RMS LIFELINE INC
Form 424B5
August 15, 2012
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
5.750% Senior Notes due 2022	$1,250,000,000	100.000%	$1,250,000,000	$143,250.00
Guarantees related to the Senior Notes (2)				

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933. Total registration fee is $143,250.00
(2) Pursuant to Rule 457(n) of the Securities Act of 1933, no separate fee is payable with respect to the guarantees.

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As filed pursuant to Rule 424(b)(5)
Under the Securities Act of 1933
Registration No. 333-183285

DaVita Inc.

$1,250,000,000

5.750% Senior Notes due 2022

Issue Price 100.000%

Interest payable February 15 and August 15

We are offering $1,250 million aggregate principal amount of 5.750% senior notes due 2022, or the notes. The notes will mature on August 15, 2022. We will pay interest on the notes on February 15 and August 15 of each year. Interest will accrue on the notes from August 28, 2012 and the first interest payment date will be February 15, 2013.

The notes are being offered to finance a portion of the cash consideration for our merger with HealthCare Partners Holdings, LLC, or HCP. Upon consummation of the offering of the notes, we will deposit the net proceeds (after deducting the underwriting discount) from this offering, together with additional amounts needed to redeem the notes at the special mandatory redemption price described below, into escrow as described in Description of Notes Escrow of proceeds; release conditions. If the conditions to our merger with HCP and certain other conditions are not satisfied on or prior to November 30, 2012, subject to up to three one-month extensions as described herein (which we sometimes refer to as the Escrow End Date), or if we notify the escrow agent that we will not pursue consummation of the merger, the amount deposited in escrow will be applied to redeem all of the notes offered hereby at a special mandatory redemption price equal to 100% of the issue price of the notes, plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or duly provided for, as the case may be, to but excluding the special mandatory redemption date. If the conditions to our merger with HCP and certain other conditions are satisfied on or before the Escrow End Date, the amounts deposited in escrow will be released to us and applied to finance a portion of the cash consideration for the merger. See Use of Proceeds and Description of Notes Escrow of proceeds; release conditions and Special mandatory redemption.

We may redeem some or all of the notes at any time on or after August 15, 2017 at redemption prices described in this prospectus supplement and prior to such date at a make-whole redemption price described in this prospectus supplement. At any time prior to August 15, 2015, we may also redeem up to 35% of the notes with the net cash proceeds we receive from certain equity offerings at the redemption price set forth in this prospectus supplement. If a change of control occurs as described in this prospectus supplement under the heading Description of Notes Change of control , we may be required to offer to purchase the notes from the holders.

Except as described under Description of Notes Escrow of proceeds; release conditions, the notes will be our unsecured senior obligations and will rank equally with our existing and future unsecured senior indebtedness. The notes will be guaranteed by certain of our domestic subsidiaries. The guarantees will rank equally with all existing and future unsecured senior indebtedness of the guarantors. The notes and guarantees will be effectively subordinated to all of our and the guarantors existing and future secured debt (including our senior secured credit facilities) to the extent of the value of the collateral securing such debt and structurally subordinated to all existing and future liabilities of any of our subsidiaries that do not guarantee the notes. The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the notes involves risks. See Risk Factors beginning on page S-35.

	Public offering price(1)	Underwriting discount	Proceeds, before expenses, to us(1)
Per note	100.000%	1.500%	98.500%
Total	$ 1,250,000,000	$ 18,750,000	$ 1,231,250,000

(1) Plus accrued interest from August 28, 2012, if settlement occurs after that date.

The notes will not be listed on any securities exchange or quotation system. Currently, there is no public market for the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about August 28, 2012.

Joint Book-Running Managers

J.P. Morgan
Barclays

BofA Merrill Lynch

Credit Suisse

Goldman, Sachs & Co.
Morgan Stanley
SunTrust Robinson Humphrey
Wells Fargo Securities

Co-Managers

Credit Agricole CIB **Mitsubishi UFJ Securities** **Scotiabank** **SMBC Nikko**

August 14, 2012.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part, the accompanying prospectus dated August 13, 2012, gives more general information, some of which may not apply to this offering.

This prospectus supplement and the information incorporated by reference in this prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or on behalf of the underwriters or any one of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See Underwriting.

In this prospectus supplement, unless otherwise stated or the context otherwise requires:

- the terms we, us, our, DaVita and Company refer to DaVita Inc. and, in some instances, its consolidated subsidiaries;
- the term Financings refers to this offering of notes and the use of proceeds therefrom, and the expected amendment of and initial borrowings under our senior secured credit facilities; however, pro forma amounts presented herein giving effect to the Financings or as included in the Unaudited Pro Forma Condensed Consolidated Financial Information are based upon an assumed offering of $1,000 million principal amount of notes;
- the term HCP refers to HealthCare Partners Holdings, LLC, together with its consolidated subsidiaries and affiliated physician groups (unless the context otherwise requires);
- the term Merger refers to DaVita s agreement to acquire HCP through a merger of Seismic Acquisition LLC, a California limited liability company and a wholly owned subsidiary of DaVita, with and into HCP, with HCP continuing as the surviving entity in the Merger;
- the term senior secured credit facilities means our existing senior secured credit facilities or our amended senior secured credit facilities that we expect will become effective, pursuant to an amendment to our existing senior secured credit facilities prior to the consummation of the Merger, or both, as the context requires.

If we use a capitalized term in this prospectus supplement and do not define the term in this document, it is defined in the accompanying prospectus.

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INDUSTRY AND HCP DATA

Industry and market data contained or incorporated by reference in this prospectus supplement were obtained through company research, surveys and studies conducted by third parties and industry and general publications or based on our experience in the industry. We have not independently verified market and industry data from third-party sources. While we believe internal company surveys and assumptions are reliable and market definitions are appropriate, neither these surveys and assumptions nor these definitions have been verified by any independent sources and we cannot assure that they are accurate. Our internal company reports have not been verified by any independent source. Statements as to our industry position are based on market data currently available to us. The information in this prospectus supplement concerning HCP is based on information provided to us by HCP s management. We have not independently verified this information, and, accordingly, the accuracy of this information is not guaranteed. While we are not aware of any misstatements regarding the industry data presented herein, this information involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading Risk Factors in this prospectus supplement.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents deemed to be incorporated by reference in this prospectus supplement contains or may contain statements that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. We intend these forward-looking statements to be covered by the safe harbor provisions for such statements contained in these documents. All statements that do not concern historical facts are forward-looking statements and include, among other things, statements about our expectations, beliefs, intentions and/or strategies for the future. These forward-looking statements include statements regarding anticipated refinancing transactions, our future operations, financial condition and prospects, expectations for treatment growth rates, revenue per treatment, expense growth, levels of the provision for uncollectible accounts receivable, operating income, cash flow, operating cash flow, estimated tax rates, capital expenditures, the development of new centers and center acquisitions, government and commercial payment rates, revenue estimating risk and the impact of our related level of indebtedness on our financial performance, including earnings per share. These statements can sometimes be identified by the use of forward looking words such as may, believe, will, should, could, would, expect, project, estimate, anticipate, plan, continue, seek, forecast, or intend or other similar word negative thereof.

These statements involve substantial known and unknown risks and uncertainties that could cause our actual results to differ materially from those described in the forward-looking statements, including, but not limited to:

- risks resulting from uncertainties associated with government regulations,
- general economic and other market conditions,
- competition,
- accounting estimates,
- variability of our cash flows,
- the concentration of profits generated from commercial payor plans,
- continued downward pressure on average realized payment rates from commercial payors, which may result in the loss of revenue or patients,
- a reduction in the number of patients under higher-paying commercial plans,
- a reduction in government payment rates under the Medicare end stage renal disease, or ESRD, program or other government-based programs,
- the impact of health care reform legislation that was enacted in the U.S. in March 2010,
- changes in pharmaceutical or anemia management practice patterns, payment policies, or pharmaceutical pricing,

our ability to maintain contracts with physician medical directors,

legal compliance risks, including our continued compliance with complex government regulations,

current or potential investigations by various governmental entities and related government or private-party proceedings,

continued increased competition from large and medium-sized dialysis providers that compete directly with us,

the emergence of new models of care introduced by the government or private sector, such as accountable care organizations, independent practice associations, or IPAs, and integrated delivery systems, and changing affiliation models for physician plans, such as employment by hospitals, that may erode our patient base and reimbursement rates,

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our ability to complete any acquisitions or mergers, including the consummation of the Merger, or dispositions that we might be considering or announce, or to integrate and successfully operate any business we may acquire, including the HCP business, or to expand our operations and services to markets outside the U.S., or to businesses outside of dialysis,

the risk that the Merger could compromise or diminish HCP s distinctive physician-owned, physician-led culture and business model, including the potential impact on current employees, affiliated physicians and physician groups and IPA consolidation opportunities,

the risk that the cost of providing services under HCP s agreements will exceed its compensation,

the risk that laws regulating the corporate practice of medicine could restrict the manner in which HCP conducts its business,

the risk that reductions in reimbursement rates and future regulations may negatively impact HCP s business, revenue and profitability,

the risk that HCP may not be able to successfully establish a presence in new geographic regions,

the risk that reductions in the quality ratings of health maintenance organization plan customers of HCP could have an adverse effect on HCP s business,

the fact that HCP faces certain competitive threats that could reduce its profitability,

the risk that health plans that acquire health maintenance organizations may not be willing to contract with HCP or may be willing to contract only on less favorable terms, and

the risk that a disruption in HCP s healthcare provider networks could have an adverse effect on HCP s operations and profitability.

The forward-looking statements included or incorporated by reference in this prospectus supplement are only made as of the date of this prospectus supplement or the respective document incorporated by reference herein, as applicable. Except as required by law, we undertake no obligation to update or revise these statements, whether as a result of changes in underlying factors, new information, future events or otherwise. See Where You Can Find More Information.

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SUMMARY

This summary may not contain all the information that may be important to you. You should read this entire prospectus supplement and the accompanying prospectus, together with the information incorporated by reference herein and therein, including our financial statements and related notes, before making an investment decision. In this summary, we have presented certain financial measures, such as free cash flow, net debt, pro forma Adjusted EBITDA, Adjusted EBITDA, total care dollars under management and metrics derived therefrom, that are non-GAAP financial measures. We are presenting these non-GAAP financial measures because we believe that they provide us and readers of this prospectus supplement with useful supplemental information. We do not intend for these non-GAAP financial measures to be a substitute for any GAAP financial information. See DaVita Summary Historical Financial and Operating Data and HCP Summary Historical Financial and Operating Data for a reconciliation of these non-GAAP financial measures to their most comparable measure calculated and presented in accordance with GAAP.

