

BLACKROCK MUNIHOLDINGS FUND INC
Form N-CSR
July 08, 2008

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

FORM N-CSR

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

Investment Company Act file number 811-08081

Name of Fund: BlackRock MuniHoldings Fund, Inc. (MHD)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer, BlackRock
MuniHoldings Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ, 08536. Mailing address:
P.O. Box 9011, Princeton, NJ, 08543-9011

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

Date of fiscal year end: 04/30/2008

Date of reporting period: 05/01/2007 - 04/30/2008

Item 1 Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Annual Report

APRIL 30, 2008

[BlackRock MuniHoldings Fund, Inc. \(MHD\)](#)

[BlackRock MuniHoldings Insured Fund, Inc. \(MUS\)](#)

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

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APRIL 30, 2008

A Letter to Shareholders

Dear Shareholder

Over the past several months, financial markets have been buffeted by the housing recession, the credit market unraveling and related liquidity freeze and steadily rising commodity prices. Counterbalancing these difficulties were booming export activity, a robust non-financial corporate sector and, notably, aggressive and timely monetary and fiscal policy actions.

Amid the market tumult, the Federal Reserve Board (the Fed) intervened with a series of moves to bolster liquidity and ensure financial market stability. Since September 2007, the central bank slashed the target federal funds rate 325 basis points (3.25%), bringing the rate to 2.0% as of period-end. Of greater magnitude, however, were the Fed's other policy decisions, which included opening the discount window directly to broker dealers and investment banks and backstopping the unprecedented rescue of Bear Stearns.

The Fed's response to the financial crisis helped to improve credit conditions and investor mood. After hitting a low point

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on March 17 (coinciding with the collapse of Bear Stearns), equity markets found a welcome respite in April, when the S&P 500 Index of U.S. stocks posted positive monthly performance for the first time since October 2007. International markets, which outpaced those of the U.S. for much of 2007, saw a reversal in that trend, as effects of the credit crisis and downward pressures on growth were far-reaching.

In contrast to equity markets, Treasury securities rallied (yields fell as prices correspondingly rose), as a broad flight-to-quality theme persisted. The yield on 10-year Treasury issues, which touched 5.30% in June 2007 (its highest level in five years), fell to 4.04% by year-end and to 3.77% by April 30. Treasury issues relinquished some of their gains in April, however, as investor appetite for risk returned and other high-quality fixed income sectors outperformed.

Problems within the monoline insurance industry and the failure of auctions for auction rate securities plagued the municipal bond market, driving yields higher and prices lower across the curve. However, in conjunction with the more recent shift in sentiment, the sector delivered strong performance in the final month of the reporting period.

Overall, the major benchmark indexes generated results that generally reflected heightened investor risk aversion:

Total Returns as of April 30, 2008	6-month	12-month
U.S. equities (S&P 500 Index)	9.64%	4.68%
Small cap U.S. equities (Russell 2000 Index)	12.92	10.96
International equities (MSCI Europe, Australasia, Far East Index)	9.21	1.78
Fixed income (Lehman Brothers U.S. Aggregate Index)	+ 4.08	+ 6.87
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	+ 1.47	+ 2.79
High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index)	0.73	0.80

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index.

As you navigate today's volatile markets, we encourage you to review your investment goals with your financial professional and to make portfolio changes, as needed. For more up-to-date commentary on the economy and financial markets, we invite you to visit www.blackrock.com/funds. As always, we thank you for entrusting BlackRock with your investment assets, and we look forward to continuing to serve you in the months and years ahead.

THIS PAGE NOT PART OF YOUR FUND REPORT

Fund Summary as of April 30, 2008**BlackRock MuniHoldings Fund, Inc.****Investment Objective**

BlackRock MuniHoldings Fund, Inc. (MHD) (the Fund) seeks to provide shareholders with current income exempt from federal income tax by investing primarily in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of bond counsel to the issuers, is exempt from federal income taxes.

Performance

For the 12 months ended April 30, 2008, the Fund returned 4.74% based on market price, with dividends reinvested. The Fund's return based on net asset value (NAV) was 2.08%, with dividends reinvested. For the same period, the closed-end Lipper General Municipal Debt Funds (Legacy) category posted an average return of 3.47% on a NAV basis. Comparative performance was enhanced by the Fund's overweight in high-quality municipal bonds, as credit spreads widened during the period. The relatively shorter duration of these securities also was a positive factor, as the differential between short- and long-term municipal yields increased significantly. Additionally, Fund performance benefited from an above-average distribution.

Fund Information

Symbol on New York Stock Exchange	MHD
Initial Offering Date	May 2, 1997
Yield on Closing Market Price as of April 30, 2008 (\$14.77)*	5.77%
Tax Equivalent Yield**	8.88%
Current Monthly Distribution per share of Common Stock***	\$0.071
Current Annualized Distribution per share of Common Stock***	\$0.852
Leverage as of April 30, 2008****	40%

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

Past performance does not guarantee future results.

** Tax equivalent yield assumes the maximum federal tax rate of 35%.

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

**** As a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to Auction Market Preferred Stock (Preferred Stock) and Tender Option Bond Trusts (TOBs)) minus the sum of accrued liabilities (other than debt representing financial leverage).

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

	4/30/08	4/30/07	Change	High	Low
Market Price	\$14.77	\$16.49	(10.43%)	\$16.68	\$13.92
Net Asset Value	\$15.20	\$16.51	(7.93%)	\$16.53	\$14.57

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

Portfolio Composition

Sector	4/30/08	4/30/07
Hospital	21%	19%
City, County & State	16	14
Industrial & Pollution Control	15	19
Sales Tax	12	10
Education	9	10
Housing	8	4
Transportation	7	11
Power	6	3
Tobacco	5	6
Water & Sewer	1	1
Lease Revenue		3

Credit Quality Allocations¹

Credit Rating	4/30/08	4/30/07
AAA/Aaa	40%	37%
AA/Aa	12	10
A/A	18	16
BBB/Baa	8	15
BB/Ba	1	1
B/B	2	1
CCC/Caa	2	2
Not Rated ²	17	18

¹ Using the higher of Standard & Poor's or Moody's Investors Service ratings.

² The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of April 30, 2008 and 2007, the market value of these securities was \$10,735,995 representing 3% and \$23,744,601 representing 6%, respectively, of the Fund's long-term investments.

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Fund Summary as of April 30, 2008

BlackRock MuniHoldings Insured Fund, Inc.

Investment Objective

BlackRock MuniHoldings Insured Fund, Inc. (MUS) (the Fund) seeks to provide shareholders with current income exempt from federal income tax by investing primarily in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of bond counsel, is exempt from federal income taxes. Under normal circumstances, the Fund also invests at least 80% of its total assets in municipal obligations that are covered by insurance.

Performance

For the 12 months ended April 30, 2008, the Fund returned 4.34% based on market price, with dividends reinvested. The Fund's return based on net asset value was 0.95%, with dividends reinvested. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of 1.68% on a NAV basis. The Fund's performance benefited from an overweight in pre-refunded bonds, as the yield curve and shorter maturity issues outperformed. Conversely, problems within the monoline insurance industry had a negative impact on the entire municipal market, detracting from the Fund's performance for the period.

Fund Information

Symbol on New York Stock Exchange	MUS
Initial Offering Date	May 1, 1998
Yield on Closing Market Price as of April 30, 2008 (\$11.97)*	4.86%
Tax Equivalent Yield**	7.48%
Current Monthly Distribution per share of Common Stock***	\$0.0485
Current Annualized Distribution per share of Common Stock***	\$0.582
Leverage as of April 30, 2008****	45%

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

Past performance does not guarantee future results.

** Tax equivalent yield assumes the maximum federal tax rate of 35%.

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

**** As a percentage of managed assets, which is the total assets of the Fund (including any assets attributable to Preferred Stock and TOBs) minus the sum of accrued liabilities (other than debt representing financial leverage).

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

	4/30/08	4/30/07	Change	High	Low
Market Price	\$11.97	\$13.13	(8.83%)	\$13.18	\$11.26
Net Asset Value	\$13.31	\$14.10	(5.60%)	\$14.11	\$12.38

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

Portfolio Composition

Sector	4/30/08	4/30/07
Transportation	17%	10%
City, County & State	16	23

Sales Tax	13	17
Lease Revenue	12	10
Education	9	14
Hospital	9	6
Housing	9	7
Power	7	2
Industrial & Pollution Control	4	6
Water & Sewer	3	2
Resource Recovery	1	1
Tobacco		2

Credit Quality Allocations¹

Credit Rating	4/30/08	4/30/07
AAA/Aaa	83%	89%
AA/Aa	8	4
A/A	8	3
BBB/Baa	1	4

¹ Using the higher of Standard & Poor's or Moody's Investors Service ratings.

