 37,628
Current period change in URA (D) of investments - temporary	83,027	(30,257)
Current period change in URA (D) of investments - non-credit OTTI	2,730	6,283
Ending balance of URA (D) on securities	99,411	13,654
Beginning balance of foreign currency translation adjustments	(12,701)	41,877
Current period change in foreign currency translation adjustments	27,779	(54,578)
Ending balance of foreign currency translation adjustments	15,078	(12,701)
Beginning balance of benefit plan net gain (loss)	(63,089)	(74,986)
Current period change in benefit plan net gain (loss)	3,949	11,897
Ending balance of benefit plan net gain (loss)	(59,140)	(63,089)
Ending balance of accumulated other comprehensive income (loss)	\$ 55,349	\$ (62,136)

7. REINSURANCE AND TRUST AGREEMENTS

A subsidiary of the Company, Everest Re, has established a trust agreement, which effectively uses Everest Re's investments as collateral, as security for assumed losses payable to a non-affiliated ceding company. At September 30, 2016, the total amount on deposit in the trust account was \$349,867 thousand.

On April 24, 2014, the Company entered into two collateralized reinsurance agreements with Kilimanjaro Re Limited ("Kilimanjaro"), a Bermuda based special purpose reinsurer, to provide the Company with catastrophe reinsurance coverage. These agreements are multi-year reinsurance contracts which cover specified named storm and earthquake events. The first agreement provides up to \$250,000 thousand of reinsurance coverage from named storms in specified states of the Southeastern United States. The second agreement provides up to \$200,000 thousand of reinsurance coverage from named storms in specified states of the Southeast, Mid-Atlantic and Northeast regions of the United States and Puerto Rico as well as reinsurance coverage from earthquakes in specified states of the Southeast, Mid-Atlantic, Northeast and West regions of the United States, Puerto Rico and British Columbia.

18

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On November 18, 2014, the Company entered into a collateralized reinsurance agreement with Kilimanjaro Re to provide the Company with catastrophe reinsurance coverage. This agreement is a multi-year reinsurance contract which covers specified earthquake events. The agreement provides up to \$500,000 thousand of reinsurance coverage from earthquakes in the United States, Puerto Rico and Canada.

On December 1, 2015 the Company entered into two collateralized reinsurance agreements with Kilimanjaro Re to provide the Company with catastrophe reinsurance coverage. These agreements are multi-year reinsurance contracts which cover named storm and earthquake events. The first agreement provides up to \$300,000 thousand of reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico and Canada. The second agreement provides up to \$325,000 thousand of reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico and Canada.

Kilimanjaro has financed the various property catastrophe reinsurance coverage by issuing catastrophe bonds to unrelated, external investors. On April 24, 2014, Kilimanjaro issued \$450,000 thousand of notes ("Series 2014-1 Notes"). On November 18, 2014, Kilimanjaro issued \$500,000 thousand of notes ("Series 2014-2 Notes"). On December 1, 2015, Kilimanjaro issued \$625,000 thousand of notes ("Series 2015-1 Notes"). The proceeds from the issuance of the Series 2014-1 Notes, the Series 2014-2 Notes and the Series 2015-1 Notes are held in reinsurance trust throughout the duration of the applicable reinsurance agreements and invested solely in US government money market funds with a rating of at least "AAAm" by Standard & Poor's.

8. SENIOR NOTES

The table below displays Holdings' outstanding senior notes. Market value is based on quoted market prices, but due to limited trading activity, these senior notes are considered Level 2 in the fair value hierarchy.

(Dollars in thousands)	Date Issued	Date Due	Principal Amounts	September 30, 2016		December 31, 2015	
				Consolidated Balance Sheet Amount	Market Value	Consolidated Balance Sheet Amount	Market Value
4.868% Senior notes	06/05/2014	06/01/2044	400,000	\$396,684	\$423,660	\$396,594	\$381,204

On June 5, 2014, Holdings issued \$400,000 thousand of 30 year senior notes at 4.868%, which will mature on June 1, 2044. Interest will be paid semi-annually on June 1 and December 1 of each year.

Interest expense incurred in connection with these senior notes is as follows for the periods indicated:

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Interest expense incurred	\$4,868	\$4,868	\$14,604	\$14,604

9. LONG TERM SUBORDINATED NOTES

The table below displays Holdings' outstanding fixed to floating rate long term subordinated notes. Market value is based on quoted market prices, but due to limited trading activity, these subordinated notes are considered Level 2 in the fair value hierarchy.

(Dollars in thousands)	Date Issued	Original Principal Amount	Maturity Date		September 30, 2016 Consolidated Balance		December 31, 2015 Consolidated Balance	
			Scheduled	Final	Sheet Amount	Market Value	Sheet Amount	Market Value
6.6% Long term subordinated notes	04/26/2007	\$ 400,000	05/15/2037	05/01/2067	\$ 236,438	\$ 197,706	\$ 236,364	\$ 208,978

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During the fixed rate interest period from May 3, 2007 through May 14, 2017, interest will be at the annual rate of 6.6%, payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2007, subject to Holdings' right to defer interest on one or more occasions for up to ten consecutive years. During the floating rate interest period from May 15, 2017 through maturity, interest will be based on the 3 month LIBOR plus 238.5 basis points, reset quarterly, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, subject to Holdings' right to defer interest on one or more occasions for up to ten consecutive years. Deferred interest will accumulate interest at the applicable rate compounded semi-annually for periods prior to May 15, 2017, and compounded quarterly for periods from and including May 15, 2017.

Holdings can redeem the long term subordinated notes prior to May 15, 2017, in whole but not in part at the applicable redemption price, which will equal the greater of (a) 100% of the principal amount being redeemed and (b) the present value of the principal payment on May 15, 2017 and scheduled payments of interest that would have accrued from the redemption date to May 15, 2017 on the long term subordinated notes being redeemed, discounted to the redemption date on a semi-annual basis at a discount rate equal to the treasury rate plus an applicable spread of either 0.25% or 0.50%, in each case plus accrued and unpaid interest. Holdings may redeem the long term subordinated notes on or after May 15, 2017, in whole or in part at 100% of the principal amount plus accrued and unpaid interest; however, redemption on or after the scheduled maturity date and prior to May 1, 2047 is subject to a replacement capital covenant. This covenant is for the benefit of certain senior note holders and it mandates that Holdings receive proceeds from the sale of another subordinated debt issue, of at least similar size, before it may redeem the subordinated notes. Effective upon the maturity of the Company's 5.40% senior notes on October 15, 2014, the Company's 4.868% senior notes, due on June 1, 2044, have become the Company's long term indebtedness that ranks senior to the long term subordinated notes.

On March 19, 2009, Group announced the commencement of a cash tender offer for any and all of the 6.60% fixed to floating rate long term subordinated notes. Upon expiration of the tender offer, the Company had reduced its outstanding debt by \$161,441 thousand.

Interest expense incurred in connection with these long term subordinated notes is as follows for the periods indicated:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(Dollars in thousands)	2016	2015	2016	2015
Interest expense incurred	\$ 3,937	\$ 3,937	\$ 11,811	\$ 11,811

10. SEGMENT REPORTING

The U.S. Reinsurance operation writes property and casualty reinsurance and specialty lines of business, including Marine, Aviation, Surety and Accident and Health ("A&H") business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies primarily within the U.S. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada, Singapore and through offices in Brazil, Miami and New Jersey. The Insurance operation writes property and casualty insurance directly and through general agents, brokers and surplus lines brokers mainly within the U.S.

These segments are managed independently, but conform with corporate guidelines with respect to pricing, risk management, control of aggregate catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

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Underwriting results include earned premium less losses and LAE incurred, commission and brokerage expenses and other underwriting expenses. Underwriting results are measured using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which, respectively, divide incurred losses, commissions and brokerage and other underwriting expenses by premiums earned.

The Company does not maintain separate balance sheet data for its operating segments. Accordingly, the Company does not review and evaluate the financial results of its operating segments based upon balance sheet data.

The following tables present the underwriting results for the operating segments for the periods indicated:

<u>U.S. Reinsurance</u> (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Gross written premiums	\$654,770	\$601,570	\$1,597,006	\$1,615,276
Net written premiums	327,242	247,352	711,700	672,753
Premiums earned	\$249,203	\$235,275	\$709,064	\$726,113
Incurred losses and LAE	137,245	109,137	363,567	337,065
Commission and brokerage	48,107	48,881	147,968	141,948
Other underwriting expenses	14,265	13,718	39,856	37,054
Underwriting gain (loss)	\$49,586	\$63,539	\$157,673	\$210,046

<u>International</u> (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Gross written premiums	\$353,195	\$374,138	\$939,851	\$1,019,406
Net written premiums	141,295	147,991	353,449	417,071
Premiums earned	\$128,358	\$135,130	\$372,816	\$433,751
Incurred losses and LAE	41,830	128,454	206,672	339,926
Commission and brokerage	30,193	27,936	82,443	93,178
Other underwriting expenses	9,219	9,128	25,011	25,292
Underwriting gain (loss)	\$47,116	\$(30,388)	\$58,690	\$(24,645)

<u>Insurance</u> (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Gross written premiums	\$497,958	\$473,003	\$1,276,761	\$1,130,233
Net written premiums	154,079	203,730	462,791	490,140
Premiums earned	\$179,092	\$175,645	\$445,553	\$428,672
Incurred losses and LAE	122,528	133,163	365,962	325,522
Commission and brokerage	7,263	(4,666)	(3,900)	6,509
Other underwriting expenses	40,665	34,107	116,839	94,723
Underwriting gain (loss)	\$8,636	\$13,041	\$(33,348)	\$1,918

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The following table reconciles the underwriting results for the operating segments to income (loss) before taxes as reported in the consolidated statements of operations and comprehensive income (loss) for the periods indicated:

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Underwriting gain (loss)	\$105,338	\$46,192	\$183,015	\$187,319
Net investment income	64,570	63,363	196,887	206,869
Net realized capital gains (losses)	(50,063)	(121,695)	(87,275)	(49,174)
Corporate expense	(1,835)	(1,637)	(6,181)	(5,031)
Interest, fee and bond issue cost amortization expense	(8,859)	(8,859)	(26,576)	(26,576)
Other income (expense)	(13,208)	10,828	(10,806)	38,950
Income (loss) before taxes	\$95,943	\$(11,808)	\$249,064	\$352,357

The Company produces business in the U.S. and internationally. The net income deriving from assets residing in the individual foreign countries in which the Company writes business are not identifiable in the Company's financial records. Based on gross written premium, the table below presents the largest country, other than the U.S., in which the Company writes business, for the periods indicated:

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Canada gross written premiums	\$ 35,856	\$ 31,903	\$ 94,072	\$ 85,575

No other country represented more than 5% of the Company's revenues.