DaVita

We are a leading provider of kidney dialysis services in the U.S. for patients suffering from chronic kidney failure, also known as end stage renal disease, or ESRD. As of June 30, 2012, DaVita provided dialysis and other related services through a network of 1,884 outpatient dialysis centers located in the U.S. throughout 43 states and the District of Columbia, serving a total of approximately 149,000 patients. In addition, as of June 30, 2012, DaVita provided outpatient dialysis and administrative service to a total of 19 outpatient dialysis centers located in four countries outside the U.S. DaVita centers offer outpatient hemodialysis treatments and other ESRD-related services such as the administration of physician-prescribed pharmaceuticals, including erythropoietin, or EPO, vitamin D analogs and iron supplements. DaVita also provides services for home dialysis patients, vascular access, disease management services and laboratory services related to ESRD. As of June 30, 2012, DaVita also provides acute inpatient dialysis services in approximately 960 hospitals and related laboratory services throughout the U.S. DaVita is a Delaware corporation, incorporated in 1994.

DaVita s U.S. dialysis and related lab services business accounted for approximately 92% of DaVita s consolidated net operating revenues for the twelve months ended June 30, 2012. Other ancillary services and strategic initiatives accounted for approximately 8% of our consolidated net operating revenues for the same period and relate primarily to DaVita s core business of providing kidney dialysis services. For the twelve months ended June 30, 2012, DaVita generated consolidated net operating revenues of $7,365 million, Adjusted EBITDA of $1,585 million, and net income attributable to DaVita of $519 million. For an explanation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see DaVita Summary Historical Financial and Operating Data beginning on page S-30.

We provide our services through the following business segments:

Dialysis and Related Lab Services. Our network of 1,884 outpatient dialysis centers located in the U.S. and 19 outpatient dialysis centers located outside the U.S. are designed specifically for outpatient hemodialysis. In the twelve months ended June 30, 2012 our overall network of outpatient dialysis centers increased by 14% primarily as a result of acquisitions and the opening of new centers, net of center closures and divestitures. A large portion of this increase was driven from the acquisition of DSI Renal Inc., or DSI, a medium sized dialysis provider that we acquired in September 2011, that contributed a net 83 outpatient dialysis centers.

Throughout the U.S. we also provided hospital inpatient hemodialysis services, excluding physician services, to patients in approximately 960 hospitals as of June 30, 2012. We render these services for a contracted per-treatment fee that is individually negotiated with each hospital. When a hospital requests our services, we typically administer the dialysis treatment at the patient s bedside or in a dedicated treatment room in the hospital, as needed. In the twelve months ended June 30, 2012 hospital inpatient hemodialysis services accounted for approximately 4.5% of our total U.S. dialysis treatments.

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We also own two separately incorporated, licensed, clinical laboratories, which specialize in ESRD patient testing. These specialized laboratories provide routine laboratory tests for dialysis and other physician-prescribed laboratory tests for ESRD patients. Our laboratories provide these tests predominantly for our network of ESRD patients throughout the U.S. These tests are performed to monitor a patient s ESRD condition, including the adequacy of dialysis, as well as other medical conditions. Our laboratories utilize information systems which provide information to certain members of the dialysis centers staff and medical directors regarding critical outcome indicators.

As of June 30, 2012, we operated or provided management and administrative services to 24 outpatient dialysis centers located in the U.S. and three outpatient dialysis centers located outside of the U.S. in which we either own a minority equity investment or which are wholly-owned by third parties. These services are provided pursuant to management and administrative services agreements. Management fees are established by contract and are recognized as earned typically based on a percentage of revenues or cash collections generated by the centers.

Ancillary Services and Strategic Initiatives. Our ancillary services and strategic initiatives consist of pharmacy services, infusion therapy services, disease management services, vascular access services, ESRD clinical research programs, physician services, direct primary care and our international dialysis operations.

DaVita s Industry

The loss of kidney function is normally irreversible. Kidney failure may be caused by Type I and Type II diabetes, high blood pressure, polycystic kidney disease, long-term autoimmune attack on the kidney and prolonged urinary tract obstruction. Patients suffering from ESRD generally require dialysis at least three times a week for the rest of their lives. Treatment options that we provide for ESRD are hemodialysis and peritoneal dialysis. Hemodialysis, the most common form of ESRD treatment, uses an artificial kidney, called a dialyzer, to remove toxins, fluids and salt from the patient s blood. The procedure is typically performed at a freestanding center, a hospital-based outpatient center, or at the patient s home. Peritoneal dialysis uses the patient s peritoneal or abdominal cavity to eliminate fluid and toxins and is typically performed in the patient s home.

The dialysis industry is characterized by:

Stable and Growing Patient Base. The nature of ESRD allows for significant demand stability due to a lack of clinical need controversy and limited treatment alternatives for patients. In addition, patients require treatment at least three times a week for the rest of their lives, regardless of seasonality or macroeconomic conditions. According to U.S. Renal Data System, there were approximately 399,000 ESRD dialysis patients in the U.S. in 2009 and the underlying ESRD dialysis patient population grew at an approximate compound annual growth rate, or CAGR, of 3.9% from 2000 to 2009, the latest period for which such data is available. The growth rate is attributable to the aging of the population, increased incidence rates for diseases that cause kidney failure such as diabetes and hypertension, lower mortality rates for dialysis patients and growth rates of minority populations with higher than average incidence rates of ESRD.

Competitive Landscape. The dialysis industry has consolidated significantly over time, but still remains highly competitive. The two largest dialysis companies account for approximately 70% of the U.S. dialysis patient population based upon management estimates, with DaVita serving approximately 33% of that population. The remainder of the industry is highly fragmented, comprised of regional chains, local hospital based dialysis facilities and physician and other independently-owned centers.

Universal Medicare Reimbursement. Since 1972, the federal government has provided health care coverage for ESRD patients under the Medicare ESRD program, regardless of age or financial circumstances. ESRD is the

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first and only disease state eligible for dialysis and dialysis-related lab services and for all benefits available under the Medicare program. Although Medicare reimbursement limits the allowable charge per treatment, it provides industry participants with a relatively predictable and recurring revenue stream for dialysis services provided to patients without commercial insurance. For DaVita, revenue attributable to Medicare and Medicare-assigned plans represented 59% of dialysis and related lab services revenues for the twelve months ended June 30, 2012.

Significant Government Responsibility. Because of universal Medicare reimbursement for dialysis treatment, the federal government provides significant oversight and regulation of the dialysis sector on a federal, state and local level. A primary concern is the significant, yet fragmented, presence of approximately 825 independent providers of dialysis treatments, whose survival depends on adequate Medicare reimbursement rates. Given patient dependence on dialysis for sustaining life and the critical financial role undertaken by the government, we believe there is likely to be some protection from government rate cuts or any cuts that would make it difficult for small and regional providers to continue to offer dialysis services to their patients.

Bundled Reimbursement System. Since January 2011, ESRD payments have been made under a single bundled payment rate that provides for an annual inflation adjustment, based upon a market basket index, less a productivity improvement factor. The bundled payment rate provides a fixed payment rate to encompass all goods and services provided during the dialysis treatment, including pharmaceuticals that were historically separately reimbursed to the dialysis providers, such as Epogen®, or EPO, vitamin D analogs and iron supplements, irrespective of the level of pharmaceuticals administered or additional services performed. Most lab services that used to be paid directly to laboratories are also included in the new bundled payment. The bundled payment rate is also adjusted for certain patient characteristics, a geographic usage index and certain other factors.

Also, beginning January 1, 2014, certain oral-only ESRD drugs (currently paid separately to pharmacies under Medicare Part D) will be included in the ESRD bundled payment to dialysis facilities. It is currently unclear how the Centers for Medicare and Medicaid Services, or CMS, will price the oral-only drugs for inclusion in the ESRD bundle in 2014.

Although Medicare reimbursement limits the allowable charge per treatment, it provides industry participants with a relatively predictable and recurring revenue stream for dialysis services provided to patients without commercial insurance. For the twelve months ended June 30, 2012, 90% of our total patients were under government-based programs, with approximately 80% of our patients under Medicare and Medicare-assigned plans.

DaVita s Competitive Strengths

Superior Clinical Outcomes. We believe that the clinical outcomes of our patient population compare favorably with other dialysis providers and generally exceed the dialysis outcome quality indicators of the National Kidney Foundation. To better assess overall outcomes improvement we have developed our own index, which we refer to as the DaVita Quality Index, or DQI. DQI takes into account outcomes associated with adequacy of dialysis, anemia management, cardiovascular and bone disease, nutrition, and vascular access. The DQI methodology awards points for the percentage of patients exceeding a specified goal and deducts points for the percentage of patients falling below a certain level, providing an objective measure of our total patient care. We believe that DQI correlates with patient survival and likelihood of hospitalization. We believe that our strong clinical outcomes have led to improved quality of life for our patients, lower mortality rates, reduced hospitalizations, and greater satisfaction with care. We believe that this, in turn, has reduced overall patient costs for the payors. In addition, we have an active national physician council, consisting of twenty physicians across the country, that advises our senior management on all clinical issues impacting our operations. DaVita and its affiliated physicians collaborated to achieve outstanding clinical outcomes in 2011. As just one example, our patients 2010 gross mortality rate improved for the fifth straight year to 15%, a 16% improvement from our 2005 mortality rate of 19%.

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National scale. DaVita has a network of 1,884 outpatient dialysis and administrative centers located in the U.S. throughout 43 states and the District of Columbia, serving a total of approximately 149,000 patients. This scale allows DaVita to provide its patient base with convenient locations and access to a full range of services; benefit from economies of scale in purchases of pharmaceuticals and other medical supplies and services; enhance relationships with managed care payors by offering an extensive set of related services to lower the overall cost of patient care; leverage information technology and compliance systems; provide a greater depth and breadth of services; strengthen its medical director recruitment and retention initiatives; and develop the expertise and obtain the resources needed to continue to expand the business through denovo center expansion and selected acquisitions.

Strong operating track record. DaVita has demonstrated strong and resilient financial performance even through the recent macroeconomic downturn as demand for care is steady, predictable and independent of the many macroeconomic factors affecting the broader economy. DaVita s growth has been underpinned by the stable volume growth of the underlying dialysis patient population, which increased at a CAGR of 3.9% from 2000 through 2009, the latest period for which such data is available. Since June 30, 2009, DaVita s quarterly organic growth has ranged between 3.7% and 5.5%. From June 30, 2009 to June 30, 2012, DaVita s net operating revenue and Adjusted EBITDA have grown at CAGRs of 8.8% and 10.0%, respectively.