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The Benefits and Risks of Leveraging

BlackRock MuniHoldings Fund, Inc. and BlackRock MuniHoldings Insured Fund, Inc. (each a Fund and, collectively, the Funds) utilize leverage to seek to enhance the yield and NAV of their Common Stock. However, these objectives cannot be achieved in all interest rate environments.

To leverage, each Fund issues Preferred Stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of each Fund's Common Stock. However, in order to benefit Common Stock shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Stock shareholders. **If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.**

To illustrate these concepts, assume a fund's Common Stock capitalization of \$100 million and the issuance of Preferred Stock for an additional \$50 million, creating a total value of \$150 million available for investment

in long-term municipal bonds. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a strongly positive slope. The fund pays dividends on the \$50 million of Preferred Stock based on the lower short-term interest rates. At the same time, the fund's total portfolio of \$150 million earns the income based on long-term interest rates.

In this case, the dividends paid to Preferred Stock shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Stock shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, **the incremental yield pickup on the Common Stock will be reduced or eliminated completely.** At the same time, the market value on the fund's Common Stock (that is, its price as listed on the New York Stock

Exchange), may, as a result, decline. Furthermore, **if long-term interest rates rise, the Common Stock's NAV will reflect the full decline in the price of the portfolio's investments, since the value of the fund's Preferred Stock does not fluctuate.** In addition to the decline in NAV, the market value of the fund's Common Stock may also decline.

In addition, the Funds may from time to time leverage their assets through the use of tender option bond (TOB) programs. In a typical TOB program, the Fund transfers one or more municipal bonds to a TOB trust, which issues short-term variable rate securities to third-party investors and a residual interest to the Fund. The cash received by the TOB trust from the issuance of the short-term securities (less transaction expenses) is paid to the Fund, which invests the cash in additional portfolio securities. The distribution rate on the short-term securities is reset periodically (typically every seven days) through a remarketing of the short-term securities. Any income earned on the bonds in the TOB trust, net of expenses incurred by the TOB trust, that is not paid to the holders of the short-term securities is paid to the Fund. In connection with managing the Funds' assets, the Funds' investment advisor may at any time retrieve the bonds out of the TOB trust typically within seven days. **TOB investments generally will provide the Fund with economic benefits in periods of declining short-term interest rates, but expose the Fund to risks during periods of rising short-term interest rates similar to those associated with Preferred Stock issued by the Fund, as described above. Additionally, fluctuations in the market value of municipal securities deposited into the TOB trust may adversely affect the Funds' NAVs per share.** (See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOB trusts.)

Under the Investment Company Act of 1940, the Funds are permitted to issue Preferred Stock in an amount up to 50% of their total managed assets at the time of issuance. Each Fund also anticipates that its total economic leverage will not exceed 50% of its total managed assets. Economic leverage includes Preferred Stock and TOBs. As of April 30,

2008, BlackRock MuniHoldings Fund, Inc. and BlackRock MuniHoldings Insured Fund, Inc. had economic leverage of 40% and 45% of managed assets, respectively.

Swap Agreements

The Funds may invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond

or market without owning or taking physical custody of securities. Swap agreements involve the risk that the party with whom each Fund has entered into a swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement.

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Schedule of Investments April 30, 2008 BlackRock MuniHoldings Fund, Inc.

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Alabama 2.7%		
Camden, Alabama, IDB, Exempt Facilities Revenue Bonds (Weyerhaeuser Company), Series A, 6.125%, 12/01/24	\$ 1,750	\$ 1,760,972
Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 5%, 1/01/24	4,550	3,958,546
		5,719,518
Arizona 6.5%		
Maricopa County, Arizona, IDA, Education Revenue Bonds (Arizona Charter Schools Project 1), Series A:		
6.50%, 7/01/12	900	824,130
6.75%, 7/01/29	2,200	1,990,274
Phoenix, Arizona, IDA, Airport Facility, Revenue Refunding Bonds (America West Airlines Inc. Project), AMT, 6.30%, 4/01/23	2,215	1,936,862

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Pinal County, Arizona, COP, 5%, 12/01/29	1,000	989,540
Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds:		
5%, 12/01/32	3,505	3,182,470
5%, 12/01/37	4,905	4,384,530
Show Low, Arizona, Improvement District Number 5, Special Assessment Bonds, 6.375%, 1/01/15	415	419,291
		<hr/>
		13,727,097

California 17.0%

Agua Caliente Band of Cahuilla Indians, California, Casino Revenue Bonds, 5.60%, 7/01/13	875	859,714
California Pollution Control Financing Authority, PCR, Refunding (Pacific Gas & Electric), AMT, Series A, 5.35%, 12/01/16 (a)	6,810	7,062,651
California State, GO, Refunding, 5%, 6/01/32	2,455	2,460,229
California State Public Works Board, Lease Revenue Bonds (Department of Corrections), Series C, 5.25%, 6/01/28	6,800	6,908,120
California Statewide Communities Development Authority, Health Facility Revenue Bonds (Memorial Health Services), Series A, 6%, 10/01/23	3,870	4,060,791
East Side Union High School District, California, Santa Clara County, GO (Election of 2002), Series D, 5%, 8/01/21 (b)	2,000	2,087,580
Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series A-3, 7.875%, 6/01/13 (c)	1,165	1,398,734

	Par	
Municipal Bonds	(000)	Value
<hr/>	<hr/>	<hr/>

California (concluded)

Montebello, California, Unified School District, GO (d)(e):		
5.61%, 8/01/22	\$ 2,405	\$1,139,513
5.61%, 8/01/23	2,455	1,092,401
Oceanside, California, Unified School District, GO (Election of 2000), Series C, 5.25%, 8/01/32 (a)	2,095	2,136,355
Sacramento County, California, Airport System Revenue Bonds, AMT, Senior Series B, 5.25%, 7/01/39 (f)	2,115	2,084,502
Sequoia, California, Unified High School District, GO, Refunding, Series B, 5.50%, 7/01/35 (f)	3,490	3,723,690
Sunnyvale, California, School District, GO (Election of 2004), Series A, 5%, 9/01/26 (f)	1,000	1,037,210
		<hr/>
		36,051,490
<hr/>	<hr/>	<hr/>

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Colorado 5.3%

Colorado Health Facilities Authority Revenue Bonds (Catholic Health) (f):		
Series C-3, 5.10%, 10/01/41	2,580	2,586,011
Series C-7, 5%, 9/01/36	1,650	1,653,861
Colorado Health Facilities Authority, Revenue Refunding Bonds (Poudre Valley Health Care) (f):		
5.20%, 3/01/31	500	508,260
Series B, 5.25%, 3/01/36	1,000	1,014,450
Series C, 5.25%, 3/01/40	1,750	1,772,890
Elk Valley, Colorado, Public Improvement Revenue Bonds (Public Improvement Fee), Series A, 7.35%, 9/01/31		
	2,645	2,656,850
Plaza Metropolitan District Number 1, Colorado, Tax Allocation Revenue Bonds (Public Improvement Fees), 8.125%, 12/01/25		
	1,000	1,004,360
		11,196,682

Connecticut 5.5%

Connecticut State Development Authority, Airport Facility Revenue Bonds (Learjet Inc. Project), AMT, 7.95%, 4/01/26		
	2,165	2,338,287
Connecticut State Development Authority, IDR (AFCO Cargo BDL-LLC Project), AMT, 8%, 4/01/30		
	2,735	2,830,178
Connecticut State Health and Educational Facilities Authority Revenue Bonds (Yale University):		
Series T-1, 4.70%, 7/01/29	3,185	3,226,501
Series X-3, 4.85%, 7/01/37	3,265	3,313,093
		11,708,059

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedule of Investments, we have abbreviated the names and descriptions of many of the securities according to the list on the right.

AMT	Alternative Minimum Tax (subject to)	IDB	Industrial Development Board
COP	Certificates of Participation	IDR	Industrial Development Revenue Bonds
EDA	Economic Development Authority	M/F	Multi-Family
GO	General Obligation Bonds	PCR	Pollution Control Revenue Bonds
HDA	Housing Development Authority	S/F	Single-Family
HFA	Housing Finance Agency	VRDN	Variable Rate Demand Notes
IDA	Industrial Development Authority		

See Notes to Financial Statements.

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Schedule of Investments (continued) BlackRock MuniHoldings Fund, Inc.