11. RELATED-PARTY TRANSACTIONS

Parent

Group entered into a \$250,000 thousand long term promissory note agreement with Holdings as of December 31, 2014. The note will mature on December 31, 2023 and has an interest rate of 1.72% that will be paid annually, on December 15th of each year. This transaction is presented as a Note Receivable – Affiliated in the Consolidated Balance Sheets of Holdings. Interest income in the amount of \$3,225 thousand and \$3,225 thousand was recorded by Holdings for the nine months ended September 30, 2016, and September 30, 2015, respectively.

Group's Board of Directors approved an amended share repurchase program authorizing Group and/or its subsidiary Holdings to purchase Group's common shares through open market transactions, privately negotiated transactions or both. The table below represents the amendments to the share repurchase program for the common shares approved for repurchase.

Amendment Date	Common Shares Authorized for Repurchase
(Dollars in thousands) 09/21/2004	5,000,000

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07/21/2008	5,000,000
02/24/2010	5,000,000
02/22/2012	5,000,000
05/15/2013	5,000,000
11/19/2014	5,000,000
	30,000,000

Through December, 2015, Holdings had purchased and held 9,719,971 Common Shares of Group, which were purchased in the open market between February 2007 and March 2011.

22

In December, 2015, Holdings transferred the 9,719,971 Common Shares of Group, which it held as other invested assets, at fair value, valued at \$1,773,214 thousand, to Preferred Holdings, an affiliated entity and subsidiary of Group, in exchange for 1,773.214 preferred shares of Preferred Holdings with a \$1,000 thousand par value and 1.75% annual dividend rate. After the exchange, Holdings no longer holds any shares or has any ownership interest in Group.

Holdings reported both its Parent Shares and preferred shares in Preferred Holdings, as other invested assets, fair value, in the consolidated balance sheets with changes in fair value re-measurement recorded in net realized capital gains (losses) in the consolidated statements of operations and comprehensive income (loss). The following table presents the dividends received on the preferred shares of preferred Holdings and on the Parent shares that are reported as net investment income in the consolidated statements of operations and comprehensive income (loss) for the period indicated.

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Dividends received on Parent shares	\$ -	\$ 9,234	\$ -	\$ 27,702
Dividends received on preferred stock of affiliate	7,758	-	23,274	-

Affiliated Companies

Everest Global Services, Inc. ("Global Services"), an affiliate of Holdings, provides centralized management and home office services, through a management agreement, to Holdings and other affiliated companies within Holdings' consolidated structure. Services provided by Everest Global include executive managerial services, legal services, actuarial services, accounting services, information technology services and others.

The following table presents the expenses incurred by Holdings from services provided by Everest Global for the periods indicated.

(Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Expenses incurred	\$ 21,242	\$ 20,359	\$ 62,701	\$ 58,555

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Affiliates

The table below represents affiliated quota share reinsurance agreements ("whole account quota share") for all new and renewal business for the indicated coverage period:

(Dollars in thousands)

Coverage Period	Ceding Company	Percent Ceded	Assuming Company	Type of Business	Single Occurrence Limit	Aggregate Limit
01/01/2002-12/31/2002	Everest Re	20.0 %	Bermuda Re	property / casualty business	\$ -	\$-
01/01/2003-12/31/2003	Everest Re	25.0 %	Bermuda Re	property / casualty business	-	-
01/01/2004-12/31/2005	Everest Re	22.5 %	Bermuda Re	property / casualty business	-	-
	Everest Re	2.5 %	Everest International	property / casualty business	-	-
01/01/2006-12/31/2006	Everest Re	18.0 %	Bermuda Re	property business	125,000	(1) -
	Everest Re	2.0 %	Everest International	property business	-	-
01/01/2006-12/31/2007	Everest Re	31.5 %	Bermuda Re	casualty business	-	-
	Everest Re	3.5 %	Everest International	casualty business	-	-
01/01/2007-12/31/2007	Everest Re	22.5 %	Bermuda Re	property business	130,000	(1) -
	Everest Re	2.5 %	Everest International	property business	-	-
01/01/2008-12/31/2008	Everest Re	36.0 %	Bermuda Re	property / casualty business	130,000	(1) 275,000 (2)
	Everest Re	4.0 %	Everest International	property / casualty business	-	-
01/01/2009-12/31/2009	Everest Re	36.0 %	Bermuda Re	property / casualty business	150,000	(1) 325,000 (2)

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	Everest Re	8.0 %	Everest International	property / casualty business	-	-	
01/01/2010-12/31/2010	Everest Re	44.0 %	Bermuda Re	property / casualty business	150,000	325,000	
01/01/2011-12/31/2011	Everest Re	50.0 %	Bermuda Re	property / casualty business	150,000	300,000	
01/01/2012-12/31/2014	Everest Re	50.0 %	Bermuda Re	property / casualty business	100,000	200,000	
01/01/2015	Everest Re	50.0 %	Bermuda Re	property / casualty business	162,500	325,000	
01/01/2003-12/31/2006	Everest Re-Canadian Branch	50.0 %	Bermuda Re	property business	-	-	
01/01/2007-12/31/2009	Everest Re-Canadian Branch	60.0 %	Bermuda Re	property business	-	-	
01/01/2010-12/31/2010	Everest Re-Canadian Branch	60.0 %	Bermuda Re	property business	350,000	(3)	-
01/01/2011-12/31/2011	Everest Re-Canadian Branch	60.0 %	Bermuda Re	property business	350,000	(3)	-
01/01/2012-12/31/2012	Everest Re-Canadian Branch	75.0 %	Bermuda Re	property / casualty business	206,250	(3)	412,500 (3)
01/01/2013-12/31/2013	Everest Re-Canadian Branch	75.0 %	Bermuda Re	property / casualty business	150,000	(3)	412,500 (3)
01/01/2014	Everest Re-Canadian Branch	75.0 %	Bermuda Re	property / casualty business	262,500	(3)	412,500 (3)
01/01/2012	Everest Canada	80.0%	Everest Re-Canadian Branch	property business	-	-	

(1) The single occurrence limit is applied before the loss cessions to either Bermuda Re or Everest International.

(2) The aggregate limit is applied before the loss cessions to either Bermuda Re or Everest International.

(3) Amounts shown are Canadian dollars.

The table below represents loss portfolio transfer reinsurance agreements whereby net insurance exposures and reserves were transferred to an affiliate.

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Effective Date	Transferring Company	Assuming Company	% of Business or Amount of Transfer	Covered Period of Transfer
09/19/2000	Mt. McKinley	Bermuda Re	100	% All years
10/01/2001	Everest Re (Belgium Branch)	Bermuda Re	100	% All years
10/01/2008	Everest Re	Bermuda Re	\$ 747,022	01/01/2002-12/31/2007

On July 13, 2015, the Company sold Mt. McKinley to Clearwater Insurance Company, a Delaware domiciled insurance company. As of that date, Mt. McKinley is no longer deemed an affiliated company or related party.

The following tables summarize the premiums and losses ceded by the Company to Bermuda Re and Everest International, respectively, and premiums and losses assumed by the Company from Everest Canada and Lloyd's syndicate 2786 for the periods indicated:

<u>Bermuda Re</u> (Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Ceded written premiums	\$ 685,798	\$ 646,001	\$ 1,746,976	\$ 1,713,502
Ceded earned premiums	585,993	591,656	1,718,295	1,708,807
Ceded losses and LAE (a)	344,789	343,660	1,039,932	984,371

<u>Everest International</u> (Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Ceded written premiums	\$ (5)	\$ 168	\$ 26	\$ 313
Ceded earned premiums	(3)	208	36	441
Ceded losses and LAE	479	(724)	1,377	156

<u>Everest Canada</u> (Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Assumed written premiums	\$ 12,667	\$ 11,046	\$ 39,094	\$ 29,533
Assumed earned premiums	11,611	9,174	34,740	26,498
Assumed losses and LAE	13,287	4,041	34,714	15,062

<u>Lloyd's Syndicate 2786</u> (Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Assumed written premiums	\$ 351	\$ -	\$ 890	\$ -

Assumed earned premiums	173	-	289	-
Assumed losses and LAE	-	-	-	-

(a) Ceded losses and LAE include the Mt. McKinley loss portfolio transfer that constitutes losses ceded under retroactive reinsurance and therefore, in accordance with FASB guidance, amortization of deferred gain on retroactive reinsurance is reflected in other income on the consolidated statements of operations and comprehensive income (loss). Upon the sale of Mt. McKinley, the value of the remaining deferred gain on retroactive reinsurance was included in the calculation of the realized gain on sale of subsidiary.

Everest Re sold net assets of its UK branch to Bermuda Re and provided Bermuda Re with a reserve indemnity agreement allowing for indemnity payments of up to 90% of 25.0 million of the excess of 2002 and prior reserves, provided that any recognition of profit from the reserves for 2002 and prior underwriting years is taken into account.

25

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Effective February 27, 2013, Group established a new subsidiary, Mt. Logan Re, which is a Class 3 insurer based in Bermuda. Effective July 1, 2013, Mt. Logan Re established separate segregated accounts for its business activity, which will invest in a diversified set of catastrophe exposures.

The following table summarizes the premiums and losses that are ceded by the Company to Mt. Logan Re segregated accounts and assumed by the Company from Mt. Logan Re segregated accounts.