Strong and stable free cash flow. The stability of demand and reimbursement for DaVita s services, consistent historical Adjusted EBITDA margins of approximately 20% 22% since fiscal year ended December 31, 2009 and efficient management of working capital have resulted in strong operating cash flow. DaVita has increased its net cash provided by operating activities from $705 million in the twelve months ended June 30, 2009 to $1,180 million for the twelve months ended June 30, 2012, representing a CAGR of 19%. In addition, DaVita s centers require limited and predictable maintenance capital expenditures once they are operational, resulting in strong and stable free cash flow generation, which allows DaVita to fund its growth-related investments and reduce indebtedness. DaVita s maintenance capital expenditures have ranged from $104 $259 million, or approximately 2% 4% of consolidated net operating revenues, between the twelve months ended June 30, 2009 and the twelve months ended June 30, 2012. DaVita has increased its free cash flow from $527 million in the twelve months ended June 30, 2009 to $817 million for the twelve months ended June 30, 2012, representing a CAGR of 16%. For an explanation of free cash flow and a reconciliation to operating cash flow, see DaVita Summary Historical Financial and Operating Data beginning on page S-30.

Comprehensive compliance program. DaVita s dialysis operations are subject to extensive federal, state and local government regulations. Management has designed and implemented a company-wide, corporate compliance program as part of DaVita s commitment to comply fully with all applicable laws and regulations and to maintain the high standards of conduct DaVita expects from all of its employees, whom DaVita refers to as its teammates. To increase awareness of the necessity of complying with all applicable laws and regulations, DaVita has developed ongoing training programs for its teammates through its in-house training program, DaVita University. In addition, DaVita has well-established guidelines around physician roles and responsibilities and requires that its physicians attest to their adherence to these guidelines on a periodic basis. DaVita s compliance programs are overseen by the Chief Compliance Officer who reports directly to the Chief Executive Officer and to the Compliance Committee of the Board of Directors.

Experienced management team. DaVita s management team has extensive experience and expertise in the dialysis industry with an average of 15 years of industry experience. Under management s guidance, DaVita has enjoyed consistent improvements in clinical outcomes, improving contract negotiation results with managed care payors, strong organic growth and successful acquisition and denovo growth. DaVita s consolidated net operating revenues, Adjusted EBITDA and number of U.S. centers in operation grew from $1.3 billion, $188 million and 572, respectively, in 1999 when DaVita s current Chief Executive Officer, Kent Thiry, joined DaVita as CEO, to $7.4 billion, $1.6 billion and 1,884, respectively, as of and for the twelve months ended June 30, 2012.

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DaVita s Strategy

DaVita plans to continue to grow its business and improve its financial performance by implementing its business strategy, the key elements of which are:

Continuous improvement in patient care. DaVita believes its reputation for providing quality patient care is a key factor in attracting patients and qualified medical directors as well as in maintaining and building relationships with referring physicians and managed care and government payors. DaVita strives to deliver best-in-class clinical outcomes as well as increase patient involvement in their care. For example, DaVita s At Home Initiative is committed to leading the introduction and promotion of effective home hemodialysis and peritoneal dialysis solutions for healthier, more independent dialysis patients who prefer to dialyze at home. Moreover, DaVita is committed to continuous improvement in its medical and clinical processes through quality management programs to monitor and enhance the level of services it delivers. Through these quality management programs supervised by the Office of the Chief Medical Officer and the Directors of Clinical Services, DaVita continuously works to promote its high standards of patient care. These efforts include further development and implementation of patient care policies and procedures, clinical education and training programs, clinical guidelines and protocols and audits of the quality of services rendered at each of DaVita s centers. Although it is difficult to reliably measure clinical performance across the dialysis industry, DaVita believes its clinical outcomes compare favorably with other dialysis providers in the U.S.

Developing and maintaining strong relationships with physicians. DaVita continuously seeks to develop relationships with nephrologists. DaVita believes that collaborating with these physicians leads to enhanced quality of care, patient satisfaction and physician satisfaction. DaVita intends to sustain and strengthen its physician relationships by emphasizing DaVita s high quality of care and state-of-the-art centers, expanding its broad array of services and technologies, developing and offering quality training programs and continuing to involve DaVita s physicians in establishing clinical guidelines and protocols.

Expansion of operations. DaVita intends to continue to expand its operations by building out its existing centers, as well as developing and/or acquiring new centers both domestically and internationally. DaVita will continue to evaluate acquisition and denovo opportunities that it identifies as complementary to its existing base of operations or as compelling for new geographic expansion. DaVita believes that its enhanced geographic presence makes it a more attractive partner for national managed care payors.

Integrated kidney care. DaVita maintains an integrated approach to managing the overall health of kidney disease patients through the development and administration of DaVita s ancillary service offerings, including DaVita Rx, Lifeline and VillageHealth. DaVita Rx, DaVita s pharmacy services offering, provides oral medications to DaVita s ESRD patients with the main objectives of (i) providing patients a convenient way to fill their prescription needs by delivering the prescriptions to the center where they are treated and (ii) improving clinical outcomes by facilitating increased patient compliance. Lifeline, DaVita s vascular access services offering, provides management and administrative services to physician-owned vascular access clinics that provide surgical and interventional radiology services for dialysis patients. VillageHealth, DaVita s disease management services offering, provides advanced care management services to health plans and government agencies for employees/members diagnosed with ESRD.

Effective teammate retention and satisfaction. DaVita s dialysis business requires nurses and other teammates with specialized training for treating patients with complex care needs. Recruitment and retention of nurses are continuing concerns for health care providers due to short supply. DaVita has an active program of investing in its teammates. As a result of these efforts DaVita s teammate turnover has improved from 25% to 18% for the quarter ended June 30, 2012 compared to the quarter ended December 31, 2007. This has been a major contributor to DaVita s improving productivity and effective cost control. To meet DaVita s recruitment and retention targets, DaVita offers its teammates expanded training opportunities, tuition reimbursements and other incentives.

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HCP

HCP s Business

HCP is a patient- and physician-focused, integrated health care delivery and management company with nearly three decades of providing coordinated, outcomes-based medical care in a cost-effective manner. Through capitation contracts with some of the nation s leading health plans, as of June 30, 2012, HCP had approximately 669,400 current members under its care in southern California, central and south Florida and southern Nevada. Of these, approximately 190,700 individuals were patients enrolled in Medicare Advantage. The remaining approximately 478,700 individuals were managed care members whose health coverage is provided through their employer or who have individually acquired health coverage directly from a health plan or as a result of their eligibility for Medicaid benefits. In addition, during 2011, HCP provided care to over 412,000 fee-for-service patients.

The patients of HCP s affiliated physicians, physician groups and IPAs benefit from an integrated approach to medical care that places the physician at the center of patient care. As of June 30, 2012, HCP delivered services to its members via a network of over 1,800 affiliated group and other network primary care physicians, 139 network hospitals, and several thousand affiliated group and network specialists. Together with hundreds of case managers, registered nurses and other care coordinators, these medical professionals utilize a comprehensive data analysis engine, sophisticated risk management techniques and clinical protocols to provide high-quality, cost effective care to HCP s members.

Approximately 94% of HCP s revenues are derived from multi-year capitation contracts with health plans. Under these contracts, HCP s health plan customers delegate full responsibility for member care to physicians and health care facilities that are part of HCP s network. In return, HCP receives a per-member per-month, or PMPM, fee for each HCP member. As a result, HCP has financial and clinical accountability for a population of members. In California, HCP does not assume direct financial risk for institutional (hospital) services, but is responsible for managing the care dollars associated with both the professional (physician) and institutional services being provided for the PMPM fee attributable to both professional and institutional services. In those cases and as a result of its managed care-related administrative services agreements with hospitals, HCP recognizes the surplus of institutional revenues less institutional expense as HCP revenues. In addition to revenues recognized for financial reporting purposes, HCP measures its total care dollars under management which includes the PMPM fee payable to third parties for institutional (hospital) services where HCP manages the care provided to its members by hospitals and other institutional providers, which fees are not included in GAAP revenues. For the twelve months ended June 30, 2012, HCP s total consolidated operating revenues were $2.6 billion, total care dollars under management were $3.4 billion, net income was $450 million and Adjusted EBITDA was $561 million. Total care dollars under management and Adjusted EBITDA are non-GAAP measures. For a description of how HCP calculates total care dollars under management and Adjusted EBITDA and a reconciliation to revenues and net income, respectively, see HCP Summary Historical Financial and Operating Data beginning on page S-33.

We believe that HCP is well positioned to profitably leverage marketplace demands for greater provider accountability, measurable quality results and cost effective medical care. We believe that HCP s business model is likely to continue to be an attractive alternative for health plans looking for high quality, cost effective delivery systems, physicians seeking an attractive practice environment and patients interested in a highly integrated approach to managing their medical care. Additionally, we believe that the scale of HCP s business allows it to spread capitation risk over a large population of members, invest in comprehensive analytic and health care information tools as well as clinical and quality measurement infrastructure, and recognize administrative and operating efficiencies. For these reasons, we believe that HCP offers patients, physicians and health plans a proven platform for addressing many of the most pressing challenges facing the U.S. health care system, including rising medical costs.

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HCP Industry Overview

U.S. healthcare spending has increased steadily over the past twenty years. These increases have been driven, in part, by the aging population of the baby boomer generation, lack of healthy lifestyle both in terms of exercise and diet, rapidly increasing costs in medical technology and pharmaceutical research, and provider reimbursement structures that may promote volume over quality in a fee-for-service environment. These factors, as well as the steady growth of the U.S. population, have made the healthcare industry a growing market. In 2009, CMS reported that health care accounted for 17.3% of the U.S. economy. According to CMS the increase in health spending, from $2.3 trillion in 2008 to $2.5 trillion in 2009, was the largest one-year jump since 1960. Comprising an estimated 14% of the federal budget and more than one-fifth of total national health expenditures in 2010, Medicare is frequently the focus of discussions on how to moderate the growth of both federal spending and health care spending in the U.S.

Growth in Medicare spending is expected to continue due to demographics. According to the U.S. Census Bureau from 1970 through 2011, the overall U.S. population is expected to have grown 52% while the number of Medicare enrollees will have grown approximately 130% over that time period. As an increasing number of the baby boomers become eligible for Medicare, the senior market is expected to grow to 79 million by 2030, more than double the number in 2000. UnitedHealth estimates that over the next decade 10,000 people per day will become newly eligible for Medicare. This translates into a Medicare population that makes up more than 20% of the total U.S. population by the year 2025, compared to less than 15% currently.

Medicare Advantage is an alternative to the traditional fee-for-service Medicare program, which permits Medicare beneficiaries to receive benefits from a managed care health plan. Medicare Advantage plans contract with CMS to provide benefits at least comparable to those offered under the traditional fee-for-service Medicare program in exchange for a fixed monthly premium payment per member from CMS. The monthly premium varies based on the county in which the member resides, as adjusted to reflect the plan members demographics and the members risk scores. Individuals who elect to participate in the Medicare Advantage program typically receive greater benefits than traditional fee-for-service Medicare Part B beneficiaries, including additional preventive services, vision, dental and prescription drug benefits, and typically have lower deductibles and co-payments than traditional fee-for-service Medicare.