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Florida 7.6%		
Greater Orlando Aviation Authority, Florida, Airport Facilities Revenue Bonds (JetBlue Airways Corp.), AMT, 6.50%, 11/15/36	\$ 2,095	\$1,730,323
Hillsborough County, Florida, IDA, Hospital Revenue Bonds (H. Lee Moffitt Cancer Center Project), Series A, 5.25%, 7/01/37	3,190	3,056,690
Miami-Dade County, Florida, Special Obligation Revenue Bonds, Sub-Series A, 5.24%, 10/01/37 (a)(e)	2,340	450,169
Midtown Miami, Florida, Community Development District, Special Assessment Revenue Bonds:		
Series A, 6.25%, 5/01/37	2,250	2,083,500
Series B, 6.50%, 5/01/37	2,530	2,279,024
Orange County, Florida, Health Facilities Authority, Hospital Revenue Bonds (Orlando Regional Healthcare), 6%, 12/01/12 (c)	3,225	3,623,320
Orlando, Florida, Urban Community Development District, Capital Improvement Special Assessment Bonds, Series A, 6.95%, 5/01/11 (c)	800	884,832
Palm Coast Park Community Development District, Florida, Special Assessment Revenue Bonds, 5.70%, 5/01/37	710	570,968
Preserve at Wilderness Lake, Florida, Community Development District, Capital Improvement Bonds, Series A, 5.90%, 5/01/34	1,580	1,421,763
		<u>16,100,589</u>
Georgia 3.5%		
Atlanta, Georgia, Tax Allocation Bonds (Atlantic Station Project), 7.90%, 12/01/11 (c)	1,750	2,068,675
Atlanta, Georgia, Tax Allocation Refunding Bonds (Atlantic Station Project) (g):		
5.25%, 12/01/20	1,000	1,057,120
5.25%, 12/01/21	2,000	2,099,940
5.25%, 12/01/22	1,000	1,043,580
Main Street Natural Gas, Inc., Georgia, Gas Project Revenue Bonds, Series A, 6.375%, 7/15/38	1,185	1,185,652
		<u>7,454,967</u>

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Illinois 3.3%

Chicago, Illinois, Board of Education, GO, VRDN, Series C-1, 2.62%, 3/01/31 (f)(h)	100	100,000
Chicago, Illinois, Special Assessment Bonds (Lake Shore East), 6.75%, 12/01/32	1,200	1,211,940
Illinois HDA, Homeowner Mortgage Revenue Bonds, AMT, Sub-Series C-2, 5.35%, 2/01/27	4,000	3,990,280
Illinois State Finance Authority Revenue Bonds, Series A: (Landing At Plymouth Place Project), 6%, 5/15/25	700	659,428
(Monarch Landing, Inc. Project), 7%, 12/01/37	1,010	991,376
		<hr/>
		6,953,024

Indiana 2.6%

Allen County, Indiana, Redevelopment District Tax Increment Revenue Bonds (General Motors Development Area), 7%, 5/15/08 (c)(e)	7,645	5,421,605
		<hr/>

Municipal Bonds

**Par
(000)**

Value

Kentucky 1.0%

Louisville and Jefferson Counties, Kentucky, Metropolitan Sewer District, Sewer and Drain System Revenue Bonds, Series A, 5.50%, 5/15/34 (a)	\$ 2,000	\$2,076,280
		<hr/>

Louisiana 6.0%

Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Westlake Chemical Corporation), 6.75%, 11/01/32	3,500	3,430,245
Louisiana Public Facilities Authority, Hospital Revenue Bonds (Franciscan Missionaries of Our Lady Health System, Inc.), Series A, 5.25%, 8/15/36	4,115	4,078,706
Louisiana Public Facilities Authority Revenue Bonds (Black & Gold Facilities Project), Series A, 5%, 7/01/39 (i)	3,815	3,394,549
New Orleans, Louisiana, Financing Authority Revenue Bonds (Xavier University of Louisiana Project), 5.30%, 6/01/26 (a)	1,750	1,778,140
		<hr/>
		12,681,640

Maryland 7.9%

Anne Arundel County, Maryland, Special Obligation Revenue Bonds (Arundel Mills Project), 7.10%, 7/01/09 (c)	1,870	2,005,762
Baltimore, Maryland, Convention Center Hotel Revenue Bonds, Senior Series A, 5.25%, 9/01/39 (b)	10,835	11,188,546

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Maryland State Economic Development Corporation, Student Housing Revenue Bonds (University of Maryland College Park Project), 6%, 6/01/13 (c)	760	865,055
Maryland State Energy Financing Administration, Limited Obligation Revenue Bonds (Cogeneration-AES Warrior Run), AMT, 7.40%, 9/01/19	2,750	2,645,637
		<u>16,705,000</u>
Massachusetts 3.7%		
Massachusetts State School Building Authority, Dedicated Sales Tax Revenue Bonds, Series A, 5%, 8/15/30 (f)	5,000	5,113,050
Massachusetts State, HFA, Housing Revenue Bonds, AMT, Series A, 5.25%, 12/01/48	2,900	2,715,937
		<u>7,828,987</u>
Michigan 2.7%		
Flint, Michigan, Hospital Building Authority, Revenue Refunding Bonds (Hurley Medical Center), Series A, 6%, 7/01/20 (j)	1,400	1,358,742
Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Detroit Edison Company Pollution Control Project), AMT, Series B, 5.65%, 9/01/29	3,000	3,011,490
Michigan State Strategic Fund, PCR (General Motors Corporation Project), VRDN, 7%, 12/01/08 (h)	1,300	1,300,000
		<u>5,670,232</u>
Minnesota 1.8%		
Minneapolis, Minnesota, Community Development Agency, Supported Development Revenue Refunding Bonds, Series G-3, 5.45%, 12/01/11 (c)	3,500	3,793,125

See Notes to Financial Statements.

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Schedule of Investments (continued) BlackRock MuniHoldings Fund, Inc.
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
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Mississippi 2.1%

Mississippi Business Finance Corporation, Mississippi, PCR, Refunding (System Energy Resources Inc. Project), 5.90%, 5/01/22	\$ 2,500	\$ 2,474,200
Mississippi Development Bank, Special Obligation Revenue Refunding Bonds (Gulfport Water and Sewer System Project) (f):		
5.25%, 7/01/17	1,000	1,104,800
5.25%, 7/01/19	810	883,127
		<u>4,462,127</u>

Missouri 1.5%

Fenton, Missouri, Tax Increment Revenue Refunding and Improvement Bonds (Gravois Bluffs), 7%, 10/01/11 (c)	1,915	2,185,455
Missouri State Development Finance Board, Infrastructure Facilities Revenue Refunding Bonds (Branson), Series A, 5.50%, 12/01/32	1,000	942,200
		<u>3,127,655</u>

New Jersey 10.3%

New Jersey EDA, Cigarette Tax Revenue Bonds:		
5.75%, 6/15/29	5,385	5,262,330
5.75%, 6/15/34	2,280	2,181,937
New Jersey EDA, Retirement Community Revenue Bonds, Series A (c):		
(Cedar Crest Village Inc.), 7.25%, 11/15/11	1,475	1,700,896
(Seabrook Village Inc.), 8.25%, 11/15/10	2,600	2,981,264
New Jersey EDA, Special Facility Revenue Bonds (Continental Airlines Inc. Project), AMT:		
6.25%, 9/15/29	2,950	2,469,651
6.625%, 9/15/12	1,000	961,300
New Jersey State Turnpike Authority, Turnpike Revenue Bonds, Series C, 5%, 1/01/30 (f)	3,500	3,569,335
Tobacco Settlement Financing Corporation of New Jersey, Asset-Backed Revenue Bonds, 7%, 6/01/13 (c)	2,315	2,719,454
		<u>21,846,167</u>

New York 11.2%

Dutchess County, New York, IDA, Civic Facility Revenue Refunding Bonds (Saint Francis Hospital), Series A, 7.50%, 3/01/29	1,100	1,166,902
New York City, New York, City IDA, Civic Facility Revenue Bonds, Series C, 6.80%, 6/01/28	535	556,197
New York City, New York, City IDA, Special Facility		

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Revenue Bonds (Continental Airlines Inc. Project), AMT:			
8%, 11/01/12		725	722,847
8.375%, 11/01/16		725	730,235
New York City, New York, Sales Tax Asset Receivable Corporation Revenue Bonds, Series A, 5%, 10/15/20 (a)		9,115	9,671,015
		Par	
Municipal Bonds		(000)	Value
<hr/>			
New York (concluded)			
Tobacco Settlement Financing Corporation of New York Revenue Bonds:			
Series A-1, 5.50%, 6/01/18		\$ 3,150	\$3,298,554
Series C-1, 5.50%, 6/01/17		3,500	3,635,415
Series C-1, 5.50%, 6/01/22		1,400	1,458,436
Westchester County, New York, IDA, Continuing Care Retirement, Mortgage Revenue Bonds (Kendal on Hudson Project), Series A, 6.50%, 1/01/13 (c)		2,080	2,359,947
			<hr/>
			23,599,548
<hr/>			
Ohio 1.0%			
Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Bonds, Series A-2, 6.50%, 6/01/47		2,160	2,100,254
<hr/>			
Pennsylvania 5.8%			
Bucks County, Pennsylvania, IDA, Retirement Community Revenue Bonds (Ann's Choice Inc.), Series A, 6.25%, 1/01/35		1,700	1,652,587
Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (National Gypsum Company), AMT, Series B, 6.125%, 11/01/27		3,500	3,007,795
Philadelphia, Pennsylvania, Authority for IDR, Commercial Development, 7.75%, 12/01/17		725	725,732
Philadelphia, Pennsylvania, Authority for Industrial Development, Senior Living Revenue Bonds:			
(Arbor House Inc. Project), Series E, 6.10%, 7/01/33		1,105	1,097,574
(Saligman House Project), Series C, 6.10%, 7/01/33		1,245	1,236,634
Philadelphia, Pennsylvania, Water and Wastewater Revenue Refunding Bonds, VRDN, 2.50%, 6/15/23 (f)(h)		300	300,000
Sayre, Pennsylvania, Health Care Facilities Authority, Revenue Bonds (Guthrie Healthcare System), Series B, 7.125%, 12/01/11 (c)		3,500	4,230,695