<u>Mt. Logan Re Segregated Accounts</u> (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Ceded written premiums	\$ 57,911	\$ 68,078	\$ 128,292	\$ 162,640
Ceded earned premiums	44,548	55,234	118,776	141,668
Ceded losses and LAE	7,420	17,071	32,750	38,542
Assumed written premiums	5,032	4,230	11,666	11,626
Assumed earned premiums	5,032	4,230	11,666	11,626
Assumed losses and LAE	-	-	-	-

12. RETIREMENT BENEFITS

The Company maintains both qualified and non-qualified defined benefit pension plans and a retiree health plan for its U.S. employees employed prior to April 1, 2010.

Net periodic benefit cost for U.S. employees included the following components for the periods indicated:

<u>Pension Benefits</u> (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Service cost	\$ 2,731	\$ 3,203	\$ 8,524	\$ 9,398
Interest cost	2,371	2,758	7,093	7,926
Expected return on plan assets	(2,789)	(2,904)	(7,757)	(8,710)
Amortization of prior service cost	-	4	-	15
Amortization of net (income) loss	1,984	2,312	6,012	6,824
Net periodic benefit cost	\$ 4,297	\$ 5,373	\$ 13,872	\$ 15,453

<u>Other Benefits</u> (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Service cost	\$ 354	\$ 498	\$ 1,230	\$ 1,498
Interest cost	252	329	844	987
Amortization of prior service costs	(33)	-	(33)	-
Amortization of net (income) loss	-	76	96	497
Net periodic benefit cost	\$ 573	\$ 903	\$ 2,137	\$ 2,982

The Company contributed \$30,000 thousand to the qualified pension benefit plan for the three and nine months ended September 30, 2016. The Company did not make any contributions to the qualified pension benefit plan for the three

and nine months ended September 30, 2015.

26

13. INCOME TAXES

The Company is domiciled in the United States and has subsidiaries domiciled within the United States with significant branches in Canada and Singapore. The Company's non-U.S. branches are subject to income taxation at varying rates in their respective domiciles.

For interim reporting periods, the company is generally required to use the annualized effective tax rate ("AETR") method, as prescribed by ASC 740-270, Interim Reporting, to calculate its income tax provision. Under this method, the AETR is applied to the interim year-to-date pre-tax income to determine the income tax expense or benefit for the year-to-date period. The income tax expense or benefit for a quarter represents the difference between the year-to-date income tax expense or benefit for the current year-to-date period less such amount for the immediately preceding year-to-date period. Management considers the impact of all known events in its estimation of the Company's annual pre-tax income and AETR.

14. DISPOSITION

The Company sold Heartland, its crop Managing General Agent to CGB for \$49,000 thousand. The sale agreement includes a provision for a long term strategic reinsurance relationship with CGB. The Company has recognized an after-tax loss on the sale of Heartland of \$12,942 thousand. Under the terms of the reinsurance arrangement, there will not be a material fluctuation in the level of crop business, although it will be reflected as reinsurance rather than insurance.

15. SUBSEQUENT EVENTS

The Company has evaluated known recognized and non-recognized subsequent events. During the early part of October, Hurricane Matthew impacted the Caribbean and the southeastern United States. Based upon current early overall industry loss projections of \$3 billion to \$9 billion and applying the Company's estimated market share, the Company's best estimated range of loss from this event is \$25,000 thousand to \$75,000 thousand. The Company does not have any other subsequent events to report.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Industry Conditions.

The worldwide reinsurance and insurance businesses are highly competitive, as well as cyclical by product and market. As such, financial results tend to fluctuate with periods of constrained availability, higher rates and stronger profits followed by periods of abundant capacity, lower rates and constrained profitability. Competition in the types of reinsurance and insurance business that we underwrite is based on many factors, including the perceived overall financial strength of the reinsurer or insurer, ratings of the reinsurer or insurer by A.M. Best and/or Standard & Poor's, underwriting expertise, the jurisdictions where the reinsurer or insurer is licensed or otherwise authorized, capacity and coverages offered, premiums charged, other terms and conditions of the reinsurance and insurance business offered, services offered, speed of claims payment and reputation and experience in lines written. Furthermore, the market impact from these competitive factors related to reinsurance and insurance is generally not consistent across lines of business, domestic and international geographical areas and distribution channels.

We compete in the U.S. and international reinsurance and insurance markets with numerous global competitors. Our competitors include independent reinsurance and insurance companies, subsidiaries or affiliates of established worldwide insurance companies, reinsurance departments of certain insurance companies, domestic and international underwriting operations, including underwriting syndicates at Lloyd's of London and certain government sponsored risk transfer vehicles. Some of these competitors have greater financial resources than we do and have established long term and continuing business relationships, which can be a significant competitive advantage. In addition, the lack of strong barriers to entry into the reinsurance business and recently, the securitization of reinsurance and insurance risks through capital markets provide additional sources of potential reinsurance and insurance capacity and competition.

Worldwide insurance and reinsurance market conditions continued to be very competitive, particularly in the property catastrophe and casualty reinsurance lines of business. Generally, there was ample insurance and reinsurance capacity relative to demand, as well as, additional capital from the capital markets through insurance linked financial instruments. These financial instruments such as side cars, catastrophe bonds and collateralized reinsurance funds, provide capital markets with access to insurance and reinsurance risk exposure. The capital markets demand for these products is being primarily driven by the current low interest environment and the desire to achieve greater risk diversification and potentially higher returns on their investments. This increased competition is generally having a negative impact on rates, terms and conditions; however, the impact varies widely by market and coverage.

Rates tend to fluctuate by specific region and products, particularly areas recently impacted by large catastrophic events. Although there have been flooding and wind storm events and earthquakes in parts of the world, the overall 2013, 2014 and 2015 catastrophe losses for the industry were considerably lower than average. During the first half of 2016, there has been an increase in catastrophes, such as the Fort McMurray Canadian wildfire, storms and an earthquake in Ecuador; however, the aggregate of these losses are below historical levels of catastrophe losses. This lower level of losses, combined with increased competition has resulted in downward pressure on insurance and reinsurance rates in certain geographical areas. During the first part of October, Hurricane Matthew affected a large area of the Caribbean and southeastern United States. While the future impact on market conditions from this storm cannot be determined at this time, it is unlikely to have a significant impact on the overall markets, but may impact affected areas.

During 2015, we initiated a strategic build out of our insurance platform through the investment in key leadership hires which in turn has brought significant underwriting talent and stronger direction in achieving our insurance program strategic goals of increased volume and improved underwriting results. Recent growth is coming from highly diversified areas including newly launched lines of business, as well as, product and geographic expansion in existing lines of business. We are building a world-class insurance platform capable of offering products across lines and geographies, complementing our leading global reinsurance franchise.

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Overall, we believe that given our size, strong ratings, distribution system, reputation, expertise and capital market vehicle activity the current marketplace conditions provide profit opportunities. We continue to employ our strategy of targeting business that offers the greatest profit potential, while maintaining balance and diversification in our overall portfolio.

Financial Summary.

We monitor and evaluate our overall performance based upon financial results. The following table displays a summary of the consolidated net income (loss), ratios and stockholder's equity for the periods indicated:

(Dollars in millions)	Three Months Ended September 30,		Percentage Increase/ (Decrease)		Nine Months Ended September 30,		Percentage Increase/ (Decrease)			
	2016	2015			2016	2015				
Gross written premiums	\$1,505.9	\$1,448.7	3.9	%	\$3,813.6	\$3,764.9	1.3	%		
Net written premiums	622.6	599.1	3.9	%	1,527.9	1,580.0	-3.3	%		
REVENUES:										
Premiums earned	\$556.7	\$546.1	1.9	%	\$1,527.4	\$1,588.5	-3.8	%		
Net investment income	64.6	63.4	1.9	%	196.9	206.9	-4.8	%		
Net realized capital gains (losses)	(50.1)	(121.7)	-58.9	%	(87.3)	(49.2)	77.5	%		
Other income (expense)	(13.2)	10.8	-222.0	%	(10.8)	39.0	-127.7	%		
Total revenues	558.0	498.5	11.9	%	1,626.2	1,785.2	-8.9	%		
CLAIMS AND EXPENSES:										
Incurred losses and loss adjustment expenses	301.6	370.8	-18.7	%	936.2	1,002.5	-6.6	%		
Commission, brokerage, taxes and fees	85.6	72.2	18.6	%	226.5	241.6	-6.3	%		
Other underwriting expenses	64.1	57.0	12.6	%	181.7	157.1	15.7	%		
Corporate expense	1.8	1.6	12.1	%	6.2	5.0	22.9	%		
Interest, fee and bond issue cost amortization expense	8.9	8.9	0.0	%	26.6	26.6	0.0	%		
Total claims and expenses	462.0	510.4	-9.5	%	1,377.2	1,432.8	-3.9	%		
INCOME (LOSS) BEFORE TAXES										
	96.0	(11.8)	NM		249.1	352.4	-29.3	%		
Income tax expense (benefit)	21.1	(7.1)	NM		67.0	107.3	-37.6	%		
NET INCOME (LOSS)	\$74.8	\$(4.7)	NM		\$182.1	\$245.1	-25.7	%		
RATIOS:										
Loss ratio	54.2	%	67.9	%	(13.7)	61.3	%	63.1	%	(1.8)
Commission and brokerage ratio	15.4	%	13.2	%	2.2	14.8	%	15.2	%	(0.4)
Other underwriting expense ratio	11.5	%	10.4	%	1.1	11.9	%	9.9	%	2.0
Combined ratio	81.1	%	91.5	%	(10.4)	88.0	%	88.2	%	(0.2)

(Dollars in millions)	At September 30, 2016	At December 31, 2015	Percentage Increase/ (Decrease)
Balance sheet data:			

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Total investments and cash	\$9,794.7	\$ 9,516.3	2.9	%
Total assets	17,434.7	16,695.2	4.4	%
Loss and loss adjustment expense reserves	8,306.4	7,940.7	4.6	%
Total debt	633.1	633.0	0.0	%
Total liabilities	12,193.8	11,764.0	3.7	%
Stockholder's equity	5,241.0	4,931.2	6.3	%

(Some amounts may not reconcile due to rounding)
(NM, not meaningful)

Revenues.