Managed care health plans were developed, primarily during the 1980s, in an attempt to mitigate the rising cost of providing healthcare benefits to populations covered by traditional health insurance. These managed care health plans enroll members through their employers, under federal Medicare benefits or through state Medicaid programs. As a result of the prevalence of these health plans, many seniors now becoming eligible for Medicare have been interacting with managed care companies through their employers for the last 30 years. Individuals turning 65 now are likely to be far more familiar with the managed care setting than previous Medicare populations. According to the Kaiser Family Foundation, in 2012, Medicare Advantage represents only 27% of total Medicare members, creating a significant opportunity for additional Medicare Advantage penetration of newly eligible seniors.

In an effort to reduce the number of uninsured and to begin to control healthcare expenditures, President Obama signed the Medicare and Medicaid regulations and the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, or the Health Reform Acts, into law in March 2010, which were affirmed, in substantial part, by the U.S. Supreme Court in June 2012. The Health Reform Acts provide for a reduction of up to 32 million uninsured by 2019, while potentially increasing Medicaid coverage by up to 16 million and net commercial coverage by 16 million. CMS projects that the total number of uninsured Americans will fall to 24 million in 2019 from 52 million in 2011. These previously uninsured Americans and potentially newly eligible Medicaid beneficiaries represent a significant new market opportunity for health plans. We believe that health plans looking to cover these newly eligible individuals under fixed premium arrangements will seek provider arrangements that can effectively manage the cost and quality of the care being provided to these newly eligible individuals.

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In 2006, Medicare began to pay Medicare Advantage health plans under a bidding process. Plans bid against county-level benchmarks established by Medicare based on the prior year s Medicare Advantage county payment rate and increased by the projected national growth rate in per capita Medicare spending. Those payment rates were at least as high as per capita fee-for-service Medicare spending in each county and often substantially higher because Congress set floors to raise the lowest rates to stimulate plan growth in areas where plans historically had not found it profitable to enter. If a plan s bid is higher than the benchmark, enrollees pay the difference in the form of a monthly premium. If the bid is lower than the benchmark, the Medicare program retains 25% of the difference as savings and the plan receives 75% as a rebate, which must be returned to enrollees in the form of additional benefits or reduced premiums. Plan payments are also adjusted based on enrollees risk profiles. The formula for base payment is a combination of the base rate for the enrollee s county of residence, multiplied by the enrollee s risk score.

One of the primary ways in which the Healthcare Reform Acts will fund increased health insurance coverage is through cuts in Medicare Advantage reimbursement. County benchmarks are transitioning to a system in which each county s benchmark in 2017 will be a certain percentage (ranging from 95% to 115%) of fee-for-service. Medicare Payment Advisory Commission, or MedPAC, estimated that 2012 Medicare Advantage benchmarks, bids, and payments will average 112%, 98%, and 107% of fee-for-service spending, respectively. As a result, plans on average would have to bid 36% lower than fee-for-service or 43% lower than the Medicare Advantage benchmark for CMS to begin to save money on Medicare Advantage. As result of the transition of county benchmarks to 95% to 115% of fee-for-service, Medicare Advantage benchmarks on average are expected to be reduced to parity with fee-for-service as compared to 112% of fee for-service today. Given that CMS will retain 25% of the difference of any plans bid below benchmark, the overall Medicare Advantage program should realize savings as compared to fee-for-service in 2017, which would result in lower payments to Medicare Advantage plans and to HCP.

Many health plans recognize both the opportunity for growth from senior members as well as the potential risks and costs associated with managing additional senior members. In California, Florida, Nevada and numerous other markets, many health plans subcontract a significant portion of the responsibility for managing patient care to integrated medical systems such as HCP. These integrated health care systems, whether medical groups or IPAs, offer a comprehensive medical delivery system and sophisticated care management know-how and infrastructure to more efficiently provide for the health care needs of the population enrolled with that health plan. While reimbursement models for these arrangements vary around the country, health plans in California, Florida and Nevada often prospectively pay the integrated health care system a fixed PMPM amount, or capitation payment, which is often based on a percentage of the amount received by the health plan. The capitation payment is for much and sometimes virtually all of the care needs of the applicable membership. Capitation payments to integrated health care systems, in the aggregate, represent a prospective budget from which the system manages care-related expenses on behalf of the population enrolled with that system. To the extent that these systems manage care-related expenses under the capitated levels, the system realizes an operating profit. On the other hand, if care-related expenses exceed projected levels, the system will realize an operating deficit. Since premiums paid represent a significant amount per person, there is a significant revenue opportunity for an integrated medical system like HCP that is able to effectively manage its costs under a capitated arrangement. This is particularly the case for Medicare Advantage members for which revenue to a system can be substantial given the higher expected morbidity and cost associated with a Medicare Advantage member.

Integrated medical systems, such as HCP, that have scale are positioned to spread an individual member s cost experience across a wider population and realize the benefits of pooling medical risk among large numbers. In addition, integrated medical systems with years of managed care experience can utilize their sizeable medical claims data to identify specific medical care and quality management strategies and interventions for potential high cost cases and aggressively manage them to improve the health of its population base and, thus, lower cost.

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Many integrated medical systems, like HCP, have also established physician performance metrics that allow them to monitor quality and service outcomes achieved by participating physicians in order to reward efficient, high quality care delivered to members and initiate improvement efforts for physicians whose results can be enhanced.

HCP s Competitive Strengths

We believe that HCP distinguishes itself through its ability to demonstrably improve medical outcomes and patient satisfaction while effectively managing costs. HCP achieves this result through the following key strengths:

Clinically based utilization management models. HCP s clinical leadership and affiliated group and network physicians devote significant efforts to ensuring that HCP s members receive the most appropriate care in the most appropriate setting. HCP believes this results in significant differences compared to a typical unmanaged patient population. For example, during fiscal 2010, HCP s inpatient acute bed days in California were 864 days per 1,000 members for its Medicare Advantage members, as compared to an average of 1,706 days per 1,000 patients for Medicare s fee-for-service program during the same period. Similarly, HCP s 30 day all cause hospital re-admission rate in California during fiscal 2010 was 14%, which HCP believes was lower than the Medicare fee-for-service benchmark. HCP has achieved similarly favorable outcomes in Nevada and Florida when compared to benchmarks.

Service commitment. HCP is committed to maximizing its patients satisfaction levels with HCP and their physicians. HCP regularly conducts comprehensive satisfaction surveys of its members and actively monitors survey results at the individual physician level. In its most recent survey conducted during the second quarter of 2012, 91.6% of patients surveyed gave their HCP physician top satisfaction scores. We believe that HCP s high rates of patient satisfaction lead to greater member retention. Because of the number of HCP commercial health plan customers, if an employer changes health plans, members can often move to another plan and still retain their participation with HCP. HCP believes the longevity of the patient-physician relationship provides it with additional leverage with the health plans and helps to ensure the stability of the relationship between the health plans and HCP.

Long standing relationships with health plans. We believe that HCP s scale, combined with its strong reputation and high quality patient care, makes it an attractive partner for health plans compared to smaller provider groups that may have a higher risk of default and may not have the same resources to devote to integrated care techniques. We believe that HCP is a leader in managing global capitation arrangements by assuming both professional (physician) and institutional (hospital) risk and has the critical mass necessary to diversify these risks across a large membership base. HCP s scale and resources enable it to invest in continuous innovation to improve the clinical outcomes of its members. We believe that health plans in the regions in which it operates appreciate HCP s ability to manage global risk because these arrangements eliminate the volatility of medical costs, the largest cost component for health plans. HCP, or its predecessor companies, have longstanding relationships with its health plan customers, with these relationships having an average tenure of approximately 20 years. For example, HCP has had a relationship spanning approximately 28 years with UnitedHealthcare, one of HCP s largest customers. HCP also provides care to a significant portion of Humana s Medicare Advantage membership in the central Florida region. HCP is not aware of any health plan customer that has not renewed its contract with HCP.

Proprietary database of long-tenured patient data. HCP has nearly three decades of experience in managing complex disease cases for its population of patients. As a result, HCP has developed a rich

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dataset of patient care experiences and outcomes which permits HCP to proactively monitor and intervene in improving the care of its members. HCP uses this proprietary database to:

- identify patients with high-cost or high-utilization disease categories;
- provide direct feedback to their physicians and other care-givers with point of care reminders and other notifications of patient s needs;
- reduce variation in practice patterns, provide immediate feedback to physicians and improve the overall quality of care;
- benchmark HCP s performance across its organization and against published metrics to establish a best practices approach to health care; and
- accurately model historical utilization and cost patterns and, from that, seek to project future patterns, allowing HCP to better assess risk and negotiate health plan contracts.

Experienced management team. HCP s senior management team possesses substantial experience within the healthcare industry, with average experience of nearly 35 years. The management team has overseen significant growth in its business and demonstrated the ability to produce strong financial performance. HCP s senior management team is expected to continue with HCP after the Merger.

Strong financial performance. Consistent revenue and EBITDA growth over the prior 14 years, coupled with negative working capital and low maintenance capital expenditures over this period of less than one percent of revenue, have enabled HCP to achieve attractive historical cash flows. In the twelve months ended June 30, 2012, HCP generated cash flows from operating activities of $512 million. HCP s ability to generate strong and consistent cash flow from operations has enabled it to invest in its operations and pursue attractive growth opportunities.

Scalable and portable business model. We believe that HCP s strong clinical outcomes, reputation with health plans and health care providers and its ability to successfully manage complex regulatory, reimbursement, clinical and operating environments associated with practicing medicine are key reasons that medical groups and IPAs are interested in joining HCP s network. HCP has the capacity to extend its network and systems to encompass additional medical groups and IPAs with only limited incremental capital expenditures.

HCP s Strategy

HCP intends to continue to increase its membership, and generate incremental revenue and earnings opportunities in existing and new markets. HCP expects to accomplish this through pursuing the following activities:

Continue to Provide High Quality Care to Patients While Minimizing Costs. HCP intends to continue to improve quality care and strong medical outcomes for its patients while managing health care costs and minimizing the level of unnecessary care by investing in the following programs and initiatives:

Integrated care teams. HCP has re-engineered the patient care process to enhance the patient care experience through the use of integrated care teams. These include care teams of physicians, nurses and medical assistants who have direct contact with and deep personal knowledge of a panel of assigned patients. Patients have direct phone and/or email access to these teams for appointments and information flow. Teams are supported by a multi-disciplined support center, 24 hours a day, seven days per week, that handles customer service issues, claims and benefit questions as well as medical questions and the triaging of medical conditions to the appropriate resource after office hours.