			12,251,017
<hr/>			
Rhode Island 1.5%			
Rhode Island State Health and Educational Building Corporation, Hospital Financing Revenue Bonds (Lifespan Obligation Group), 6.50%, 8/15/12 (c)		2,820	3,203,576
<hr/>			
South Carolina 1.6%			
Medical University Hospital Authority, South Carolina, Hospital Facilities Revenue Refunding Bonds, Series A, 6.375%, 8/15/12 (c)		3,020	3,428,697
<hr/>			
South Dakota 0.8%			
South Dakota State Health and Educational Facilities Authority Revenue Bonds (Sanford Health), 5%, 11/01/40		1,825	1,728,403
<hr/>			

See Notes to Financial Statements.

ANNUAL REPORT

APRIL 30, 2008

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Schedule of Investments (continued) BlackRock MuniHoldings Fund, Inc.

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
<hr/>		
Tennessee 7.0%		
Hardeman County, Tennessee, Correctional Facilities Corporation Revenue Bonds, 7.75%, 8/01/17	\$ 4,030	\$4,057,565
Shelby County, Tennessee, Health, Educational and Housing Facility Board, Hospital Revenue Refunding Bonds:		
(Methodist Healthcare), 6.50%, 9/01/12 (c)	1,845	2,110,477
(Methodist Healthcare), 6.50%, 9/01/12 (c)	2,730	3,122,820
(Saint Jude Children's Research Hospital), 5%, 7/01/31	2,250	2,266,358
Tennessee Educational Loan Revenue Bonds (Educational Funding South Inc.), AMT, Senior Series B, 6.20%, 12/01/21	3,160	3,170,396

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			14,727,616
Texas 11.1%			
Brazos River, Texas, Harbor Navigation District, Brazoria County Environmental Revenue Refunding Bonds (Dow Chemical Company Project), AMT, Series A-7, 6.625%, 5/15/33		3,655	3,746,631
Houston, Texas, Health Facilities Development Corporation, Retirement Facility Revenue Bonds (Buckingham Senior Living Community), Series A, 7.125%, 2/15/14 (c)		1,800	2,179,818
Lower Colorado River Authority, Texas, PCR (Samsung Austin Semiconductor), AMT, 6.375%, 4/01/27		3,000	3,002,730
Matagorda, Texas, Hospital District Revenue Bonds, 5%, 2/15/35 (k)		4,500	4,313,835
SA Energy Acquisition Public Facilities Corporation, Texas, Gas Supply Revenue Bonds:			
5.50%, 8/01/23		2,425	2,427,255
5.50%, 8/01/24		1,100	1,096,392
5.50%, 8/01/25		1,120	1,112,496
Texas State Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, AMT, Series A, 5.70%, 1/01/33 (l)		2,710	2,751,707
Texas State Department of Housing and Community Affairs, Residential Mortgage Revenue Refunding Bonds, AMT, Series B, 5.25%, 7/01/22 (l)		2,740	2,799,568
			23,430,432
Vermont 1.1%			
Vermont Educational and Health Buildings Financing Agency, Revenue Bonds (Developmental and Mental Health), Series A, 6%, 6/15/17		2,370	2,448,779
Virginia 5.1%			
Chesterfield County, Virginia, IDA, PCR (Virginia Electric and Power Company), Series A, 5.875%, 6/01/17		1,150	1,218,333
Fairfax County, Virginia, EDA, Resource Recovery Revenue Refunding Bonds, AMT, Series A, 6.10%, 2/01/11 (m)		3,000	3,160,380
Pocahontas Parkway Association, Virginia, Toll Road Revenue Bonds, Senior Series B, 8.40%, 8/15/08 (c)(e)		1,800	533,325
Tobacco Settlement Financing Corporation of Virginia, Asset-Backed Revenue Bonds, 5.625%, 6/01/15 (c)		3,035	3,394,556
Virginia State, HDA, Commonwealth Mortgage Revenue Bonds, Series H, Sub-Series H-1, 5.35%, 7/01/31 (a)		2,370	2,391,235
			10,697,829

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Municipal Bonds	Par (000)	Value
Washington 1.5%		
Central Puget Sound Regional Transportation Authority, Washington, Sales and Use Tax Revenue Bonds, Series A, 5%, 11/01/32 (f)	\$ 1,855	\$1,904,417
Seattle, Washington, Housing Authority Revenue Bonds (Replacement Housing Project), 6.125%, 12/01/32	1,340	1,337,374
		3,241,791
Wisconsin 1.2%		
Wisconsin State Health and Educational Facilities Authority Revenue Bonds: (New Castle Place Project), Series A, 7%, 12/01/31	825	831,336
(SynergyHealth Inc.), 6%, 11/15/32	1,755	1,715,303
		2,546,639
Puerto Rico 0.7%		
Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority, Special Facilities Revenue Bonds (American Airlines Inc.), Series A, 6.45%, 12/01/25	2,060	1,522,113
U.S. Virgin Islands 1.7%		
Virgin Islands Government Refinery Facilities, Revenue Refunding Bonds (Hovensa Coker Project), AMT, 6.50%, 7/01/21	3,460	3,548,956
Total Municipal Bonds (Cost \$298,268,863) 142.3%		300,999,894
Municipal Bonds Transferred to Tender Option Bond Trusts (n)		
California 3.9%		
San Jose, California, Airport Revenue Refunding Bonds, Series A, 5.50%, 3/01/32 (m)	5,210	5,249,440
Tustin, California, Unified School District, Senior Lien Special Tax Bonds (Community Facilities District Number 97-1), 5%, 9/1/32 (f)	2,910	2,947,131
		8,196,571

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New York 2.1%

New York City, New York, Sales Tax Asset

Receivable Corporation Revenue Bonds, Series A,
5.25%, 10/15/27 (m)

4,240

4,423,677

Texas 5.9%

Harris County, Texas, Toll Road Revenue Refunding

Bonds, Senior Lien, Series A, 5.25%, 8/15/35 (f)

11,760

12,487,944

Virginia 5.2%

Virginia State, HDA, Commonwealth Mortgage

Revenue Bonds, Series H, Sub-Series H-1,
5.375%, 7/1/36 (a)

10,940

10,976,977

Total Municipal Bonds Transferred to Tender Option

Bond Trusts (Cost \$36,314,742) 17.1%

36,085,169

See Notes to Financial Statements.

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Schedule of Investments (concluded) BlackRock MuniHoldings Fund, Inc.

(Percentages shown are based on Net Assets)

Short-Term Securities	Shares	Value
Merrill Lynch Institutional Tax-Exempt Fund, 2.49% (o)(p)	8,971	\$ 8,971
Total Short-Term Securities (Cost \$8,971) 0.0%		8,971
Total Investments (Cost \$334,592,576*) 159.4%		337,094,034
Other Assets Less Liabilities 8.0%		17,019,487
Liability for Trust Certificates, Including Interest		
Expense and Fees Payable (8.3%)		(17,642,454)
Preferred Stock, at Redemption Value (59.1%)		(125,041,773)
Net Assets, Applicable to Common Stock 100.0%		\$ 211,429,294

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* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 316,797,841
<hr/>	
Gross unrealized appreciation	\$ 10,149,523
Gross unrealized depreciation	(7,383,330)
<hr/>	
Net unrealized appreciation	\$ 2,766,193
<hr/>	

- (a) MBIA Insured.
- (b) XL Capital Insured.
- (c) U.S. government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (d) FGIC Insured.
- (e) Represents a zero coupon bond. Rate shown reflects the effective yield at the time of purchase.
- (f) FSA Insured.
- (g) Assured Guaranty Insured.
- (h) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.
- (i) CIFG Insured.
- (j) ACA Insured.
- (k) FHA Insured.
- (l) FNMA/GNMA Collateralized.
- (m) AMBAC Insured.
- (n) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (o) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Dividend Income
Merrill Lynch Institutional Tax-Exempt Fund	51	\$279

(p) Represents the current yield as of report date.