Premiums. Gross written premiums increased by 3.9% to \$1,505.9 million for the three months ended September 30, 2016, compared to \$1,448.7 million for the three months ended September 30, 2015, reflecting, a \$25.0 million, or 5.3%, increase in our insurance business, and a \$32.3 million, or 3.3%, increase in our reinsurance business. The rise in insurance premiums was primarily due to increases in most lines of business, as we have focused on expanding the insurance operations. The increase in reinsurance premiums was mainly due to increases in treaty and facultative casualty business. These increases were partially offset by lower premiums in treaty property business and a higher negative impact of \$6.7 million from the year over year movement in foreign exchange rates. Gross written premiums

29

increased to \$3,813.6 million for the nine months ended September 30, 2016, compared to \$3,764.9 million for the nine months ended September 30, 2015, reflecting a \$146.5 million, or 13.0%, increase in our insurance business, partially offset by a \$97.8 million, or 3.7%, decrease in our reinsurance business. The rise in insurance premiums was primarily due to increases in most lines of business, as we have focused on expanding the insurance operations. The decline in reinsurance premiums was mainly due to a decrease in treaty property business, a decline in international premiums related to quota share agreements and a negative impact of \$39.1 million from the year over year movement in foreign exchange rates.

Net written premiums increased by 3.9% to \$622.6 million for the three months ended September 30, 2016, compared to \$599.1 million for the three months ended September 30, 2015, and decreased by 3.3% to \$1,527.9 million for the nine months ended September 30, 2016 compared to \$1,580.0 million for the nine months ended September 30, 2015. The quarter over quarter change is consistent with the change in gross written premiums, with some fluctuation for the nine months ended September 30, 2016, primarily due to higher utilization reinsurance for new insurance business and quota share agreements. Premiums earned increased by 1.9% to \$556.7 million for the three months ended September 30, 2016, compared to \$546.1 million for the three months ended September 30, 2015, and decreased by 3.8% to \$1,527.4 million for the nine months ended September 30, 2016, compared to \$1,588.5 million for the nine months ended September 30, 2015. The change in premiums earned relative to net written premiums is the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Net Investment Income. Net investment income increased by 1.9% to \$64.6 million for the three months ended September 30, 2016, compared with net investment income of \$63.4 million for the three months ended September 30, 2015, and decreased by 4.8% to \$196.9 million for nine months ended September 30, 2016, compared with net investment income of \$206.9 million for the nine months ended September 30, 2015. The increase in income for the three months ended September 30, 2016 compared to the prior period was primarily due to higher income from our limited partnerships, partially offset by lower reinvestment rates for the fixed income portfolios. The decline in income and yield for the nine months ended September 30, 2016 compared to the prior period was primarily the result of lower reinvestment rates for the fixed income portfolios.

Net Realized Capital Gains (Losses). Net realized capital losses were \$50.1 million and \$121.7 million for the three months ended September 30, 2016 and 2015, respectively. The net realized capital losses of \$50.1 million were comprised of \$30.9 million of losses from fair value re-measurements on fixed maturity securities, equity securities and other invested assets, net realized capital losses of \$28.0 million from the sale of our Heartland subsidiary and \$0.8 million of other-than-temporary impairments, partially offset by \$9.6 million of gains from sales on our fixed maturity and equity securities. The \$121.7 million was comprised of \$185.6 million of losses from fair value re-measurements on equity securities and other invested assets, \$20.3 million of losses from sales on our fixed maturity and equity securities and \$10.5 million of other-than-temporary impairments, partially offset by a \$94.7 million gain on the sale of a subsidiary.

Net realized capital losses were \$87.3 million and \$49.2 million for the nine months ended September 30, 2016 and 2015, respectively. The net realized capital losses of \$87.3 million were comprised of net realized capital losses of \$28.0 million from the sale of our Heartland subsidiary, \$25.2 million of other-than-temporary impairment, \$22.4 million of losses from sales on our fixed maturity and equity securities and \$11.7 million of losses from fair value re-measurements on fixed maturity securities, equity securities and other invested assets. The \$49.2 million was comprised of \$56.1 million of losses from fair value re-measurements on fixed maturity securities, equity securities and other invested assets, \$44.3 million of losses from sales on our fixed maturity and equity securities and \$43.4 million of other-than-temporary impairments, partially offset by a \$94.7 million gain on the sale of a subsidiary.

Other Income (Expense). We recorded other expense of \$13.2 million and \$10.8 million for the three and nine months ended September 30, 2016, respectively. We recorded other income of \$10.8 million and \$39.0 million for the three and nine months ended September 30, 2015, respectively. The changes were primarily the result of fluctuations

in foreign currency exchange rates for the corresponding periods.

30

Claims and Expenses.

Incurred Losses and Loss Adjustment Expenses. The following tables present our incurred losses and loss adjustment expenses ("LAE") for the periods indicated.

(Dollars in millions)	Three Months Ended September 30,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
<u>2016</u>						
Attritional	\$300.4	54.0 %	\$0.1	0.0 %	\$300.6	54.0 %
Catastrophes	20.9	3.8 %	(19.8)	-3.6 %	1.0	0.2 %
Total segment	\$321.3	57.8 %	\$(19.7)	-3.6 %	\$301.6	54.2 %

<u>2015</u>						
Attritional	\$351.1	64.4 %	\$3.3	0.6 %	\$354.4	65.0 %
Catastrophes	17.2	3.1 %	(0.9)	-0.2 %	16.3	2.9 %
Total segment	\$368.3	67.5 %	\$2.4	0.4 %	\$370.8	67.9 %

Variance 2016/2015

Attritional	\$(50.7)	(10.4) pts	\$(3.2)	(0.6) pts	\$(53.8)	(11.0) pts
Catastrophes	3.7	0.7 pts	(18.9)	(3.4) pts	(15.3)	(2.7) pts
Total segment	\$(47.0)	(9.7) pts	\$(22.1)	(4.0) pts	\$(69.2)	(13.7) pts

(Dollars in millions)	Nine Months Ended September 30,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
<u>2016</u>						
Attritional	\$894.7	58.5 %	\$0.9	0.1 %	\$895.6	58.6 %
Catastrophes	77.6	5.1 %	(37.0)	-2.4 %	40.6	2.7 %
Total segment	\$972.3	63.6 %	\$(36.1)	-2.3 %	\$936.2	61.3 %

<u>2015</u>						
Attritional	\$973.2	61.3 %	\$2.0	0.1 %	\$975.2	61.4 %
Catastrophes	35.3	2.2 %	(8.0)	-0.5 %	27.3	1.7 %
Total segment	\$1,008.5	63.5 %	\$(6.0)	-0.4 %	\$1,002.5	63.1 %

Variance 2016/2015

Attritional	\$(78.5)	(2.8) pts	\$(1.1)	- pts	\$(79.6)	(2.8) pts
Catastrophes	42.3	2.9 pts	(29.0)	(1.9) pts	13.3	1.0 pts
Total segment	\$(36.2)	0.1 pts	\$(30.1)	(1.9) pts	\$(66.3)	(1.8) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased by 18.7% to \$301.6 million for the three months ended September 30, 2016 compared to \$370.8 million for the three months ended September 30, 2015, primarily due to a decrease in current year attritional losses of \$50.7 million, as the 2015 attritional loss ratio reflected a \$21.6 million loss estimate for the explosions at the Chinese Port of Tianjin, \$18.9 million of more favorable development on prior years' catastrophe losses and a \$3.2 million decrease in prior years attritional losses, partially offset by a \$3.7 million increase in current year catastrophe losses. The \$19.8 million favorable loss development for prior years' catastrophes for the three months ended September 30, 2016 related primarily to the 2015 Chilean earthquake (\$12.5 million) and the 2013 U.S. storms (\$6.0 million). The current year catastrophe losses of \$20.9 million for the three months ended September 30, 2016 were related to Hurricane Hermine (\$6.8 million), U.S. Storms (\$6.6 million), the Fort McMurray Canada Wildfire (\$5.0 million), the Taiwan earthquake (\$2.3 million) and the Ecuador earthquake (\$0.2 million). The current year catastrophe losses of \$17.2 million for the three months ended September 30, 2015 primarily related to the 2015 Chilean earthquake (\$17.4 million).

31

Incurred losses and LAE decreased slightly to \$936.2 million for the nine months ended September 30, 2016 compared to \$1,002.5 million for the nine months ended September 30, 2015, primarily due to a decrease in current year attritional losses of \$78.5 million and more favorable development on prior years' catastrophe losses of \$29.0 million compared to the prior year, partially offset by an increase of \$42.3 million in current year catastrophe losses. The \$78.5 million decline in the current year attritional losses was primarily due to the \$21.6 million attritional losses in 2015 related to the explosions at the Chinese Port of Tianjin and the 3.8% decline in premiums earned. The \$37.0 million of favorable prior years catastrophe losses for the nine months ended September 30, 2016 related primarily to the 2011 Japanese earthquake (\$15.5 million), the 2015 Chilean earthquake (\$12.4 million), and the 2013 U.S. storms (\$4.8 million). The current year catastrophe losses of \$77.6 million for the nine months ended September 30, 2016 were related to the Fort McMurray Canada Wildfire (\$26.9 million), the 2016 U.S. Storms (\$24.9 million), the Ecuador earthquake (\$11.6 million), the 2016 Taiwan earthquake (\$7.5 million) and Hurricane Hermine (\$6.8 million). The current year catastrophe losses of \$35.3 million for the nine months ended September 30, 2015 primarily related to the 2015 Chilean earthquake (\$17.4 million), Northern Chile storms (\$9.8 million) and the New South Wales storms (\$8.0 million).

Commission, Brokerage, Taxes and Fees. Commission, brokerage, taxes and fees increased by 18.6% to \$85.6 million for the three months ended September 30, 2016 compared to \$72.2 million for the three months ended September 30, 2015. Commission, brokerage, taxes and fees decreased by 6.3% to \$226.5 million for the nine months ended September 30, 2016 compared to \$241.6 million for the nine months ended September 30, 2015. These variances were primarily due to the impact of the changes in premiums earned and changes in the mix of business.

Other Underwriting Expenses. Other underwriting expenses were \$64.1 million and \$57.0 million for the three months ended September 30, 2016 and 2015, respectively. Other underwriting expenses were \$181.7 million and \$157.1 million for the nine months ended September 30, 2016 and 2015, respectively. The increases in other underwriting expenses were mainly due to costs incurred related to the expansion of the insurance operations.