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Disease management programs. HCP proactively manages its patients with specific disease conditions, including chronic obstructive pulmonary disease, chronic kidney disease, ESRD and diabetes, among others, through a combination of direct clinical intervention and treatment, and patient education. These programs are designed to reduce the escalation of the severity of the medical conditions, thereby reducing hospital admissions and medical claims costs, as well as improving the overall quality of life for patients with these conditions.

Hospitalists. HCP utilizes hospitalists in all of its markets to more efficiently use HCP s primary care physicians and to provide more individualized and focused attention for hospitalized patients. These specifically trained physicians monitor and manage on a 24 hours a day, seven days per week basis all aspects of care during a patient s hospital stay, in many cases on-site at the hospital. We believe this results in more efficient, and generally shorter hospital stays, as well as reduced levels of readmissions.

Comprehensive care centers. HCP offers comprehensive care centers that are typically located within existing medical clinics and practice locations. These comprehensive care centers provide customized interventions for high-risk patients with multiple chronic diseases. These comprehensive services are designed to prevent these chronic disease conditions from becoming more severe.

Home care program. The most ill, highest risk patient population typically accounts for a disproportionate level of hospitalizations and emergency room visits. HCP s home care program brings personalized care to its most frail and ill patients in their home. This program is designed to reduce inpatient acute admissions and emergency room visits for the patients under HCP s care.

Same or next day access. Most physicians who depend on fee-for-service reimbursement have fully booked schedules so that when a patient calls with symptoms that are troublesome, but not life-threatening, the patient may be told to go to the emergency room, an extremely high cost and inefficient setting for delivery of care. To mitigate this problem, HCP keeps open a significant block of its physicians schedules for same or next day access. This allows patients with non life-threatening problems to be seen in a physician s office on the same or next day after they call. We believe this program not only improves the quality of care, but also enhances patient satisfaction and retention.

Urgent care centers. HCP owns and operates freestanding urgent care centers to provide access for patients who require immediate care. These centers create a more appropriate clinical alternative to emergency room visits, which are typically expensive and may lead to unnecessary inpatient admissions.

Organically Grow by Adding Physicians, Physician Groups and IPAs in Existing and Adjacent Markets. Consistent with HCP s historical growth model, HCP plans to continue to organically grow its network in and adjacent to its existing markets by adding physicians, physician groups and IPAs, particularly those with strong senior enrollment and an acceptance of integrated care management and evidence-based medicine techniques. We believe that HCP s strong relationships with many leading health plans, extensive provider networks, and reputation for providing quality care, make it an attractive partner for a wide range of physician groups and IPAs. We believe that there are many of these physician groups and IPAs in its existing and adjacent markets that have experience in managed care. As such, HCP believes that the growth opportunity from organically adding physician groups and IPAs is significant in its primary and adjacent markets.

Opportunistically Expand into New Markets. HCP intends to continue to expand its business model into new markets in a disciplined and opportunistic manner. HCP has acquired or has become affiliated with a number of medical groups, IPAs and physician practices in the past and is currently reviewing a number of acquisitions and affiliation candidates of various sizes both within and outside its existing geographic markets. If a significant portion of the opportunities currently being reviewed were consummated, HCP could be required to raise up to $1 billion in additional financing.

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Pursue New Product Offerings. HCP also intends to pursue new product offerings. In HCP s existing markets, HCP intends to contract with health plans that undertake to manage the care of members who are dually eligible for both Medicare and Medicaid benefits, and who are currently receiving care through a traditional fee-for-service model. Health plans receive a higher premium from CMS for dual-eligible patients under a Medicare Advantage program, as these patients typically have higher medical costs. For example, these patients experience 80% higher medical costs than the average Medicare patient and have a 47% higher rate of diabetes; over half of these patients are under treatment for five or more chronic conditions. As a result of CMS authorized demonstration projects, several states are exploring enrolling these dual-eligible patients in managed care plans, and California announced an intention to launch a demonstration project in 2013. Given the high level of chronic disease states among this population and the higher associated costs, HCP believes there is a sizeable new revenue opportunity to apply its integrated care management model to serving dual-eligible patients. In addition, HCP has been selected by CMS Innovation Center to be among the 32 Pioneer Accountable Care Organizations, or Pioneer ACO, in each of HCP s three markets. HCP is the only such Pioneer ACO in more than one state. Pioneer ACOs contract with CMS on a direct basis, not through health plans, to manage the care of Medicare fee-for-service patients attributable to these organizations. The Pioneer ACO program presents an opportunity for HCP to bring the benefit of its integrated care programs to a fee-for-service patient population. Because Medicare fee-for-service is not part of HCP s health plan customers business, this new product offering will not compete with HCP s customers.

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The Merger

Rationale for the Merger

DaVita believes that the Merger with HCP can open a large new market for DaVita the integrated healthcare services market that HCP serves offering considerable growth opportunities beyond domestic dialysis. The combination offers the potential to create an industry leading company that may be well positioned to capitalize on anticipated trends in U.S. healthcare, including growth in managed healthcare services, especially to the Medicare-eligible population.

As a significant participant in healthcare delivery with a proven track record, HCP is a recognized leader in its field and should allow DaVita to significantly expand the range of services it provides with only limited additional operational resources required. HCP s industry leadership provides it substantial credibility with governmental entities, physician groups, large hospital systems and payors across the U.S.

There are many similarities in the values and cultures of DaVita and HCP, including a strong common culture of putting the patient first. In the case of HCP, this is demonstrated by its commitment to and the success of its integrated care model, which has had high quality clinical outcomes and has been able to effectively manage its costs under capitated arrangements. DaVita believes that HCP s business model is in the right place to capitalize on long-term trends in healthcare in the U.S. the need to more effectively manage the cost of providing healthcare services, especially to the Medicare-eligible population, while continuing to deliver high quality care. In addition, DaVita believes that HCP s experience may be able to help DaVita achieve attractive reimbursement for globally capitated kidney care.

Merger Agreement

On May 20, 2012, we entered into a merger agreement, or Merger Agreement, providing for our acquisition of HCP pursuant to the Merger of a newly formed wholly owned subsidiary of DaVita into HCP. Under the Merger Agreement, HCP will be the surviving entity in the Merger and will become a wholly owned subsidiary of DaVita. Following the Merger, DaVita will be renamed DaVita HealthCare Partners Inc.

If the Merger is completed, the total merger consideration to be paid to the holders of HCP common units and vested and unvested options to purchase HCP common units, or the HCP options, is an aggregate of $3.6 billion in cash and approximately 9.4 million shares of DaVita common stock, subject to certain adjustments.

In addition to the merger consideration payable at the closing of the Merger and amounts that may be released over time from the escrow accounts as further described below in Merger Agreement Escrows , HCP members and holders of HCP options may receive up to $275.0 million of additional cash consideration in the form of two separate earn-out payments of $137.5 million in cash that are based on the financial performance of HCP and the achievement of certain financial targets for fiscal years 2012 and 2013.

The completion of the Merger is subject to various customary conditions, including, among others, (i) obtaining the approval of HCP s members, (ii) subject to certain materiality exceptions, the accuracy of the representations and warranties made by DaVita and HCP, respectively, and compliance by DaVita and HCP with their respective obligations under the Merger Agreement, and (iii) declaration of the effectiveness by the Securities and Exchange Commission of the registration statement on Form S-4 filed by DaVita regarding the shares of DaVita common stock to be issued in the Merger.

The Merger must be approved by a vote of the majority of the HCP members. The board of managers of HCP made a recommendation to the HCP members to approve the principal terms of the Merger and the Merger

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Agreement and the holders of approximately 74% of the outstanding HCP common units has entered into a voting agreement with DaVita pursuant to which it has agreed to vote in favor of the principal terms of the Merger and the Merger Agreement. Accordingly, pursuant to such voting agreement the HCP member approval is assured.

The Merger Agreement contains certain termination rights for each of DaVita and HCP and provides that DaVita is required to pay HCP a $125.0 million termination fee in the event that the Merger Agreement is terminated under certain circumstances. Specifically, in the event that DaVita cannot obtain the financing required for the Merger, each party to the Merger generally has the right to terminate the Merger Agreement and HCP may be entitled to the termination fee.

The Merger Agreement provides that at the closing the DaVita board of directors will be increased in size by one member, and Dr. Robert Margolis, Chairman and Chief Executive Officer of HCP, will be appointed to fill the newly created directorship as Co-Chairman . In addition, for a minimum period of four consecutive annual meetings of stockholders of DaVita, Dr. Margolis will hold the office of Co-Chairman until the expiration of his term of office or until his successor is duly elected and qualified, subject to his earlier death, resignation, disqualification, or removal in accordance with DaVita s bylaws and/or applicable law.

Merger Agreement Escrows

Approximately $575 million of the closing merger consideration will be withheld from payment and contributed to escrow accounts that support a potential working capital adjustment, certain indemnification obligations, certain contingent payments, and certain costs and expenses that may be incurred by the HCP member representative designated in the Merger Agreement. Beginning on the second anniversary of the closing, funds in escrow, to the extent not previously released or reserved for certain indemnity claims, will be released on various dates, with the final release to occur on or about October 15, 2017.

Employment Agreements

Concurrently with the execution of the Merger Agreement, each of Dr. Margolis, Mr. Mazdyasni, Dr. Chin, Dr. Thomas Paulsen, Executive Medical Director, California of HCP, Zan Calhoun, Chief Operating Officer of HCP, and Lorie Glisson, Chief Executive Officer JSA Healthcare, entered into an employment agreement with HCP and DaVita that will become effective upon the consummation of the Merger.

Financing of the Merger

We expect to finance the cash portion of the Merger consideration through the net proceeds of the notes offered hereby and additional borrowings under our senior secured credit facilities, which senior secured credit agreement is expected to be amended to permit or facilitate, among other things, the additional borrowings under the senior secured credit facilities, the Merger and this note offering. There is no financing condition to the Merger; however, DaVita must use its reasonable best efforts to arrange and obtain the financing required to consummate the Merger.

We currently intend to enter into an amendment to our senior secured credit facilities to provide for additional borrowings in an aggregate principal amount of $3,000 million, comprised of:

- a new five year Term Loan A-3 facility in an aggregate principal amount of $1,350 million, and
- a new seven year Term Loan B-2 facility in an aggregate principal amount of $1,650 million.

The proceeds from these additional borrowings will be used to finance a portion of the cash portion of the Merger consideration, to repay approximately $198 million of our Term Loan A-2 outstanding under our existing senior secured credit agreement, to repay the net amount of HCP indebtedness as a result of the Merger pay related fees and expenses and general corporate purposes.