See Notes to Financial Statements.

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(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Alabama 1.2%		
Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 5.50%, 1/01/22	\$ 2,170	\$2,012,632
Arkansas 4.3%		
Arkansas State Development Finance Authority, M/F Mortgage Revenue Refunding Bonds, Series C, 5.35%, 12/01/35 (a)(b)	7,420	7,452,500
California 26.1%		
California State Public Works Board, Lease Revenue Bonds (Department of General Services Capitol East End Complex), Series A, 5%, 12/01/27 (c)	2,000	2,014,580
California State, Various Purpose, GO, 5.25%, 12/01/22 (d)	5,955	6,274,426
East Side Union High School District, California, Santa Clara County, GO (Election of 2002), Series B, 5%, 8/01/27 (e)	1,800	1,801,512
Modesto, California, Schools Infrastructure Financing Agency, Special Tax Bonds, 5.50%, 9/01/36 (c)	2,565	2,614,197
Palomar Pomerado Health Care District, California, GO (Election of 2004), Series A, 5.125%, 8/01/37 (b)	4,325	4,451,506
Rancho Cucamonga, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Rancho Redevelopment Project), Series A, 5%, 9/01/34 (b)	1,000	1,001,410
Sacramento County, California, Airport System Revenue Bonds, AMT, Senior Series B, 5.25%, 7/01/39 (d)	3,150	3,104,577
San Jose, California, GO (Libraries, Parks and Public Safety Projects), 5%, 9/01/30 (b)	1,265	1,287,428
San Pablo, California, Joint Powers Financing Authority, Tax Allocation Revenue Refunding Bonds (b)(f):		
5.66%, 12/01/24	2,635	1,065,831
5.66%, 12/01/25	2,355	893,463
5.66%, 12/01/26	2,355	842,336
Santa Ana, California, Unified School District, GO, 5%, 8/01/32 (b)	4,265	4,302,063
Sequoia, California, Unified High School District, GO, Refunding, Series B, 5.50%, 7/01/35 (d)	3,145	3,355,589
Stockton, California, Public Financing Revenue Bonds (Redevelopment Projects), Series A, 5.25%, 9/01/31 (g)	4,540	4,545,720
Vista, California, COP (Community Projects), 5%, 5/01/37 (b)	3,600	3,623,328
West Contra Costa, California, Unified School District, GO, Series C, 5%, 8/01/21 (e)	3,480	3,557,256

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		44,735,222
Colorado 10.0%		
Aurora, Colorado, COP, 5.75%, 12/01/10 (c)(h)	10,620	11,460,361
Colorado Health Facilities Authority Revenue Bonds (Catholic Health), Series C-3, 5.10%, 10/01/41 (d)	5,600	5,613,048
		17,073,409
District of Columbia 0.9%		
District of Columbia, Deed Tax Revenue Bonds (Housing Production Trust Fund New Communities Project), Series A, 5%, 6/01/32 (b)	1,500	1,516,305
Municipal Bonds	(000)	Value
Florida 25.1%		
Brevard County, Florida, Health Facilities Authority, Healthcare Facilities Revenue Bonds (Health First Inc. Project), 5%, 4/01/34	\$ 1,650	\$ 1,543,162
Broward County, Florida, HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series E, 5.90%, 10/01/39 (i)(j)	1,470	1,490,506
Hillsborough County, Florida, HFA, S/F Mortgage Revenue Bonds, AMT, Series 1, 5.375%, 10/01/49 (i)(j)	2,100	2,025,828
Hillsborough County, Florida, IDA, Hospital Revenue Bonds (H. Lee Moffitt Cancer Center Project), Series A, 5.25%, 7/01/37	2,450	2,347,615
Hillsborough County, Florida, IDA, PCR, Refunding (Tampa Electric Company Project), Series B, 5.15%, 9/01/25	700	710,381
Jacksonville, Florida, Health Facilities Authority, Hospital Revenue Bonds (Baptist Medical Center Project), 5%, 8/15/37 (d)	4,515	4,534,640
Lee County, Florida, HFA, S/F Mortgage Revenue Bonds (Multi-County Program), AMT, Series A-2, 6%, 9/01/40 (i)(j)	2,500	2,596,525
Lee Memorial Health System, Florida, Hospital Revenue Bonds, Series A, 5%, 4/01/32 (c)	3,000	3,004,140
Miami, Florida, Special Obligation Revenue Bonds (Street and Sidewalk Improvement Program), 5%, 1/01/37 (b)	2,000	2,002,900
Miami-Dade County, Florida, School Board, COP, Series A, 5%, 5/01/21 (d)(e)	2,385	2,421,276
Miami-Dade County, Florida, Special Obligation Revenue Bonds, Sub-Series A, 5.24%, 10/01/37 (b)(f)	2,225	428,046
Okaloosa County, Florida, Water and Sewer Revenue Refunding Bonds, 5%, 7/01/36 (d)	1,000	1,016,700

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Orange County, Florida, School Board, COP, VRDN, Series B, 3.50%, 8/01/27 (b)(f)(k)	3,740	3,740,000
Orlando, Florida, Senior Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series A, 5.25%, 11/01/38 (l)	2,000	2,066,480
Orlando-Orange County Expressway Authority, Florida, Expressway Revenue Bonds, VRDN, Sub-Series D, 3.34%, 7/01/40 (c)(k)	1,000	1,000,000
Pasco County, Florida, Half-Cent Sales Tax Revenue Bonds, 5.125%, 12/01/28 (c)	3,850	3,904,863
Saint Petersburg, Florida, Public Utilities Revenue Refunding Bonds, 5%, 10/01/35 (b)	4,295	4,355,946
Seminole County, Florida, Water and Sewer Revenue Bonds, 5%, 10/01/31	3,750	3,816,900
		43,005,908
<hr/>		
Georgia 2.4%		
Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25%, 10/01/34 (d)	4,000	4,145,560
<hr/>		
Illinois 12.5%		
Chicago, Illinois, GO, Series A, 6%, 7/01/10 (e)(h)	7,965	8,639,396
Chicago, Illinois, O Hare International Airport Revenue Bonds, Third Lien:		
AMT, Series B-2, 6%, 1/01/29 (m)	4,300	4,401,007
Series A, 5%, 1/01/31 (b)	1,000	983,940
Chicago, Illinois, Water Revenue Refunding Bonds, Second Lien, 5.25%, 11/01/33 (d)	2,500	2,634,150
Illinois State, GO, First Series, 6%, 1/01/18 (e)	4,500	4,674,690
Lake, Cook, Kane and McHenry Counties, Illinois, Community Unit School District Number 220, GO, 5.75%, 12/01/19 (e)	45	47,390
		21,380,573
<hr/>		

See Notes to Financial Statements.

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APRIL 30, 2008

Schedule of Investments (continued) BlackRock MuniHoldings Insured Fund, Inc.

(Percentages shown are based on Net Assets)

Par

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Municipal Bonds	(000)	Value
Indiana 6.1%		
Indiana Municipal Power Agency, Power Supply System		
Revenue Bonds, Series A (b):		
5%, 1/01/37	\$ 4,460	\$4,459,688
5%, 1/01/42	6,000	5,965,680
		10,425,368
Louisiana 0.5%		
Louisiana State, Gas and Fuels Tax Revenue Bonds, Series A, 5%, 5/01/41 (e)		
	940	944,926
Massachusetts 8.5%		
Massachusetts Bay Transportation Authority, Sales Tax Revenue Refunding Bonds, Senior Series A, 5%, 7/01/35		
	3,375	3,394,035
Massachusetts State, HFA, Housing Development Revenue Refunding Bonds, AMT, Series A, 5.15%, 6/01/11 (b)		
	565	571,255
Massachusetts State, HFA, Rental Housing Mortgage Revenue Bonds, AMT, Series C, 5.50%, 7/01/32 (d)		
	2,440	2,488,898
Massachusetts State School Building Authority, Dedicated Sales Tax Revenue Bonds, Series A, 5%, 8/15/30 (d)		
	8,000	8,180,880
		14,635,068
Michigan 5.3%		
Boyne City, Michigan, Public School District, GO, 5.75%, 5/01/09 (e)(h)		
	2,035	2,107,914
Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Detroit Edison Company Pollution Control Project), AMT (m):		
Series A, 5.50%, 6/01/30	2,000	1,997,360
Series B, 5.65%, 9/01/29	1,500	1,515,735
Series C, 5.65%, 9/01/29	3,500	3,536,715
		9,157,724
Minnesota 2.5%		
Sauk Rapids, Minnesota, Independent School District Number 47, GO, Series A, 5.65%, 2/01/19 (b)		
	4,015	4,308,858
Missouri 5.4%		
Cape Girardeau, Missouri, School District Number 063, GO (Missouri Direct Deposit Program), 5.50%, 3/01/18 (e)		
	2,000	2,096,280