Corporate Expenses. Corporate expenses, which are general operating expenses that are not allocated to segments, were \$1.8 million and \$1.6 million for the three months ended September 30, 2016 and 2015, respectively, and \$6.2 million and \$5.0 million for the nine months ended September 30, 2016 and 2015, respectively. The increases in corporate expenses were mainly due to increased compensation and benefit expenses.

Interest, Fees and Bond Issue Cost Amortization Expense. Interest, fees and other bond amortization expense was \$8.9 million for three months ended September 30, 2016 and 2015. Interest, fees and other bond amortization expense was \$26.6 million for nine months ended September 30, 2016 and 2015, respectively.

Income Tax Expense (Benefit). Income tax expense was \$21.1 million and income tax benefits were \$7.1 million for the three months ended September 30, 2016 and 2015, respectively. Income tax expense was \$67.0 million and \$107.3 million for the nine months ended September 30, 2016 and 2015, respectively. Income tax expense is primarily a function of the geographic location of the Company's pre-tax income and the statutory tax rates in those jurisdictions, as affected by tax-exempt investment income. Variations in the income tax expense generally result from changes in the relative levels of pre-tax income, including the impact of catastrophe losses and net capital gains (losses), among jurisdictions with different tax rates. The increase in income tax expenses for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 were mainly due to the decrease in losses incurred and lower capital losses.

Net Income (Loss).

Our net income was \$74.8 million and our net loss was \$4.7 million for the three months ended September 30, 2016 and 2015, respectively. Our net income was \$182.1 million and \$245.1 million for the nine months ended September 30, 2016 and 2015, respectively. The changes were primarily driven by the financial component fluctuations explained above.

32

Ratios.

Our combined ratio decreased by 10.4 points to 81.1% for the three months ended September 30, 2016, compared to 91.5% for the three months ended September 30, 2015, and decreased by 0.2 points to 88.0% for the nine months ended September 30, 2016, compared to 88.2% for the nine months ended September 30, 2015. The loss ratio component decreased by 13.7 points and 1.8 points for the three and nine months ended September 30, 2016, respectively, over the same period last year. The change for the three month period was mainly due to lower current year attritional losses and favorable prior year development on catastrophe losses in 2016 compared to 2015. The commission and brokerage ratio components increased 2.2 points and decreased 0.4 points for the three and nine months ended September 30, 2016, respectively, compared to the prior period due mainly to changes in the mix of business and the impact of affiliated quota share agreements. The other underwriting expense ratio components increased 1.1 points and 2.0 points for the three and nine months ended September 30, 2016, respectively, over the same period last year mainly due to the increased focus on the expansion of the insurance business.

Stockholder's Equity.

Stockholders' equity increased by \$309.7 million to \$5,241.0 million at September 30, 2016 from \$4,931.2 million at December 31, 2015, principally as a result of \$182.1 million of net income, \$85.8 million of net unrealized appreciation on investments, net of tax, \$27.8 million of net foreign currency translation adjustments, \$10.2 million of share-based compensation transactions and \$3.9 million of net benefit plan obligation adjustments.

Consolidated Investment Results

Net Investment Income.

Net investment income increased 1.9% to \$64.6 million for the three months ended September 30, 2016 compared to \$63.4 million for the three months ended September 30, 2015, primarily due to an increase in limited partnership income, partially offset by lower reinvestment rates for the fixed income portfolios. Net investment income decreased by 4.8% to \$196.9 million for the nine months ended September 30, 2016 compared to \$206.9 million for the nine months ended September 30, 2015, primarily due to a decline in income from fixed maturities, reflective of lower reinvestment rates.

The following table shows the components of net investment income for the periods indicated:

Three Months Ended September 30,	Nine Months Ended September 30,
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(Dollars in millions)	2016	2015	2016	2015
Fixed maturities	\$ 44.8	\$ 46.4	\$ 134.9	\$ 140.8
Equity securities	7.9	8.0	25.8	26.6
Short-term investments and cash	0.3	0.2	0.9	0.7
Other invested assets				
Limited partnerships	6.0	3.0	17.7	17.7
Dividends from Parent's shares	-	9.2	-	27.7
Dividends from preferred shares of affiliate	7.8	-	23.3	-
Other	0.5	(0.2)	0.3	1.4
Gross investment income before adjustments	67.3	66.6	202.8	214.9
Funds held interest income (expense)	1.1	0.9	4.7	4.3
Interest income from Parent	1.1	1.0	3.2	3.2
Gross investment income	69.5	68.7	210.8	222.5
Investment expenses	(4.9)	(5.3)	(13.9)	(15.6)
Net investment income	\$ 64.6	\$ 63.4	\$ 196.9	\$ 206.9

(Some amounts may not reconcile due to rounding.)

33

The following tables show a comparison of various investment yields for the periods indicated:

	At September 30, 2016	At December 31, 2015
Imbedded pre-tax yield of cash and invested assets at December 31	3.0%	2.9%
Imbedded after-tax yield of cash and invested assets at December 31	2.1%	2.1%

	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Annualized pre-tax yield on average cash and invested assets	2.7%	3.1%	2.8%	3.3%
Annualized after-tax yield on average cash and invested assets	1.9%	2.1%	1.9%	2.3%

Net Realized Capital Gains (Losses).

The following table presents the composition of our net realized capital gains (losses) for the periods indicated:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollars in millions)	2016	2015	Variance	2016	2015	Variance
<u>Gains (losses) from sales:</u>						
Fixed maturity securities, market value						
Gains	\$ 6.3	\$ 1.4	\$ 4.9	\$ 13.9	\$ 9.0	\$ 4.9

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Losses	(1.9)	(8.1)	6.2	(24.1)	(39.4)	15.3
Total	4.4	(6.7)	11.1	(10.3)	(30.4)	20.2
Fixed maturity securities, fair value						
Gains	-	-	-	-	-	-
Losses	-	-	-	(1.9)	-	(1.9)
Total	-	-	-	(1.9)	-	(1.9)
Equity securities, fair value						
Gains	6.9	5.3	1.6	13.5	17.7	(4.2)
Losses	(1.4)	(18.9)	17.5	(23.6)	(31.7)	8.1
Total	5.5	(13.6)	19.1	(10.1)	(14.0)	3.9
Total net realized gains (losses) from sales						
Gains	13.2	6.6	6.6	27.4	26.7	0.7
Losses	(3.4)	(26.9)	23.5	(49.7)	(71.0)	21.3
Total	9.6	(20.3)	30.1	(22.4)	(44.3)	22.0
<u>Gain (losses) on sale of subsidiary:</u>	(28.0)	94.7	(122.7)	(28.0)	94.7	(122.7)
<u>Other than temporary impairments:</u>	(0.8)	(10.5)	9.7	(25.2)	(43.4)	18.2
<u>Gains (losses) from fair value adjustments:</u>						
Fixed maturities, fair value	0.1	-	0.1	1.4	0.1	1.3
Equity securities, fair value	16.0	(101.3)	117.3	34.7	(85.7)	120.4
Other invested assets, fair value	(47.0)	(84.3)	37.3	(47.8)	29.5	(77.3)
Total	(30.9)	(185.6)	154.7	(11.7)	(56.1)	44.4
Total net realized gains (losses)	\$ (50.1)	\$ (121.7)	\$ 71.6	\$ (87.3)	\$ (49.2)	\$ (38.1)

(Some amounts may not reconcile due to rounding)

34

Net realized capital losses were \$50.1 million and \$121.7 million for the three months ended September 30, 2016 and 2015, respectively. For the three months ended September 30, 2016, we recorded \$30.9 million of net realized capital losses due to fair value re-measurements on fixed maturity securities, equity securities and other invested assets, net realized capital losses of \$28.0 million from the sale of our Heartland subsidiary and \$0.8 million of other-than-temporary impairments, partially offset by \$9.6 million of net realized capital gains from sales of fixed maturity. For the three months ended September 30, 2015, we recorded \$185.6 million of net realized capital losses due to fair value re-measurements on equity securities and other invested assets, \$20.3 million of net realized capital losses from sales of fixed maturity and equity securities and \$10.5 million of other-than-temporary impairments, partially offset by a \$94.7 million gain on the sale of a subsidiary. The fixed maturity and equity sales for both periods related primarily to adjusting the portfolios for overall market changes and individual credit shifts.

Net realized capital losses were \$87.3 million and \$49.2 million for the nine months ended September 30, 2016 and 2015, respectively. For the nine months ended September 30, 2016, we recorded a net realized capital losses of \$28.0 million from the sale of our Heartland subsidiary, \$25.2 million of other-than-temporary impairments, \$22.4 million of net realized capital losses from sales of fixed maturity and equity securities and \$11.7 million of net realized capital losses due to fair value re-measurements on fixed maturity securities, equity securities and other invested assets. For the nine months ended September 30, 2015, we recorded \$56.1 million of net realized capital losses due to fair value re-measurements on fixed maturity securities, equity securities and other invested assets, \$44.3 million of net realized capital losses from sales of fixed maturity and equity securities and \$43.4 million of other-than-temporary impairments, partially offset by a \$94.7 million gain on the sale of a subsidiary. The fixed maturity and equity sales for both periods related primarily to adjusting the portfolios for overall market changes and individual credit shifts.

Segment Results.

The U.S. Reinsurance operation writes property and casualty reinsurance and specialty lines of business, including Marine, Aviation, Surety and A&H business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies primarily within the U.S. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada, Singapore and through offices in Brazil, Miami and New Jersey. The Insurance operation writes property and casualty insurance directly and through general agents, brokers and surplus lines brokers mainly within the U.S.

These segments are managed independently, but conform with corporate guidelines with respect to pricing, risk management, control of aggregate catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

Underwriting results include earned premium less losses and LAE incurred, commission and brokerage expenses and other underwriting expenses. We measure our underwriting results using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which respectively, divide incurred losses, commissions and brokerage and other underwriting expenses by premiums earned.