We intend to borrow all $3,000 million of the term loans and issue $1,250 million of the notes offered hereby. Based upon the proceeds of the notes and secured debt expected to be available to the Company, after giving pro forma effect to the Financing and the Merger as if they had occurred on June 30, 2012, we do not anticipate borrowing any amounts under our revolving credit facility.

The terms and conditions of the amended senior secured credit facilities have not been finalized and are subject to change. We may not finalize the terms until prior to the consummation of the Merger, but after the issuance of the notes offered hereby.

We expect that our amended senior secured credit facilities will be guaranteed by a substantial portion of our direct or indirect wholly owned domestic subsidiaries and will be secured by substantially all of our and our subsidiary guarantors assets. In particular, these facilities will be secured by first priority pledges of 100% of the equity interests owned by us and the subsidiary guarantors in our direct domestic subsidiaries and 65% of the equity interests of our and the subsidiary guarantors direct foreign subsidiaries, if any.

We expect that our amended senior credit facilities will contain limits and restrictions on certain of our business activities. In addition, we expect that the amended senior secured credit facilities will require compliance on a quarterly basis with certain financial covenants.

As a result of the borrowings that we will incur to finance the Merger, the aggregate amount of our indebtedness and annual debt expense will increase substantially following the Merger. See Risk Factors, Capitalization and DaVita Inc. and HealthCare Partners Holdings, LLC Unaudited Pro Forma Condensed Consolidated Financial Statements.

Sources and Uses

We estimate the net proceeds from this offering, after deducting the underwriting discount and other estimated expenses payable by us, will be approximately $1,229 million and will be deposited into an escrow account upon the closing of this offering. Funds held in escrow will be released upon the consummation of the Merger and satisfaction of customary conditions, and we intend to use the escrowed proceeds from this offering, together with proceeds from our anticipated amended senior secured credit facilities, to finance the aggregate cash consideration for the Merger and pay related fees and expenses. The following table illustrates the expected sources and uses of funds from the Financing. No assurances can be given that the information in the following table will not change depending on the nature of our financing arrangements and/or whether the Merger will be consummated in accordance with the anticipated timing or at all. See Risk Factors Risks Relating to the Merger.

Sources of Funds (in millions)	
Amended senior secured credit facilities[(1)]	$ 3,000
Notes offered hereby	1,250
Equity consideration[(2)]	907
Total sources	$ 5,157

Uses of Funds (in millions)	
Cash portion of purchase price[(3)]	$ 3,592
Equity portion of purchase price[(2)]	907
Repayment of Term Loan A-2	198
Repayment of HCP s existing debt[(4)]	187
Cash to balance sheet	179
Estimated fees and expenses	94
Total uses	$ 5,157

(1) Assumes that such amounts are obtained through the issuance of additional term loans under the amended senior secured credit facilities. The terms of the amended senior secured credit facilities have not yet been finalized and are subject to change.

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(2) Based upon the issuance of 9,380,312 shares of Davita Inc. common stock valued at the closing market price on August 10, 2012 as reported by the New York Stock Exchange, or NYSE.

(3) The cash portion of the purchase price for HCP consists of $3.66 billion in cash less an estimated negative working capital adjustment of $68 million.

(4) Represents HCP s debt to be repaid at the closing of the Merger (based upon HCP s existing debt net of available cash, in each case as of June 30, 2012).

Combined Company Condensed Organizational Chart

The following condensed organizational chart shows our corporate structure after giving effect to the Merger. It does not show our actual corporate structure and is intended solely to illustrate the general ownership structure after the acquisition of HCP, including the subsidiaries and affiliates that serve as guarantors and non-guarantors of the notes.

(1) Following the Merger, DaVita will be renamed DaVita HealthCare Partners Inc.
(2) Non-owned, non-subsidiary, non-guarantor affiliates included in HCP consolidated financial statements and subject to management agreements.

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THE OFFERING

The summary below describes some of the terms of the notes and the related indenture and escrow agreement. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the notes and the related indenture and escrow agreement, see the section entitled Description of Notes. As used in this section, references to the we, us, our, DaVita and Company mean DaVita Inc. and not any of its subsidiaries, unless otherwise expressly stated or the contex otherwise requires.

Issuer	DaVita Inc.
Notes Offered	$1,250,000,000 aggregate principal amount of 5.750% Senior Notes due 2022.
Maturity Date	The notes will mature on August 15, 2022.
Interest	The notes will bear interest at a rate of 5.750% per year. Interest will accrue from August 28, 2012.
Interest Payment Dates	February 15 and August 15 of each year, commencing February 15, 2013.
Guarantees	Except as described below under Escrow of Proceeds; Special Mandatory Redemption , the notes initially will be guaranteed by each of our domestic restricted subsidiaries that guarantee our senior secured credit facilities. Upon consummation of the Merger, HCP and each of its subsidiaries that guarantee our senior secured credit facilities will also guarantee the notes.
Ranking	Except as described under Description of Notes Escrow of proceeds; release conditions, the notes will be unsecured senior obligations of the Company and will rank senior in right of payment to all of the Company s existing and future unsecured debt, if any, that is expressly subordinated in right of payment to the notes. The notes will rank equally in right of payment with all of the Company s existing and future unsecured senior debt, will be effectively subordinated to all of the Company s existing and future secured debt (including its senior secured credit facilities) to the extent of the value of the collateral securing such debt and will be structurally subordinated to all existing and future liabilities of the Company s subsidiaries that do not guarantee the notes.
	The guarantees will be unsecured senior obligations of the guarantors and will rank senior in right of payment to all their existing and future unsecured debt, if any, that is expressly subordinated in right of payment to the guarantees. The guarantees will rank equally in right of payment with all of the guarantors existing and future unsecured senior debt, will be effectively subordinated to all of the guarantors existing and future secured debt (including their guarantees of our senior secured credit facilities) to the extent of the value of the collateral securing such debt and will be structurally subordinated to all existing and future liabilities of any of the guarantors subsidiaries that do not guarantee the notes.

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As of June 30, 2012, after giving pro forma effect to the Financings and the Merger as if they had occurred on that date, the Company and the guarantors would have had total secured debt of approximately $5,650 million and approximately $284 million of additional secured debt available to be borrowed under our amended senior secured credit facilities (after giving effect to outstanding letters of credit of approximately $66 million), and the notes and the guarantees would have been structurally subordinated to $510 million of liabilities, including $64 million of indebtedness and the rest being primarily trade payables, of non-guarantor subsidiaries.

HCP provides services to certain affiliated physician groups that are not owned by HCP, will not constitute Subsidiaries (as defined in the indenture governing the notes) and will not guarantee the notes, even though the accounts of these groups are consolidated with the financial statements of HCP and would be consolidated with the financial statements of the Company following the Merger. Pursuant to management agreements between HCP and these affiliated physician groups, a substantial portion of the aggregate net revenues of these groups is payable to subsidiaries of HCP and will be payable to entities that will be guarantors of the notes as compensation for management and administrative services under management services agreements. See HCP s Business Government Regulations Corporate Practice of Medicine and Fee Splitting. As of June 30, 2012, after giving pro forma effect to the Financing and the Merger as if they had occurred on that date, our consolidated balance sheet would have included third party liabilities of these affiliated physician groups, in the amount of approximately $305 million and assets of these affiliated physician groups in the amount of approximately $510 million after elimination of intercompany receivables (or approximately 3% of our pro forma consolidated total assets at that date). The pro forma consolidated net operating revenues and Adjusted EBITDA of DaVita for the twelve months ended June 30, 2012, giving effect to the Financing and the Merger as if they had occurred on July 1, 2011, would have been $9,929 million and $2,167 million, respectively. The pro forma consolidated net operating revenues and Adjusted EBITDA of DaVita, excluding HCP s affiliated physician groups and DaVita s existing non-guarantor Subsidiaries, for the twelve months ended June 30, 2012, giving effect to the Financing and the Merger as if they had occurred on July 1, 2011, would have been $6,623 million and $1,744 million, respectively. Substantially all of the difference between pro forma consolidated Adjusted EBITDA of $2,167 million and the pro forma consolidated Adjusted EBITDA excluding HCP s affiliated physician groups and DaVita s existing non-guarantor subsidiaries of $1,744 million for the twelve months ended June 30, 2012 is attributable to the exclusion of the existing non-guarantor subsidiaries of DaVita.

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The consolidated net operating revenues and Adjusted EBITDA of HCP for the twelve months ended June 30, 2012 were $2,564 million and $561 million, respectively. Excluding HCP s affiliated physician groups, but inclusive of the management fees earned by HCP from the affiliated physician groups of $725 million, the net operating revenue and Adjusted EBITDA of HCP for the twelve months ended June 30, 2012 would have been $1,731 million and $557 million, respectively. Excluding the management fees earned by HCP from the affiliated physician groups, HCP net operating revenue for the twelve months ended June 30, 2012 would have been $1,006 million.

Escrow of Proceeds; Special Mandatory Redemption

Upon consummation of the offering of the notes, we will deposit the net proceeds from this offering (after deducting the underwriting discount), together with additional amounts needed to redeem the notes at the redemption price set forth below, into escrow as described in Description of Notes Escrow of proceeds; release conditions.

If the conditions to our merger with HCP and certain other conditions are not satisfied on or prior to the Escrow End Date, or if we notify the escrow agent that we will not pursue consummation of the Merger, the amount deposited in escrow will be applied to redeem all of the notes offered hereby at a special mandatory redemption price equal to 100% of the issue price of the notes plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or duly provided for, as the case may be, to but excluding the special mandatory redemption date. See Description of Notes Special mandatory redemption.

If the conditions to our merger with HCP and certain other conditions are satisfied on or before the Escrow End Date, the amounts deposited in escrow will be released to us and applied to finance a portion of the cash consideration for the Merger. See Use of Proceeds and Description of Notes Escrow of proceeds; release conditions.

Optional Redemption

At any time prior to August 15, 2015, the Company may redeem up to 35% of the notes with the net cash proceeds of certain equity offerings at the redemption price set forth under Description of Notes Optional redemption.

At any time prior to August 15, 2017, the Company may also redeem the notes, in whole or in part, at a make whole redemption price, plus accrued and unpaid interest to the date of redemption, as set forth under Description of Notes Optional redemption.

On and after August 15, 2017, the Company may redeem the notes, in whole or in part, at the redemption prices set forth under Description of Notes Optional redemption .

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Change of Control

If specific kinds of changes of control occur and the Company has not previously exercised its right to redeem all of the outstanding notes as described under Description of Notes Optional redemption or Description of Notes Special mandatory redemption, the Company must offer to purchase the notes at a price equal to 101% of the principal amount thereof plus any accrued and unpaid interest. The amount required to be escrowed by the Company as described above under Escrow of Proceeds; Special Mandatory Redemption is less than the amount required to pay such price in full.