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Mehlville, Montana, School District Number R-9, COP,

Series A (d):

5.50%, 3/01/11 (h)	5,510	5,934,049
5.50%, 3/01/14	360	383,188
5.50%, 3/01/15	405	431,086
5.50%, 3/01/16	215	228,848
5.50%, 3/01/17	280	297,408

9,370,859

New Jersey 9.6%

New Jersey EDA, Cigarette Tax Revenue Bonds,

5.75%, 6/15/34 (l)	3,800	3,985,288
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New Jersey EDA, Motor Vehicle Surcharge Revenue

Bonds, Series A, 5.25%, 7/01/33 (b)	6,700	6,873,262
-------------------------------------	-------	-----------

New Jersey State Turnpike Authority, Turnpike Revenue

Bonds, Series C, 5%, 1/01/30 (d)	5,500	5,608,955
----------------------------------	-------	-----------

16,467,505

Municipal Bonds

**Par
(000)**

Value

New York 15.7%

Nassau Health Care Corporation, New York, Health

System Revenue Bonds, 5.75%, 8/01/09 (d)(h)	\$10,000	\$ 10,633,900
---	----------	---------------

New York City, New York, GO, Series E, 5%, 11/01/17 (d)

4,000	4,311,680
-------	-----------

New York City, New York, Sales Tax Asset Receivable

Corporation Revenue Bonds, Series A (c):

5.25%, 10/15/27	4,095	4,272,395
-----------------	-------	-----------

5%, 10/15/32	4,000	4,077,240
--------------	-------	-----------

New York State Dormitory Authority Revenue Bonds

(School Districts Financing Program), Series D,

5.25%, 10/01/23 (b)	3,505	3,663,636
---------------------	-------	-----------

26,958,851

Oregon 0.9%

Portland, Oregon, Urban Renewal and Redevelopment

Tax Allocation Bonds (Oregon Convention Center),

Series A, 5.75%, 6/15/15 (c)	1,400	1,486,646
------------------------------	-------	-----------

Rhode Island 4.8%

Providence, Rhode Island, Redevelopment Agency

Revenue Refunding Bonds (Public Safety and

Municipal Buildings), Series A, 5.75%, 4/01/10 (c)(h)	5,000	5,361,000
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Rhode Island State Health and Educational Building

Corporation Revenue Bonds (Rhode Island School of

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Design), Series D, 5.50%, 8/15/31 (m)	2,870	2,898,585
		<hr/>
		8,259,585
<hr/>	<hr/>	<hr/>
South Carolina 0.9%		
Medical University Hospital Authority, South Carolina, Hospital Facilities Revenue Refunding Bonds, Series A, 5.25%, 2/15/25 (a)(b)	1,525	1,571,787
<hr/>	<hr/>	<hr/>
Tennessee 2.6%		
Tennessee HDA, Revenue Refunding Bonds (Homeownership Program), AMT, Series A (d):		
5.25%, 7/01/22	2,300	2,307,797
5.35%, 1/01/26	2,115	2,116,058
		<hr/>
		4,423,855
<hr/>	<hr/>	<hr/>
Texas 18.7%		
Dallas-Fort Worth, Texas, International Airport, Joint Revenue Bonds, AMT, Series B, 6%, 11/01/23 (b)	700	707,287
Dallas-Fort Worth, Texas, International Airport Revenue Bonds, AMT, Series A, 5.50%, 11/01/33 (b)	8,000	8,003,760
Houston, Texas, Community College System, Participation Interests, COP (Alief Center Project), 5.75%, 8/15/22 (b)	2,595	2,667,194
North Texas Tollway Authority, System Revenue Refunding Bonds (b):		
5.75%, 1/01/40	6,710	7,081,063
Series A, 5.625%, 1/01/33	6,585	6,917,608
Series B, 5.75%, 1/01/40	6,275	6,626,965
		<hr/>
		32,003,877
<hr/>	<hr/>	<hr/>
Virginia 0.9%		
Virginia State, HDA, Commonwealth Mortgage Revenue Bonds, Series H, Sub-Series H-1, 5.35%, 7/01/31 (b)	1,500	1,513,440
<hr/>	<hr/>	<hr/>

See Notes to Financial Statements.

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Schedule of Investments (concluded) BlackRock MuniHoldings Insured Fund, Inc.

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(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Washington 4.9%		
Bellevue, Washington, GO, Refunding, 5.50%, 12/01/39 (b)	\$ 4,000	\$ 4,160,160
Chelan County, Washington, Public Utility District Number 001, Consolidated Revenue Bonds (Chelan Hydro System), AMT, Series A, 5.45%, 7/01/37 (c)	2,310	2,283,204
Snohomish County, Washington, Public Utility District Number 001, Electric Revenue Bonds, 5.50%, 12/01/22 (d)	1,810	1,940,682
		<u>8,384,046</u>
West Virginia 2.9%		
West Virginia State Housing Development Fund, Housing Finance Revenue Refunding Bonds, Series D, 5.20%, 11/01/21 (b)	5,000	5,062,250
Wisconsin 0.3%		
Wisconsin State Health and Educational Facilities Authority Revenue Bonds (Blood Center of Southeastern Wisconsin Project), 5.50%, 6/01/24	500	507,975
Puerto Rico 1.1%		
Puerto Rico Public Buildings Authority, Government Facilities Revenue Refunding Bonds, Series D, 5.25%, 7/01/36	1,870	1,805,878
Total Municipal Bonds (Cost \$297,209,507) 174.1%		<u>298,610,607</u>
Municipal Bonds Transferred to Tender Option Bond Trusts (n)		
California 2.9%		
Tustin, California, Unified School District, Senior Lien Special Tax Bonds (Community Facilities District Number 97-1) (d):		
5%, 9/01/32	2,180	2,207,817
5%, 9/01/38	2,800	2,829,148
		<u>5,036,965</u>

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Illinois 4.8%

Chicago, Illinois, O Hare International Airport, General
Airport Revenue Refunding Bonds, Airport and Marina
Imports, Series A, 5%, 1/01/38 (d)

8,000

8,145,280

Municipal Bonds Transferred to Tender Option

Bond Trusts (Cost \$12,689,260) 7.7%

13,182,245

Short-Term Securities

Shares

Merrill Lynch Institutional Tax-Exempt
Fund, 2.49% (o)(p)

20,821

20,821

Total Short-Term Securities

(Cost \$20,821) 0.0%

20,821

Total Investments (Cost \$309,919,588*) 181.8%

311,813,673

Other Assets Less Liabilities 0.2%

261,869

Liability for Trust Certificates, Including Interest

Expense and Fees Payable (3.8%)

(6,512,302)

Preferred Stock, at Redemption Value (78.2%)

(134,052,778)

Net Assets Applicable to Common Stock 100.0%

\$ 171,510,462

* The cost and unrealized appreciation (depreciation) of investments as of
April 30, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 303,046,013
Gross unrealized appreciation	\$ 5,511,153
Gross unrealized depreciation	(3,233,493)
Net unrealized appreciation	\$ 2,277,660

(a) FHA Insured.

(b) MBIA Insured.

(c) AMBAC Insured.

(d) FSA Insured.

(e) FGIC Insured.

(f) Represents a zero coupon bond. Rate shown reflects the effective yield at the
time of purchase.

(g) Radian Insured.

(h) U.S. government securities, held in escrow, are used to pay interest on this

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security, as well as to retire the bond in full at the date indicated, typically at a premium to par.

(i) FHLMC Collateralized.

(j) FNMA/GNMA Collateralized.

(k) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.

(l) Assured Guaranty Insured.

(m) XL Capital Insured.

(n) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.

(o) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Dividend Income
Merrill Lynch Institutional Tax-Exempt Fund	(26)	\$5,085

(p) Represents the current yield as of report date.