Our loss and LAE reserves are management's best estimate of our ultimate liability for unpaid claims. We re-evaluate our estimates on an ongoing basis, including all prior period reserves, taking into consideration all available information and, in particular, recently reported loss claim experience and trends related to prior periods. Such re-evaluations are recorded in incurred losses in the period in which the re-evaluation is made.

35

The following discusses the underwriting results for each of our segments for the periods indicated:

U.S. Reinsurance.

The following table presents the underwriting results and ratios for the U.S. Reinsurance segment for the periods indicated.

(Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,				
	2016	2015	Variance	Change	2016	2015	Variance	Change	
Gross written premiums	\$654.8	\$601.6	\$ 53.2	8.8	% \$1,597.0	\$1,615.3	\$(18.3)	-1.1	%
Net written premiums	327.2	247.4	79.9	32.3	% 711.7	672.8	38.9	5.8	%
Premiums earned	\$249.2	\$235.3	\$ 13.9	5.9	% \$709.1	\$726.1	\$(17.0)	-2.3	%
Incurred losses and LAE	137.2	109.1	28.1	25.8	% 363.6	337.1	26.5	7.9	%

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Commission and brokerage	48.1	48.9	(0.8)	-1.6	%	148.0	141.9	6.0	4.2	%
Other underwriting expenses	14.3	13.7	0.5	4.0	%	39.9	37.1	2.8	7.6	%
Underwriting gain (loss)	\$49.6	\$63.5	\$(14.0)	-22.0	%	\$157.7	\$210.0	\$(52.4)	-25.0	%
				Point					Point	
				Chg					Chg	
Loss ratio	55.1 %	46.4 %		8.7		51.3 %	46.4 %		4.9	
Commission and brokerage ratio	19.3 %	20.8 %		(1.5)		20.9 %	19.5 %		1.4	
Other underwriting ratio	5.7 %	5.8 %		(0.1)		5.6 %	5.2 %		0.4	
Combined ratio	80.1 %	73.0 %		7.1		77.8 %	71.2 %		6.7	

(Some amounts may not reconcile due to rounding.)

Premiums. Gross written premiums increased by 8.8% to \$654.8 million for the three months ended September 30, 2016 from \$601.6 million for the three months ended September 30, 2015, primarily due to an increase in treaty casualty business. Net written premiums increased by 32.3% to \$327.2 million for the three months ended September 30, 2016 compared to \$247.4 million for the three months ended September 30, 2015. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the assumption of the crop business due to the sale of Heartland and a concurrent new crop reinsurance contract. Premiums earned increased 5.9% to \$249.2 million for the three months ended September 30, 2016 compared to \$235.3 million for the three months ended September 30, 2015. The change in premiums earned relative to net written premiums is primarily the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Gross written premiums decreased by 1.1% to \$1,597.0 million for the nine months ended September 30, 2016 from \$1,615.3 million for the nine months ended September 30, 2015, primarily due to a decrease in treaty property business, partially offset by an increase in treaty casualty business. Net written premiums increased by 5.8% to \$711.7 million for the nine months ended September 30, 2016 compared to \$672.8 million for the nine months ended September 30, 2015. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the crop transaction described above. Premiums earned decreased 2.3% to \$709.1 million for the nine months ended September 30, 2016 compared to \$726.1 million for the nine months ended September 30, 2015. The change in premiums earned relative to net written premiums is primarily the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

36

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the U.S. Reinsurance segment for the periods indicated.

(Dollars in millions)	Three Months Ended September 30,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2016						
Attritional	\$129.8	52.1 %	\$(1.0)	-0.4 %	\$128.8	51.7 %
Catastrophes	14.4	5.8 %	(5.9)	-2.4 %	8.5	3.4 %
Total segment	\$144.2	57.9 %	\$(6.9)	-2.8 %	\$137.2	55.1 %

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2015

Attrititional	\$108.1	45.9%	\$1.5	0.6 %	\$109.6	46.5%
Catastrophes	0.1	0.1 %	(0.5)	-0.2 %	(0.4)	-0.1 %
Total segment	\$108.2	46.0%	\$0.9	0.4 %	\$109.1	46.4%

Variance 2016/2015

Attrititional	\$21.7	6.2	pts	\$(2.5)	(1.0) pts	\$19.2	5.2	pts
Catastrophes	14.3	5.7	pts	(5.4)	(2.2) pts	8.9	3.5	pts
Total segment	\$36.0	11.9	pts	\$(7.8)	(3.2) pts	\$28.1	8.7	pts

Nine Months Ended September 30,

(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
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2016

Attrititional	\$365.2	51.6%	\$(1.3)	-0.2 %	\$363.9	51.4%
Catastrophes	15.8	2.2 %	(16.1)	-2.3 %	(0.3)	-0.1 %
Total segment	\$381.0	53.8%	\$(17.4)	-2.5 %	\$363.6	51.3%

2015

Attrititional	\$360.9	49.7%	\$(17.5)	-2.4 %	\$343.5	47.3%
Catastrophes	0.1	0.0 %	(6.5)	-0.9 %	(6.4)	-0.9 %
Total segment	\$361.1	49.7%	\$(24.0)	-3.3 %	\$337.1	46.4%

Variance 2016/2015

Attrititional	\$4.3	1.9	pts	\$16.2	2.2	pts	\$20.4	4.1	pts
Catastrophes	15.7	2.2	pts	(9.6)	(1.4) pts	6.1	0.8	pts	
Total segment	\$19.9	4.1	pts	\$6.6	0.8	pts	\$26.5	4.9	pts

(Some amounts may not reconcile due to rounding.)

Incurred losses increased 25.8% to \$137.2 million for the three months ended September 30, 2016 compared to \$109.1 million for the three months ended September 30, 2015, primarily due to a \$21.7 million increase in current year attrititional losses, related to the impact of the increase in premiums earned, and an increase of \$14.3 million on current year catastrophe losses. This increase was partially offset by higher favorable development of \$5.4 million on prior years' catastrophe losses, mainly related to the 2013 U.S. storms. The current year catastrophe losses of \$14.4 million for the three months ended September 30, 2016 were related to Hurricane Hermine (\$6.8 million), U.S. Storms (\$6.3 million) and the Fort McMurray Canada Wildfire (\$1.3 million). The \$0.1 million of current year catastrophe losses for the three months ended September 30, 2015 were due to the New South Wales storms.

Incurred losses increased by 7.9% to \$363.6 million for the nine months ended September 30, 2016 compared to \$337.1 million for the nine months ended September 30, 2015, primarily due to a \$16.2 million impact from year over year lower favorable development on prior years attrititional losses and an increase of \$15.7 million in current year catastrophe losses. These increases were partially offset by more favorable development of \$9.6 million on prior years' catastrophe losses. The current year catastrophe losses of \$15.8 million for the nine months ended September 30, 2016 were related to Hurricane Hermine (\$6.8 million) and U.S. Storms (\$9.6 million). The \$0.1 million of current year catastrophe losses for the

nine months ended September 30, 2015 were due to the New South Wales storms. The \$16.1 million of prior years' catastrophes for the nine months ended September 30, 2016 mainly related to the 2011 Japan earthquake.

Segment Expenses. Commission and brokerage decreased by 1.6% to \$48.1 million for the three months ended September 30, 2016 compared to \$48.9 million for the three months ended September 30, 2015. Commission and brokerage increased by 4.2% to \$148.0 million for the nine months ended September 30, 2016 compared to \$141.9 million for the nine months ended September 30, 2015. The increases were mainly due to the impact from affiliated quota share agreements and changes in the mix of business.

Segment other underwriting expenses increased to \$14.3 million for the three months ended September 30, 2016 from \$13.7 million for the three months ended September 30, 2015. Segment other underwriting expenses increased to \$39.9 million for the nine months ended September 30, 2016 from \$37.1 million for the nine months ended September 30, 2015. The increases were primarily due to the impact of changes in the mix of business and higher compensation costs.

International.

The following table presents the underwriting results and ratios for the International segment for the periods indicated.

(Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	Variance	Change %	2016	2015	Variance	Change %
Gross written premiums	\$353.2	\$374.1	\$ (20.9)	-5.6 %	\$939.9	\$1,019.4	\$ (79.6)	-7.8 %
Net written premiums	141.3	148.0	(6.7)	-4.5 %	353.4	417.1	(63.6)	-15.3 %
Premiums earned	\$128.4	\$135.1	\$ (6.8)	-5.0 %	\$372.8	\$433.8	\$ (60.9)	-14.0 %
Incurred losses and LAE	41.8	128.5	(86.7)	-67.4 %	206.7	339.9	(133.2)	-39.2 %
Commission and brokerage	30.2	27.9	2.3	8.1 %	82.4	93.2	(10.7)	-11.5 %
Other underwriting expenses	9.2	9.1	0.1	1.0 %	25.0	25.3	(0.3)	-1.1 %
Underwriting gain (loss)	\$47.1	\$(30.4)	\$ 77.5	NM	\$58.7	\$(24.6)	\$ 83.3	NM
				Point Chg				Point Chg
Loss ratio	32.6 %	95.1 %		(62.5)	55.4 %	78.4 %		(23.0)
Commission and brokerage ratio	23.5 %	20.7 %		2.8	22.1 %	21.5 %		0.6
Other underwriting ratio	7.2 %	6.7 %		0.5	6.8 %	5.8 %		1.0
Combined ratio	63.3 %	122.5 %		(59.2)	84.3 %	105.7 %		(21.4)

(NM, not meaningful)

Premiums. Gross written premiums decreased by 5.6% to \$353.2 million for the three months ended September 30, 2016 compared to \$374.1 million for the three months ended September 30, 2015, primarily due to a decline in Middle East business and the negative impact of approximately \$6.2 million from the movement of foreign exchange rates. Net written premiums decreased by 4.5% to \$141.3 million for the three months ended September 30, 2016 compared to \$148.0 million for the three months ended September 30, 2015, which is consistent with the change in gross written premiums. Premiums earned decreased 5.0% to \$128.4 million for the three months ended September 30, 2016 compared to \$135.1 million for the three months ended September 30, 2015. The change in premiums earned relative to net written premiums is primarily the result of timing; premiums are earned ratably over the

coverage period whereas written premiums are recorded at the initiation of the coverage period.