Covenants

The indenture governing the notes, which we refer to as the indenture, will, among other things, restrict our ability and the ability of our restricted subsidiaries (as defined) to:

- incur additional indebtedness and issue certain preferred stock;
- make certain distributions, investments and other restricted payments;
- sell certain assets;
- agree to restrictions on the ability of restricted subsidiaries to make payments to us;
- create certain liens;
- merge, consolidate or sell substantially all of our assets; and
- enter into certain transactions with affiliates.

These covenants are subject to important exceptions and qualifications described under the heading Description of Notes.

Use of Proceeds

Upon consummation of the Merger and satisfaction of certain other conditions, we intend to use the net proceeds from this offering, together with proceeds from our anticipated amended senior secured credit facilities to finance the aggregate cash consideration for the Merger and pay related fees and expenses. Substantially simultaneously with the consummation of the Merger, we intend to use the proceeds from additional borrowings under our amended senior secured credit facilities, to repay approximately $198 million of our Term Loan A-2 outstanding under our existing senior secured credit agreement, to repay the net amount of HCP indebtedness as a result of the Merger, pay related fees and expenses and for general corporate purposes. See Use of Proceeds. If the Merger is not consummated on or prior to the Escrow End Date or the Merger Agreement is terminated at any time prior thereto, we will be required to redeem all of the notes as described under Description of Notes Escrow of proceeds; release conditions and Description of Notes Special mandatory redemption. Pending such uses, the net proceeds may be invested in short-term, investment-grade, interest bearing securities. See Use of Proceeds.

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No Public Market	The notes are a new series of securities for which there is currently no established trading market. The underwriters have advised us that they presently intend to make a market in the notes. However, you should be aware that they are not obligated to make a market and may discontinue their market-making activities at any time without notice. As a result, a liquid market for the notes may not be available if you try to sell your notes. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.
Form	The notes will be represented by registered global notes registered in the name of Cede & Co., the nominee of the depository, The Depository Trust Company, or DTC. Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.
Risk Factors	See Risk Factors beginning on page S-35 of this prospectus supplement for important information regarding us, HCP and an investment in the notes.

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Summary Unaudited Pro Forma Financial and Other Data

The following summary unaudited pro forma condensed consolidated statements of income and balance sheet data were derived from DaVita s unaudited pro forma condensed consolidated financial information included elsewhere in this prospectus. The pro forma other financial data and operating data were derived from historical operating data of each of DaVita and HCP. The unaudited pro forma condensed consolidated statements of income and balance sheet data are based on the audited financial statements for the year ended December 31, 2011 of each of DaVita and HCP and unaudited financial information for the six months ended June 30, 2012 of DaVita and HCP included elsewhere and/or incorporated by reference in this prospectus, and the unaudited financial information for trailing twelve months ended June 30, 2012. The unaudited pro forma condensed consolidated financial information gives effect to the Merger and related borrowings as if each had occurred on January 1, 2011, in the case of income statement data and other financial data derived therefrom, and gives effect to the Merger and related borrowings on June 30, 2012, in the case of balance sheet data and other financial data derived therefrom. The unaudited financial data has been prepared on a basis consistent with DaVita s and HCP s annual audited financial statements. In the opinion of management, such unaudited financial data reflects all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods.

The summary unaudited pro forma condensed consolidated financial information has been derived from estimates and financial data that may change materially between the date of this prospectus supplement and the consummation of the Merger. The summary unaudited pro forma financial information below does not purport to represent what DaVita s results of operations or financial data would actually have been had the Merger and related borrowings in fact occurred on the dates specified, nor does it purport to project our results of operations or financial position for any future period or at any future date. Because the information below is a summary, you should read the following information in conjunction with the other information contained under the captions DaVita Inc. and HealthCare Partners Holdings, LLC Unaudited Pro Forma Condensed Consolidated Financial Statements, DaVita s and HCP s historical financial statements and the accompanying notes thereto, and other financial and statistical data included elsewhere or incorporated by reference in this prospectus. For information regarding the pro forma adjustments in the following summary unaudited pro forma condensed consolidated financial information, see DaVita Inc. and HealthCare Partners Holdings, LLC Unaudited Pro Forma Condensed Consolidated Financial Statements, DaVita Selected Historical Financial and Other Data and HCP Selected Historical Financial and Other Data beginning on page S-84 , page S-88 and page S-90, respectively.

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Unaudited Pro Forma Condensed Consolidated Statement of Income

	Pro forma year ended December 31, 2011	Pro forma six months ended June 30, 2012	Pro forma twelve months ended June 30, 2012
		(dollars in millions)	
Net dialysis patient service revenues, less provision for uncollectable accounts	$ 6,273	$ 3,465	$ 6,745
Integrated care revenue	2,375	1,294	2,511
Other revenues[1]	566	360	673
Net operating revenues	9,214	5,119	9,929
Operating expenses and charges:			
Patient care costs	6,402	3,515	6,802
General and administrative	896	513	993
Depreciation and amortization	425	234	453
Provision for uncollectible accounts	7	4	8
Equity investment income	(34)	(17)	(38)
Goodwill impairment charge	24		
Legal proceeding contingency accrual and related expenses[2]		78	78
Total operating expenses and charges	7,720	4,327	8,296
Operating income	1,494	792	1,633
Debt expense	(434)	(212)	(430)
Other income	11	5	11
Income from continuing operations before income taxes	1,071	585	1,214
Income tax expense	390	220	444
Income from continuing operations	681	365	770
Discontinued operations:			
Income from operations of discontinued operations, net of tax	1		1
Loss on disposal of discontinued operations, net of tax	(5)		(5)
Net income	677	365	766
Less: Net income attributable to noncontrolling interests	(95)	(49)	(104)
Net income attributable to DaVita Inc.	$ 582	$ 316	$ 662
Other financial data and ratios:			
Adjusted EBITDA[3]	2,063	1,052	2,167
Net debt[4]	8,062	8,157	8,167
Ratio of net debt to Adjusted EBITDA	3.91x		3.77x

(1) Other revenues for DaVita include revenues from our ancillary services and strategic initiatives and fees for providing management and administrative services. Other revenues for HCP include revenues primarily from consulting services and fees from providing management and administrative services.

(2) Represents a legal proceeding contingency accrual and related expenses that resulted from an agreement we reached in principle to settle the Woodard Private Civil Suit. See DaVita s Business Legal Proceedings beginning on page S-169.

(3) We present Adjusted EBITDA because it is one of the components used in the calculations of the leverage ratio that is included in the covenants contained in our existing senior secured credit agreement, and we expect similar covenants to be included in our amended senior secured credit agreement; however, the terms of the amended senior secured credit agreement have not yet been finalized. Adjusted EBITDA is defined as

net income attributable to DaVita Inc. before income taxes, debt expense, depreciation and amortization, noncontrolling interests, and equity investment income, net and we further adjust for non-cash charges, stock-based compensation, pro forma amounts for acquisitions and asset sales as if they had been consummated on the first day of each period, and non-cash gains and credits. Management uses Adjusted EBITDA and similar calculations as measures to assess operating and financial performance including compliance with the financial covenants contained in its indentures and its senior secured credit agreement. Adjusted EBITDA is not a measure of financial performance computed in accordance with GAAP and should not be considered in isolation or as a substitute for operating income, net income, cash flows from operations, or other statement of operations or cash flow data prepared in conformity with GAAP, or as measures of profitability or liquidity. In addition the calculation of Adjusted EBITDA is susceptible to varying interpretations and calculation, and the amounts presented may not be comparable to similarly titled measures of other companies. Adjusted EBITDA may not be indicative of historical operating results, and we do not mean for it to be predictive of future results of operations or cash flows. The following table contains a reconciliation of Adjusted EBITDA to net income attributable to DaVita Inc.:

	Pro forma year ended December 31, 2011	**Pro forma six months ended June 30, 2012**	**Pro forma twelve months ended June 30, 2012**	**Pro forma Guarantors twelve months ended June 30, 2012[d]**
			(dollars in millions)	
Net income attributable to DaVita Inc.[a]	$ 582	$ 316	$ 662	$ 633
Debt expense[b]	434	212	430	407
Income taxes	390	220	444	382
Depreciation and amortization	425	234	453	255
Stock compensation expense	56	28	57	57
Goodwill impairment	24			
Noncontrolling interests and equity income, net	95	49	104	
Other items[c]	57	(7)	17	10
Adjusted EBITDA	$ 2,063	$ 1,052	$ 2,167	$ 1,744

(a) Net income attributable to DaVita Inc. for the six and twelve months ended June 30, 2012, includes an after-tax legal proceeding contingency accrual and related expenses of $78.0 million recorded in the second quarter of 2012.

(b) Debt expense includes interest expense, amortization of deferred financing costs and the amortization of debt discount.

(c) Represents pro forma acquisition EBITDA, non-cash gains or losses, other valuation adjustments and interest income.

(d) Pro forma amounts for DaVita, excluding HCP s affiliated physician groups and DaVita s existing non-guarantor subsidiaries, giving effect to the Merger and the Financings as if they had occurred on July 1, 2011.

(4) Net debt is defined as total debt, plus outstanding letters of credit, excluding debt discounts, or premiums and less cash and cash equivalents.

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DaVita Summary Historical Financial and Operating Data

The following summary historical financial information was derived from DaVita s audited historical financial statements for the years ended December 31, 2009, 2010, and 2011 and unaudited financial information for the six months ended June 30, 2011 and 2012 and the trailing twelve months ended June 30, 2012, incorporated by reference in this prospectus. Effective January 1, 2012, DaVita adopted FASB s ASU No 2011-07 *Health Care Entities Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*. Upon adoption of this standard, DaVita was required to change the presentation of its provision for uncollectible accounts related to patient service revenue as a deduction from patient service operating revenues. These consolidated financial results have been revised for all prior periods presented to reflect the retrospective application of adopting these new presentation and disclosure requirements for the provision for uncollectible accounts. You should read the information set forth below in conjunction with DaVita s historical consolidated financial statements and related notes, incorporated herein by reference, and DaVita Selected Historical Financial and Other Data and Unaudited Pro Forma Condensed Consolidated Financial Information included in this prospectus beginning on pages S-88 and S-79, respectively.