See Notes to Financial Statements.
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Statements of Assets and Liabilities

April 30, 2008	BlackRock MuniHoldings Fund, Inc.	BlackRock MuniHoldings Insured Fund, Inc.
Assets		
Investments at value unaffiliated ¹	\$ 337,085,063	\$ 311,792,852
Investments at value affiliated ²	8,971	20,821
Cash	95,042	75,003
Investments sold receivable	25,232,097	
Interest receivable	5,518,786	4,081,634
Prepaid expenses	15,443	13,526
Total assets	367,955,402	315,983,836
Accrued Liabilities		
Investments purchased payable	12,602,306	3,074,211
Income dividends payable	987,824	624,981

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Investment advisory fees payable	151,596	118,384
Interest expense and fees payable	112,454	22,302
Other affiliates payable	1,974	1,776
Officer and Directors fees payable	300	271
Other accrued expenses payable	97,881	88,671
Total accrued liabilities	13,954,335	3,930,596
Other Liabilities		
Trust certificates ³	17,530,000	6,490,000
Total Liabilities	31,484,335	10,420,596
Preferred Stock		
Preferred Stock, at redemption value, par value \$0.10 per share ⁴ at \$25,000 per share liquidation preference	125,041,773	134,052,778
Net Assets Applicable to Common Stock		
Net assets applicable to Common Stock	\$ 211,429,294	\$ 171,510,462
Net Assets Applicable to Common Stock Shareholders Consist of		
Common Stock, par value \$0.10 per share ⁵	\$ 1,391,301	\$ 1,288,620
Paid-in capital in excess of par	205,793,237	181,957,307
Undistributed net investment income	1,608,417	1,070,407
Accumulated net realized gain (loss)	134,881	(14,699,957)
Net unrealized appreciation/depreciation	2,501,458	1,894,085
Net Assets Applicable to Common Stock Shareholders	\$ 211,429,294	\$ 171,510,462
Net asset value per share of Common Stock	\$ 15.20	\$ 13.31
¹ Cost unaffiliated	\$ 334,583,605	\$ 309,898,767
² Cost affiliated	\$ 8,971	\$ 20,821
³ Represents short-term floating rate certificates issued by tender option bond trusts.		
⁴ Preferred Stock authorized, issued and outstanding:		
Series A Shares	2,200	2,680
Series B Shares	2,200	2,680
Series C Shares	600	

⁵ Common Stock issued and outstanding

13,913,010

12,886,200

See Notes to Financial Statements.

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Statements of Operations

Year Ended April 30, 2008	BlackRock MuniHoldings Fund, Inc.	BlackRock MuniHoldings Insured Fund, Inc.
Investment Income		
Interest	\$ 19,544,487	\$ 16,219,993
Dividends from affiliates	279	5,085
Total income	19,544,766	16,225,078
Expenses		
Investment advisory	1,901,295	1,700,850
Commissions for Preferred Stock	320,566	343,254
Professional	130,760	119,133
Accounting services	119,114	111,780
Printing	37,688	32,553
Transfer agent	29,093	28,292
Officer and Directors	25,743	23,387
Custodian	20,540	19,436
Registration	8,947	8,868
Miscellaneous	65,500	62,088
Total expenses excluding interest expense and fees	2,659,246	2,449,641
Interest expense and fees ¹	793,243	429,058
Total expenses	3,452,489	2,878,699
Less fees waived by advisor	(18)	(218,534)
Total expenses after waiver	3,452,471	2,660,165
Net investment income	16,092,295	13,564,913

Realized and Unrealized Gain (Loss)			
Net realized gain (loss) from:			
Investments		551,656	(2,328,173)
Forward interest rate swaps		66,610	207,456
		<u>618,266</u>	<u>(2,120,717)</u>
Net change in unrealized appreciation/depreciation on:			
Investments		(17,097,855)	(8,986,817)
Forward interest rate swaps			(31,667)
		<u>(17,097,855)</u>	<u>(9,018,484)</u>
Total realized and unrealized loss		<u>(16,479,589)</u>	<u>(11,139,201)</u>
Dividends and Distributions to Preferred Stock Shareholders from			
Net investment income		(4,329,651)	(4,926,956)
Net realized gain		(478,218)	
Total dividends and distributions to Preferred Stock shareholders		<u>(4,807,869)</u>	<u>(4,926,956)</u>
Net Decrease in Net Assets Resulting from Operations		<u>\$ (5,195,163)</u>	<u>\$ (2,501,244)</u>

¹ Related to tender option bond trusts.

See Notes to Financial Statements.

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Statements of Changes in Net Assets

	BlackRock		BlackRock MuniHoldings	
	MuniHoldings		Insured Fund, Inc.	
	Fund, Inc.		Insured Fund, Inc.	
	Year Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Increase (Decrease) in Net Assets:				
Operations				

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Net investment income	\$ 16,092,295	\$ 16,239,704	\$ 13,564,913	\$ 11,974,605
Net realized gain (loss)	618,266	1,240,725	(2,120,717)	611,540
Net change in unrealized appreciation/depreciation	(17,097,855)	4,521,157	(9,018,484)	4,113,935
Dividends to Preferred Stock shareholders from:				
Net investment income	(4,329,651)	(4,394,391)	(4,926,956)	(4,679,918)
Net realized gain	(478,218)			
Net increase (decrease) in net assets applicable to Common Stock shareholders resulting from operations	(5,195,163)	17,607,195	(2,501,244)	12,020,162

Dividends and Distributions to Common Stock Shareholders from

Net investment income	(11,848,523)	(12,475,627)	(7,628,630)	(8,169,851)
Net realized gain	(1,156,764)			
Decrease in net assets resulting from dividends and distributions to Common Stock shareholders	(13,005,287)	(12,475,627)	(7,628,630)	(8,169,851)

Common Stock Transactions

Reinvestment of common dividends	253,398	587,176		
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Net Assets Applicable to Common Stock Shareholders

Total increase (decrease) in net assets applicable to Common Stock	(17,947,052)	5,718,744	(10,129,874)	3,850,311
Beginning of year	229,376,346	223,657,602	181,640,336	177,790,025
End of year	\$ 211,429,294	\$ 229,376,346	\$ 171,510,462	\$ 181,640,336
End of year undistributed net investment income	\$ 1,608,417	\$ 1,777,949	\$ 1,070,407	\$ 61,080

See Notes to Financial Statements.

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Financial Highlights

BlackRock MuniHoldings Fund, Inc.

**Year Ended April
30,**

2008 2007 2006 2005 2004

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Per Share Operating Performance					
Net asset value, beginning of year	\$ 16.51	\$ 16.14	\$ 16.31	\$ 15.54	\$ 15.07
Net investment income ¹	1.16	1.17	1.16	1.20	1.25
Net realized and unrealized gain (loss)	(1.20)	0.42	²	0.84	0.40
Dividends and Distributions to Preferred Stock shareholders from:					
Net investment income	(0.31)	(0.32)	(0.23)	(0.12)	(0.07)
Net realized gain	(0.03)				
Net increase (decrease) from investment operations	(0.38)	1.27	0.93	1.92	1.58
Less Dividends and Distributions to Common Stock shareholders from:					
Net investment income	(0.85)	(0.90)	(1.08)	(1.15)	(1.11)
Net realized gain	(0.08)				
Total dividends and distributions to Common Stock shareholders	(0.93)	(0.90)	(1.08)	(1.15)	(1.11)
Offering and underwriting costs resulting from the issuance of Preferred Stock			(0.02)		
Net asset value, end of year	\$ 15.20	\$ 16.51	\$ 16.14	\$ 16.31	\$ 15.54
Market price, end of year	\$ 14.77	\$ 16.49	\$ 16.20	\$ 16.12	\$ 14.43
Total Investment Return³					
Based on net asset value	(2.08%)	8.06%	5.69%	12.95%	10.94%
Based on market price	(4.74%)	7.52%	7.34%	20.22%	7.58%
Ratios to Average Net Assets Applicable to Common Stock					
Total expenses after waiver and excluding interest expense and fees ^{4,5}	1.20%	1.17%	1.15%	1.13%	1.14%
Total expenses after waiver ⁴	1.56%	1.54%	1.30%	1.15%	1.23%
Total expenses ⁴	1.56%	1.54%	1.30%	1.15%	1.24%
Net investment income ⁴	7.27%	7.14%	7.15%	7.61%	7.98%
Dividends to Preferred Stock shareholders	1.96%	1.93%	1.45%	0.74%	0.45%
Net investment income to Common Stock shareholders	5.31%	5.20%	5.70%	6.87%	7.53%

Supplemental Data

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Net assets applicable to Common Stock, end of year (000)	\$ 211,429	\$229,376	\$223,658	\$225,218	\$214,473
Preferred Stock outstanding at liquidation preference, end of year (000)	\$ 125,000	\$125,000	\$125,000	\$110,000	\$110,000
Portfolio turnover	30%	20%	45%	34%	41%
Asset coverage end of year (000)	\$ 2,691	\$ 2,835	\$ 2,789	\$ 3,047	\$ 2,950

1 Based on average shares outstanding.

2 Amount is less than \$(0.01).

3 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

4 Do not reflect the effect of dividends to Preferred Stock shareholders.

5 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.

See Notes to Financial Statements.

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Financial Highlights

BlackRock MuniHoldings Insured Fund, Inc.