Gross written premiums decreased by 7.8% to \$939.9 million for the nine months ended September 30, 2016 compared to \$1,019.4 million for the nine months ended September 30, 2015, primarily due to declines in Latin American, Middle East and Asian business and the negative impact of approximately \$38.1 million from the movement of foreign exchange rates. Net written premiums decreased by 15.3% to \$353.4 million for the nine months ended September 30, 2016 compared to \$417.1 million for the nine months ended September 30, 2015. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to varying utilization of reinsurance related to the quota share contracts. Premiums earned decreased 14.0% to \$372.8 million for the nine months ended

38

September 30, 2016 compared to \$433.8 million for the nine months ended September 30, 2015. The change in premiums earned relative to net written premiums is primarily the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the International segment for the periods indicated.

(Dollars in millions)	Three Months Ended September 30,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
<u>2016</u>						
Attritional	\$49.3	38.4 %	\$-	0.0 %	\$49.3	38.4 %
Catastrophes	6.5	5.1 %	(14.0)	-10.9%	(7.5)	-5.8 %
Total segment	\$55.8	43.5 %	\$(14.0)	-10.9%	\$41.8	32.6 %

<u>2015</u>						
Attritional	\$111.0	82.2 %	\$0.9	0.7 %	\$112.0	82.9 %
Catastrophes	17.0	12.6 %	(0.6)	-0.4 %	16.5	12.2 %
Total segment	\$128.1	94.8 %	\$0.4	0.3 %	\$128.5	95.1 %

Variance 2016/2015

Attritional	\$(61.7)	(43.8) pts	\$(0.9)	(0.7) pts	\$(62.7)	(44.5) pts
Catastrophes	(10.5)	(7.5) pts	(13.4)	(10.5) pts	(24.0)	(18.0) pts
Total segment	\$(72.3)	(51.3) pts	\$(14.3)	(11.2) pts	\$(86.7)	(62.5) pts

(Dollars in millions)	Nine Months Ended September 30,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
<u>2016</u>						
Attritional	\$185.6	49.8 %	\$(3.4)	-0.9%	\$182.3	48.9 %
Catastrophes	45.2	12.1 %	(20.8)	-5.6%	24.4	6.5 %
Total segment	\$230.8	61.9 %	\$(24.1)	-6.5%	\$206.7	55.4 %

<u>2015</u>						
Attritional	\$304.9	70.3 %	\$1.6	0.4 %	\$306.5	70.7 %
Catastrophes	35.1	8.1 %	(1.7)	-0.4%	33.4	7.7 %

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Total segment	\$340.0	78.4 %	\$(0.1)	0.0 %	\$339.9	78.4 %
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Variance 2016/2015

Attritional	\$(119.3)	(20.5) pts	\$(5.0)	(1.3) pts	\$(124.2)	(21.8) pts
Catastrophes	10.1	4.0 pts	(19.1)	(5.2) pts	(9.0)	(1.2) pts
Total segment	\$(109.2)	(16.5) pts	\$(24.0)	(6.5) pts	\$(133.2)	(23.0) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased by 67.4% to \$41.8 million for the three months ended September 30, 2016 compared to \$128.5 million for the three months ended September 30, 2015, primarily due to a decrease in current year attritional losses of \$61.7 million, mainly related to lower Latin American and Asian losses in 2016 and \$14.9 million of losses from the explosion at the Chinese port of Tianjin in 2015, a decrease of \$10.5 million in current year catastrophe losses and \$13.4 million of more favorable development in prior years catastrophe losses. The current year catastrophe losses of \$6.5 million for the three months ended September 30, 2016 were related to the Fort McMurray Canada Wildfire (\$3.7 million), the Taiwan earthquake (\$2.3 million) U.S. Storms (\$0.3 million) and the Ecuador earthquake (\$0.2 million). The \$17.0 million of current year catastrophe losses for the three months ended September 30, 2015 were entirely related to the 2015 Chilean earthquake. The \$14.0 million of favorable development of prior years' catastrophe losses for the three months ended September 30, 2016 related primarily to the 2015 Chilean earthquake.

39

Incurred losses and LAE decreased by 39.2% to \$206.7 million for the nine months ended September 30, 2016 compared to \$339.9 million for the nine months ended September 30, 2015, primarily due to a decrease in current year attritional losses of \$119.3 million, related to lower Latin American and Asian losses in 2016 and \$14.9 million of losses from the explosion at the Chinese Port of Tianjin in 2015, more favorable development of prior year catastrophe losses of \$19.1 million and the impact of the decrease in premiums earned, partially offset by an increase of \$10.1 million in current year catastrophe losses. The \$45.2 million of current year catastrophe losses for the nine months ended September 30, 2016 were due to the Fort McMurray Canada wildfire (\$25.4 million), the Ecuador earthquake (\$11.8 million), the Taiwan earthquake (\$7.6 million) and U.S. Storms (\$0.3 million). The \$35.1 million of current year catastrophe losses for the nine months ended September 30, 2015 were due to the 2015 Chilean earthquake (\$17.4 million), Northern Chile storms (\$9.8 million) and the New South Wales storms (\$7.9 million). The 2016 favorable development in prior years' catastrophe losses related primarily to the 2015 Chilean and 2011 Japanese earthquakes.

Segment Expenses. Commission and brokerage increased 8.1% to \$30.2 million for the three months ended September 30, 2016 compared to \$27.9 million for the three months ended September 30, 2015. The quarter over quarter increase is due to higher contingent commission and the impact of quota share contracts. Commission and brokerage decreased 11.5% to \$82.4 million for the nine months ended September 30, 2016 compared to \$93.2 million for the nine months ended September 30, 2015. The year over year decrease was mainly due to the impact of the decrease in premiums earned and changes in the mix of business.

Segment other underwriting expenses increased slightly to \$9.2 million for the three months ended September 30, 2016 compared to \$9.1 million for the three months ended September 30, 2015, and decreased slightly to \$25.0 million for the nine months ended September 30, 2016 compared to \$25.3 million for the nine months ended September 30, 2015.

Insurance.

The following table presents the underwriting results and ratios for the Insurance segment for the periods indicated.

(Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	Variance	Change %	2016	2015	Variance	Change %
Gross written premiums	\$498.0	\$473.0	\$ 25.0	5.3 %	\$1,276.8	\$1,130.2	\$ 146.5	13.0 %
Net written premiums	154.1	203.7	(49.7)	-24.4 %	462.8	490.1	(27.3)	-5.6 %
Premiums earned	\$179.1	\$175.6	\$ 3.4	2.0 %	\$445.6	\$428.7	\$ 16.9	3.9 %
Incurred losses and LAE	122.5	133.2	(10.7)	-8.0 %	366.0	325.5	40.5	12.4 %
Commission and brokerage	7.3	(4.7)	11.9	NM	(3.9)	6.5	(10.4)	-159.9 %
Other underwriting expenses	40.7	34.1	6.6	19.2 %	116.8	94.7	22.1	23.3 %
Underwriting gain (loss)	\$8.6	\$13.0	\$(4.4)	-33.8 %	\$(33.3)	\$1.9	\$(35.3)	NM
				Point Chg				Point Chg
Loss ratio	68.4 %	75.8 %		(7.4)	82.1 %	75.9 %		6.2
Commission and brokerage ratio	4.1 %	-2.7 %		6.8	-0.9 %	1.5 %		(2.4)
Other underwriting ratio	22.7 %	19.5 %		3.2	26.3 %	22.2 %		4.1
Combined ratio	95.2 %	92.6 %		2.6	107.5 %	99.6 %		7.9

(NM, not meaningful)

Premiums. Gross written premiums increased by 5.3% to \$498.0 million for the three months ended September 30, 2016 compared to \$473.0 million for the three months ended September 30, 2015. This increase was primarily driven by increases in accident and health business and additional expansion of other insurance lines of business. Net written premiums decreased by 24.4% to \$154.1 million for the three months ended September 30, 2016 compared to \$203.7 million for the three months ended September 30, 2015. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the transfer of the crop business to the U.S. Reinsurance segment as a result of the Heartland sale and entering into a new crop reinsurance contract. Premiums earned increased 2.0% to \$179.1 million for the three months ended September 30, 2016 compared to \$175.6 million for the

40

three months ended September 30, 2015. The change in premiums earned relative to net written premiums is the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Gross written premiums increased by 13.0% to \$1,276.8 million for the nine months ended September 30, 2016 compared to \$1,130.2 million for the nine months ended September 30, 2015. This increase was primarily driven by increases in accident and health business and additional expansion of other insurance lines of business. Net written premiums decreased by 5.6% to \$462.8 million for the nine months ended September 30, 2016 compared to \$490.1 million for the nine months ended September 30, 2015. The difference between the change in gross written premiums compared to the change in the net written premiums is primarily due to the transfer of the crop business as described above. Premiums earned increased 3.9% to \$445.6 million for the nine months ended September 30, 2016 compared to \$428.7 million for the nine months ended September 30, 2015. The change in premiums earned relative to net written premiums is the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the Insurance segment for the periods indicated.