	Year Ended April 30,				
	2008	2007	2006	2005	2004
Per Share Operating Performance					
Net asset value, beginning of year	\$ 14.10	\$ 13.80	\$ 14.44	\$ 14.12	\$ 14.48
Net investment income ¹	1.05	0.93	0.97	1.01	1.04
Net realized and unrealized gain (loss)	(0.87)	0.36	(0.50)	0.38	(0.42)
Dividends to Preferred Stock shareholders from net investment income	(0.38)	(0.36)	(0.28)	(0.16)	(0.09)
Net increase (decrease) from investment operations	(0.20)	0.93	0.19	1.23	0.53
Dividends to Common Stock shareholders from net investment income	(0.59)	(0.63)	(0.83)	(0.91)	(0.89)
Net asset value, end of year	\$ 13.31	\$ 14.10	\$ 13.80	\$ 14.44	\$ 14.12
Market price, end of year	\$ 11.97	\$ 13.13	\$ 13.10	\$ 13.70	\$ 12.64

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Total Investment Return²					
Based on net asset value	(0.95%)	7.29%	1.46%	9.35%	4.07%
Based on market price	(4.34%)	5.25%	1.51%	15.90%	(0.07%)
Ratios to Average Net Assets Applicable to Common Stock					
Total expenses after waiver and excluding interest expense and fees ^{3,4}	1.27%	1.23%	1.24%	1.24%	1.24%
Total expenses after waiver ³	1.51%	1.56%	1.54%	1.60%	1.57%
Total expenses ³	1.64%	1.67%	1.65%	1.70%	1.67%
Net investment income ³	7.72%	6.62%	6.87%	7.09%	7.12%
Dividends to Preferred Stock shareholders	2.80%	2.59%	2.00%	1.09%	0.65%
Net investment income to Common Stock shareholders	4.92%	4.03%	4.87%	6.00%	6.47%
Supplemental Data					
Net assets applicable to Common Stock, end of year (000)	\$ 171,510	\$181,640	\$177,790	\$185,821	\$181,726
Preferred Stock outstanding at liquidation preference, end of year (000)	\$ 134,000	\$134,000	\$134,000	\$134,000	\$134,000
Portfolio turnover	57%	29%	59%	43%	41%
Asset coverage, end of year (000)	\$ 2,280	\$ 2,356	\$ 2,327	\$ 2,387	\$ 2,356

1 Based on average shares outstanding.

2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

3 Do not reflect the effect of dividends to Preferred Stock shareholders.

4 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.

See Notes to Financial Statements.

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Notes to Financial Statements

1. Significant Accounting Policies:

BlackRock MuniHoldings Fund, Inc. and BlackRock MuniHoldings Insured Fund, Inc. (the Funds or individually as the Fund), are registered under the Investment Company Act of 1940, as amended (the 1940 Act), as non-diversified, closed-end management investment companies. The Funds financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Funds determine and make available for publication the net asset values of their Common Stock on a daily basis.

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

Valuation of investments: Municipal investments (including commitments to purchase such investments on a when-issued basis) are valued on the basis of prices provided by dealers or pricing services selected under the supervision of each Fund s Board of Directors (the Board). In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and various relationships between investments. Swap agreements are valued by quoted fair values received by the Funds pricing service. Short-term securities are valued at amortized cost.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment, the investment will be valued by a method approved by the Board as reflecting fair value (Fair Value Assets). When determining the price for Fair Value Assets, the investment advisor and/or sub-advisor seeks to determine the price that the Fund might reasonably expect to receive from the current sale of that asset in an arm s-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Derivative Financial Information: The Funds may engage in various portfolio investment strategies to increase the return of the Funds and to hedge, or protect, their exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of

the underlying security or if the counterparty does not perform under the contract.

Forward interest rate swaps The Funds may enter into forward interest rate swaps. In a forward interest rate swap, the Funds and the counterparty agree to make periodic net payments on a specified notional contract amount, commencing on a specified future effective

date, unless terminated earlier. These periodic payments received or made by the Funds are recorded in the accompanying Statements of Operations as realized gains or losses, respectively. Gains or losses are realized upon termination of the swap agreements. Swaps are marked-to market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. The Funds generally intend to close each forward interest rate swap before the accrual date specified in the agreement and therefore avoid entering into the interest rate swap underlying each forward interest rate swap.

Forward Commitments and When-Issued Delayed Delivery Securities:

The Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Funds may purchase securities under such conditions only with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Funds may be required to pay more at settlement than the security is worth. In addition, the purchaser is not entitled to any of the interest earned prior to settlement. Upon making a commitment to purchase a security on a when-issued basis, the Funds will hold liquid assets worth at least the equivalent of the amount due.

Municipal Bonds Transferred to Tender Option Bond Trusts: The Funds leverage their assets through the use of tender option bond trusts (TOBs). A TOB is established by a third party sponsor forming a special purpose entity, into which one or more funds, or an agent on behalf of the funds, transfers municipal securities. Other funds managed by the investment advisor may also contribute municipal securities to a TOB into which the Funds have contributed securities. A TOB typically issues two classes of beneficial interests: short-term floating rate certificates, which are sold to third party investors, and residual certificates (TOB Residuals), which are generally issued to the participating funds that made the transfer. The TOB Residuals held by a Fund include the right of the Fund (1) to cause the holders of a proportional share of the floating rate certificates to tender their certificates at par, and (2) to transfer, within seven days, a corresponding share of the municipal securities from the TOB to the Fund. The cash received by the TOB from the sale of the short-term floating rate certificates, less transaction

expenses, is paid to the Fund, which typically invests the cash in additional municipal securities. Each Fund's transfer of the municipal securities to a TOB is accounted for as a secured borrowing, therefore the municipal securities deposited into a TOB are presented in the Fund's Schedule of Investments and the proceeds from the transaction are reported as a liability of the Fund.

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Notes to Financial Statements (continued)

Interest income from the underlying securities is recorded by the Funds on an accrual basis. Interest expense incurred on the secured borrowing and other expenses related to remarketing, administration and trustee services to a TOB are reported as expenses of the Funds. The floating rate certificates have interest rates that generally reset weekly and their holders have the option to tender certificates to the TOB for redemption at par at each reset date. As of April 30, 2008, the aggregate value of the underlying municipal securities transferred to TOBs, the related liability for trust certificates and the range of interest rates on trust certificates during the period were as follows:

	Underlying Municipal Bonds Transferred to TOBs	Liability for Trust Certificates	Range of Interest Rates
BlackRock MuniHoldings Fund, Inc	\$36,085,169	\$17,530,000	2.395% 3.374%
BlackRock MuniHoldings Insured Fund, Inc	\$13,182,245	\$ 6,490,000	2.309% 2.395%

Financial transactions executed through TOBs generally will underperform the market for fixed rate municipal bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Should short-term interest rates rise, the Funds' investments in TOBs likely will adversely affect the Funds' investment income and dividends to common stock shareholders. Fluctuations in the market value of municipal securities deposited into the TOB may adversely affect the Funds' net asset values per share.

Zero-Coupon Bonds: The Funds may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not

provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

Segregation: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds segregate assets in connection with certain investments (e.g., swaps and when-issued securities), the Funds will, consistent with certain interpretive letters issued by the SEC, designate on its books and records cash or other liquid debt securities having a market value at least equal to the amount that would otherwise be required to be physically segregated.

Investment Transactions and Investment Income: Investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual method. The Funds amortize all premiums and discounts on debt securities.

Dividends and Distributions: Dividends from net investment income are declared daily and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. Dividends and distributions to preferred shareholders are accrued and determined as described in Note 4.

Income Taxes: It is each Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Effective October 31, 2007, the Funds implemented Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. The investment advisor has evaluated the application of FIN 48 to each Fund, and has determined that the adoption of FIN 48 does not have a material impact on each Fund's financial statements. The Funds file U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund's U.S. federal tax returns remain open for the years ended April 30, 2005 through April 30, 2007. The statutes of limitations on each Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Recent Accounting Pronouncements: In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements

(FAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The impact on the Funds' financial statements disclosures, if any, is currently being assessed.

In addition, in February 2007, Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (FAS 159), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The impact on the Funds' financial statement disclosures, if any, is currently being assessed.

In March 2008, Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (FAS 161) was issued and

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Notes to Financial Statements (continued)

is effective for fiscal years beginning after November 15, 2008. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. The investment advisor is currently evaluating the implications of FAS 161 and the impact on the Funds' financial statement disclosures, if any, is currently being assessed.

Deferred Compensation and BlackRock Closed-End Share Equivalent

Investment Plan: Under the deferred compensation plan approved by each Fund's Board, non-interested Directors (Independent Directors) may defer a portion of their annual complex-wide compensation.

Deferred amounts earn an approximate return as though equivalent dollar amounts have been invested in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in the other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common stock of the other certain BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations.

Other: Expenses directly related to each Fund are charged to that Fund. Other operating expenses shared by several funds are pro-rated among those funds on the basis of relative net assets or other appropriate methods.

2. Investment Advisory Agreement and Other Transactions with Affiliates:

The Funds have entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Advisor), an indirect, wholly-owned subsidiary of BlackRock, Inc., to provide investment advisory and administration services. Merrill Lynch & Co., Inc. (Merrill Lynch) and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc.

The Advisor is responsible for the management of each Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such