(Dollars in millions)	Three Months Ended September 30,				Total Incurred	Ratio %/ Pt Change
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change		
<u>2016</u>						
Attritional	\$121.4	67.8%	\$1.1	0.6 %	\$122.5	68.4%
Catastrophes	-	0.0 %	-	0.0 %	0.0	0.0 %
Total segment	\$121.4	67.8%	\$1.1	0.6 %	\$122.5	68.4%

<u>2015</u>						
Attritional	\$132.0	75.2%	\$0.9	0.5 %	\$132.9	75.7%
Catastrophes	-	0.0 %	0.2	0.1 %	0.2	0.1 %
Total segment	\$132.0	75.2%	\$1.2	0.7 %	\$133.2	75.8%

Variance 2016/2015

Attritional	\$(10.6)	(7.4) pts	\$0.2	0.1 pts	\$(10.4)	(7.3) pts
Catastrophes	-	- pts	(0.2)	(0.1) pts	(0.2)	(0.1) pts
Total segment	\$(10.6)	(7.4) pts	\$(0.1)	(0.1) pts	\$(10.7)	(7.4) pts

(Dollars in millions)	Nine Months Ended September 30,				Total Incurred	Ratio %/ Pt Change
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change		
<u>2016</u>						
Attritional	\$343.8	77.1%	\$5.6	1.3 %	\$349.4	78.4%
Catastrophes	16.7	3.7 %	(0.2)	0.0 %	16.5	3.7 %
Total segment	\$360.5	80.8%	\$5.4	1.3 %	\$366.0	82.1%

<u>2015</u>						
Attritional	\$307.4	71.7%	\$17.9	4.1 %	\$325.3	75.8%
Catastrophes	-	0.0 %	0.3	0.1 %	0.3	0.1 %
Total segment	\$307.4	71.7%	\$18.2	4.2 %	\$325.5	75.9%

Variance 2016/2015

Attritional	\$36.4	5.4 pts	\$(12.3)	(2.8) pts	\$24.1	2.6 pts
Catastrophes	16.7	3.7 pts	(0.5)	(0.1) pts	16.2	3.6 pts
Total segment	\$53.1	9.1 pts	\$(12.8)	(2.9) pts	\$40.5	6.2 pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased by 8.0% to \$122.5 million for the three months ended September 30, 2016 compared to \$133.2 million for the three months ended September 30, 2015, mainly due to a decrease of \$10.6 million in current year attritional losses, primarily due to a decline in the workers' compensation loss ratio. There were no current year catastrophe losses for the three months ended September 30, 2016 and 2015.

Incurred losses and LAE increased by 12.4% to \$366.0 million for the nine months ended September 30, 2016 compared to \$325.5 million for the nine months ended September 30, 2015, mainly due to an increase of \$36.4 million in current year attritional losses, primarily related to the impact of the increase in premiums earned and an increase of \$16.7 million in current year catastrophe losses, partially offset by the impact from less unfavorable development of \$12.3 million in prior years' attritional losses mainly related to runoff umbrella and construction liability business. The \$16.7 million of current year catastrophe losses for the nine months ended September 30, 2016 were due to the U.S. storms (\$15.0 million) and the Fort McMurray Canada wildfire (\$1.7 million). There were no current year catastrophe losses for the nine months ended September 30, 2015.

Segment Expenses. Commission and brokerage increased to \$7.3 million for the three months ended September 30, 2016 compared to \$(4.7) million for the three months ended September 30, 2015. Commission and brokerage decreased to \$(3.9) million for the nine months ended September 30, 2016 compared to \$6.5 million for the nine months ended September 30, 2015. The fluctuations were mainly due to the impact from affiliated quota share agreements and changes in mix of business.

Segment other underwriting expenses increased to \$40.7 million for the three months ended September 30, 2016 compared to \$34.1 million for the three months ended September 30, 2015 and increased to \$116.8 million for the nine months ended September 30, 2016 compared to \$94.7 million for the nine months ended September 30, 2015. The increases were primarily due to the impact of the increases in premiums earned and increased expenses due to the build out of our insurance platform.

Market Sensitive Instruments.

The SEC's Financial Reporting Release #48 requires registrants to clarify and expand upon the existing financial statement disclosure requirements for derivative financial instruments, derivative commodity instruments and other financial instruments (collectively, "market sensitive instruments"). We do not generally enter into market sensitive instruments for trading purposes.

Our current investment strategy seeks to maximize after-tax income through a high quality, diversified, taxable and tax-preferenced fixed maturity portfolio, while maintaining an adequate level of liquidity. Our mix of taxable and tax-preferenced investments is adjusted periodically, consistent with our current and projected operating results, market conditions and our tax position. The fixed maturity securities in the investment portfolio are comprised of non-trading available for sale securities. Additionally, we have invested in equity securities.

The overall investment strategy considers the scope of present and anticipated Company operations. In particular, estimates of the financial impact resulting from non-investment asset and liability transactions, together with our capital structure and other factors, are used to develop a net liability analysis. This analysis includes estimated payout characteristics for which our investments provide liquidity. This analysis is considered in the development of specific investment strategies for asset allocation, duration and credit quality. The change in overall market sensitive risk exposure principally reflects the asset changes that took place during the period.

Interest Rate Risk. Our \$9.8 billion investment portfolio, at September 30, 2016, is principally comprised of fixed maturity securities, which are generally subject to interest rate risk and some foreign currency exchange rate risk, and some equity securities, which are subject to price fluctuations and some foreign exchange rate risk. The overall economic impact of the foreign exchange risks on the investment portfolio is partially mitigated by changes in the dollar value of foreign currency denominated liabilities and their associated income statement impact.

Interest rate risk is the potential change in value of the fixed maturity securities portfolio, including short-term investments, from a change in market interest rates. In a declining interest rate environment, it includes prepayment risk on the \$835.0 million of mortgage-backed securities in the \$6,018.9 million fixed maturity portfolio. Prepayment risk results from potential accelerated principal payments that shorten the average life and thus the expected yield of the security.

The table below displays the potential impact of market value fluctuations and after-tax unrealized appreciation on our fixed maturity portfolio (including \$188.4 million of short-term investments) for the period indicated based on upward and downward parallel and immediate 100 and 200 basis point shifts in interest rates. For legal entities with a U.S. dollar functional currency, this modeling was performed on each security individually. To generate appropriate price estimates for mortgage-backed securities, changes in prepayment expectations under different interest rate environments were taken into account. For legal entities with non-U.S. dollar functional currency, the effective duration of the involved portfolio of securities was used as a proxy for the market value change under the various interest rate change scenarios.

(Dollars in millions)	Impact of Interest Rate Shift in Basis Points				
	At September 30, 2016				
	-200	-100	0	100	200
Total Market/Fair Value	\$6,552.1	\$6,379.8	\$6,207.3	\$6,023.8	\$5,835.2
Market/Fair Value Change from Base (%)	5.6 %	2.8 %	0.0 %	-3.0 %	-6.0 %
Change in Unrealized Appreciation					
After-tax from Base (\$)	\$224.1	\$112.2	\$-	\$(119.3)	\$(241.9)

We had \$8,306.4 million and \$7,940.7 million of gross reserves for losses and LAE as of September 30, 2016 and December 31, 2015, respectively. These amounts are recorded at their nominal value, as opposed to present value, which would reflect a discount adjustment to reflect the time value of money. Since losses are paid out over a period of time, the present value of the reserves is less than the nominal value. As interest rates rise, the present value of the reserves decreases and, conversely, as interest rates decline, the present value increases. These movements are the opposite of the interest rate impacts on the fair value of investments. While the difference between present value and nominal value is not reflected in our financial statements, our financial results will include investment income over time from the investment portfolio until the claims are paid. Our loss and loss reserve obligations have an expected duration that is reasonably consistent with our fixed income portfolio.

Equity Risk. Equity risk is the potential change in fair and/or market value of the common stock and preferred stock portfolios arising from changing prices. Our equity investments consist of a diversified portfolio of individual securities. The primary objective of the equity portfolio is to obtain greater total return relative to bonds over time through market appreciation and income.

The table below displays the impact on fair/market value and after-tax change in fair/market value of a 10% and 20% change in equity prices up and down for the periods indicated.

(Dollars in millions)	Impact of Percentage Change in Equity Fair/Market Values				
	At September 30, 2016				
	-20%	-10%	0%	10%	20%
Fair/Market Value of the Equity Portfolio	\$ 768.9	\$ 865.0	\$ 961.1	\$ 1,057.2	\$ 1,153.3
After-tax Change in Fair/Market Value	(124.9)	(62.5)	-	62.5	124.9

Foreign Exchange Risk. Foreign currency risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Each of our non-U.S. ("foreign") operations maintains capital in the currency of the country of its geographic location consistent with local regulatory guidelines. Each foreign operation may conduct business in its local currency, as well as the currency of other countries in which it operates. The primary foreign currency exposures for these foreign operations are the Singapore and Canadian Dollars. We mitigate foreign exchange exposure by generally matching the currency and duration of our assets to our corresponding operating liabilities. In accordance with FASB guidance, the impact on the market value of available for sale fixed maturities due to changes in foreign currency exchange rates, in relation to functional currency, is reflected as part of other comprehensive income. Conversely, the impact of changes in foreign currency exchange rates, in relation to functional currency, on other assets and liabilities is reflected through net income as a component of other income (expense). In addition, we translate the assets, liabilities and income of non-U.S. dollar functional currency legal entities to the U.S. dollar. This translation amount is reported as a component of other comprehensive income.

SAFE HARBOR DISCLOSURE

This report contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may", "will", "should", "could", "anticipate", "estimate", "expect", "plan", "believe", "predict", "potential" and "intend". Forward-looking statements contained in this report include information regarding our reserves for losses and LAE, the adequacy of our provision for uncollectible balances, estimates of our catastrophe exposure, the effects of catastrophic events on our financial statements and the ability of our subsidiaries to pay dividends. Forward-looking statements only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Actual events or results may differ materially from our expectations. Important factors that could cause our actual events or results to be materially different from our expectations include those discussed under the caption ITEM 1A, "Risk Factors" in the Company's most recent 10-K filing. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Instruments. See "Market Sensitive Instruments" in PART I – ITEM 2.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

PART II

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance and reinsurance agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. The Company considers the statuses of these proceedings when determining its reserves for unpaid loss and loss adjustment expenses.

Aside from litigation and arbitrations related to these insurance and reinsurance agreements, the Company is not a party to any other material litigation or arbitration.

ITEM 1A. RISK FACTORS

No material changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

45

ITEM 6. EXHIBITS

Exhibit Index:

Exhibit No. Description

- 31.1 Section 302 Certification of Dominic J. Addesso
- 31.2 Section 302 Certification of Craig Howie
- 32.1 Section 906 Certification of Dominic J. Addesso and Craig Howie
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF XBRL Taxonomy Extension Definition Linkbase
- 101.LAB XBRL Taxonomy Extension Labels Linkbase
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase

Everest Reinsurance Holdings, Inc.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Everest
Reinsurance
Holdings, Inc.
(Registrant)

/S/ CRAIG
HOWIE
Craig Howie
Executive
Vice
President and
Chief
Financial
Officer

(Duly Authorized
Officer and
Principal Financial
Officer)

Dated: November 14, 2016