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2009	2010	2011	2011	2012	2012
		(audited)			(unaudited)	
	(dollars in millions)					
Statement of operations data:						
Net dialysis patient service revenues, less provision for uncollectible accounts	$ 5,601	$ 5,877	$ 6,273	$ 2,992	$ 3,465	$ 6,745
Other revenue	343	395	519	232	332	620
Net operating revenues	5,944	6,272	6,792	3,224	3,797	7,365
Operating expenses and charges:						
Patient care costs	4,242	4,467	4,681	2,277	2,575	4,979
General and administrative	531	579	691	315	422	798
Depreciation and amortization	228	234	267	126	154	294
Provision for uncollectible accounts	5	4	7	3	4	8
Goodwill impairment charge(1)			24	24		
Legal proceeding contingency accrual and related expenses(2)					78	78
Equity investment income	(2)	(9)	(9)	(4)	(5)	(10)
Total operating expenses and charges	5,004	5,275	5,661	2,742	3,228	6,147
Operating income	940	997	1,131	482	569	1,218
Debt expense	(186)	(182)	(241)	(118)	(122)	(245)
Refinancing and debt redemption charges(3)		(74)				
Other income	4	3	3	1	2	3
Income from continuing operations before income taxes	758	744	893	365	449	976
Income tax expense	278	260	316	130	164	349
Income from continuing operations	480	484	577	235	285	627
Discontinued operations(4)			(4)	1		(4)
Net income	480	484	573	236	285	623
Less: Net income attributable to noncontrolling interests	(57)	(78)	(95)	(41)	(49)	(104)
Net income attributable to DaVita Inc.	$ 423	$ 406	$ 478	$ 195	$ 236	$ 519

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	Year ended December 31, 2009	2010 (audited)	2011	Six months ended June 30, 2011	2012 (unaudited)	Twelve months ended June 30, 2012
	(dollars in millions)					
Balance sheet data (at end of period):						
Cash and cash equivalents	$ 539	$ 860	$ 394	$ 730	$ 273	
Working capital	1,256	1,699	1,128	1,478	943	
Total assets	7,558	8,114	8,892	8,193	9,255	
Total debt	3,632	4,309	4,505	4,286	4,498	
Total shareholders equity(5)	2,135	1,978	2,141	1,881	2,379	
Other financial data:						
Adjusted EBITDA(6)	$ 1,225	$ 1,288	$ 1,534	$ 660	$ 740	$ 1,585
Net cash provided by operating activities	667	840	1,180	534	534	1,180
Net debt(7)	3,142	3,503	4,171	3,610	4,281	4,281
Ratio of net debt to Adjusted EBITDA(6)(7)	2.56x	2.72x	2.72x			2.70x
Operating data:						
Maintenance capital expenditures(8)	114	159	224	88	122	259
Centers	1,530	1,612	1,820	1,669	1,903	1,903
Patients	118,000	125,000	143,000	131,000	150,000	150,000
U.S. Dialysis treatments	16,985,000	17,964,000	19,599,000	9,364,000	10,766,000	21,001,000

(1) Operating expenses and charges in 2011 include $24 million of a non-cash goodwill impairment charge related to our infusion therapy business.

(2) Represents a legal proceeding contingency accrual and related expenses that resulted from an agreement we reached in principle to settle the Woodard Private Civil Suit. See DaVita s Business Legal Proceedings beginning on page S-169.

(3) In 2010, we incurred $74 million of refinancing and debt redemption charges in conjunction with the extinguishment of our prior senior secured credit facilities and the redemption of $200 million of our previously outstanding 6 $^{5}/_{8}$% senior notes.

(4) During 2011, we divested a total of 28 outpatient dialysis centers in conjunction with a consent order issued by the Federal Trade Commission on September 30, 2011 in order for us to complete the acquisition of DSI. In addition, we also completed the sale of two additional centers that were previously pending state regulatory approval in conjunction with the acquisition of DSI on October 31, 2011. The operating results of the historical DaVita divested centers are reflected as discontinued operations in our consolidated financial statements for all periods presented. In addition, the operating results for the DSI divested centers are reflected as discontinued operation in our consolidated financial statements beginning September 1, 2011.

(5) Share repurchases consisted of 3,794,686 shares of DaVita common stock for $323 million in 2011, 8,918,760 shares of DaVita common stock for $618 million in 2010, 2,902,619 shares of DaVita common stock for $153 million in 2009, and 3,710,086 shares of DaVita common stock for $316 million in the first six months of 2011. Shares issued in connection with stock awards amounted to 1,260,259 in 2011, 1,771,384 in 2010 and 2,104,304 in 2009.

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(6) We present Adjusted EBITDA because it is one of the components used in the calculations of the leverage ratio that is included in the covenants contained in our existing senior secured credit agreement, and we expect similar covenants to be included in our amended senior secured credit agreement; however, the terms of the amended senior secured credit agreement have not yet been finalized. Adjusted EBITDA is defined as net income attributable to DaVita Inc. before income taxes, debt expense, depreciation and amortization, noncontrolling interests, and equity investment income, net, and we further adjust for non-cash charges, stock-based compensation, pro forma amounts for acquisitions and assets sales as if they had been consummated on the first day of each period, and non-cash gains and credits. Management uses Adjusted EBITDA and similar calculations as measures to assess operating and financial performance including compliance with the financial covenants contained in our indentures and our senior secured credit agreement. Adjusted EBITDA is not a measure of financial performance computed in accordance with GAAP and should not be considered in isolation or as a substitute for operating income, net income, cash flows from operations, or other statement of operations or cash flow data prepared in conformity with GAAP, or as measures of profitability or liquidity. In addition the calculation of Adjusted EBITDA is susceptible to varying interpretations and calculation, and the amounts presented may not be comparable to similarly titled measures of other companies. Adjusted EBITDA may not be indicative of historical operating results, and we do not intend for it to be predictive of future results of operations or cash flows. Adjusted EBITDA reconciled to net income attributable to DaVita is as follows:

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2009	2010	2011	2011	2012	2012
	(dollars in millions)					
Net income attributable to DaVita Inc[(a)].	$ 423	$ 406	$ 478	$ 195	$ 236	$ 519
Income tax expense	278	260	316	130	164	349
Debt expense[(b)]	186	182	241	118	122	245
Depreciation and amortization	228	234	267	126	154	294
Noncontrolling interests and equity investment income, net	55	75	95	41	49	104
Non-cash charges[(c)]	53	62	56	30	25	55
Non-cash goodwill impairment charge			24	24		
Debt refinancing and redemption charges		74				
Pro forma amounts for acquisitions and assets sales	9	22	89	18	22	62
Non-cash gains and credits	(7)	(27)	(32)	(22)	(32)	(43)
Adjusted EBITDA	$ 1,225	$ 1,288	$ 1,534	$ 660	$ 740	$ 1,585

(a) Net income for the quarter and twelve months ended June 30, 2012, includes an after-tax legal proceeding contingency accrual and related expenses of $78.0 million recorded in the second quarter of 2012.
(b) Debt expense is defined as interest expense plus the amortization of deferred financing costs and amortization of debt discounts or premiums.
(c) Includes stock-based compensation expense, impairments and valuation adjustments and other non-cash charges and losses.

(7) Net debt is defined as total debt, plus outstanding letters of credit, excluding debt discounts, or premiums and less cash and cash equivalents.

(8) Maintenance capital expenditures represent routine capital expenditures to maintain the current operations of the business and include such expenditures for system development, information technology equipment, and dialysis machines.

We have presented free cash flow in this prospectus supplement. Free cash flow represents net cash provided by operating activities less income distributions to noncontrolling interests and capital expenditures for routine maintenance and information technology. We believe free cash flow is a useful adjunct to cash flow from operating activities and other measurements under GAAP, since free cash flow is a meaningful measure of our ability to fund acquisition and development activities and meet our debt service requirements. In addition, free cash flow excluding income distributions to noncontrolling interests provides an investor with an understanding of free cash flows that are attributable to DaVita Inc. Free cash flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities, as an indicator of cash flows or as a measure of liquidity.

	Twelve months ended	
	June 30, 2012	June 30, 2009
	(dollars in millions)	
Cash provided by operating activities	$ 1,180	$ 705
Less: Income distributions to noncontrolling interests	(105)	(58)

Cash provided by operating activities attributable to DaVita Inc.	1,075	647
Less: Expenditures for routine maintenance and information technology	(258)	(120)
Free cash flow	$ 817	$ 527

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HCP Summary Historical Financial and Operating Data

The following summary historical financial information was derived from HCP s audited historical financial statements for the years ended December 31, 2009, 2010, and 2011, unaudited financial information for the six months ended June 30, 2011 and 2012, and the unaudited financial information for the twelve months ended June 30, 2012. The unaudited pro forma financial information gives effect to the Financing and the Merger as if it had occurred on that date. You should read the information set forth below in conjunction with HCP s historical financial statements and related notes thereto included in this prospectus and the discussion under Management s Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus beginning on page S-91. The combined statement of operations and balance sheet data presented below are derived from the consolidated financial statements of HCP.

	Year ended December 31,			Six months ended June 30,		Twelve Months ended June 30,
	2009	2010	2011	2011	2012	2012
	(audited)			(unaudited)		
	(dollars in millions, except operating data)					
Statement of operations data:						
Medical revenues	$ 1,731	$ 2,049	$ 2,375	$ 1,158	$ 1,294	$ 2,511
Other operating revenues	46	40	47	22	28	53
Total operating revenues	1,777	2,089	2,422	1,180	1,322	2,564
Operating expenses and charges:						
Medical expenses	930	1,034	1,165	569	620	1,216
Hospital expenses	212	222	248	121	155	282
Clinic support and other operating costs	226	263	308	148	165	325
General and administrative expenses	136	178	207	101	110	216
Depreciation and amortization	26	29	31	16	16	31
Total operating expenses	1,530	1,726	1,959	955	1,066	2,070
Equity earnings of unconsolidated joint ventures	12	15	25	9	12	28
Operating income	259	378	488	234	268	522
Interest income	6	6	7	3	4	8
Interest expense	(6)	(5)	(16)	(9)	(6)	(13)
Gain on sale of investments	2		1	1		
Total other income (expense)	2	1	(8)	(5)	(2)	(5)
Income before income taxes	261	379	480	229	266	517
Provision for income taxes	41	49	71	37	33	67
Net income	$ 220	$ 330	$ 409	$ 192	$ 233	$ 450
Balance sheet data (end of period):						
Cash and cash equivalents	358	361	395	183	355	
Working capital.	180,859					
	2,180,315					

Michigan 17.3%

City of Detroit Michigan, RB:

Second Lien, Series A (BHAC), 5.50%, 7/01/36	2,265	2,340,402
Second Lien, Series B (NPFGC), 5.50%, 7/01/29	1,640	1,618,614

Second Lien, Series B (AGM), 6.25%, 7/01/36	1,800	1,949,058
Second Lien, Series B (AGM), 7.00%, 7/01/36	200	228,460
Senior Lien, Series B (AGM), 7.50%, 7/01/33	1,000	1,186,800
Senior Lien, Series B (BHAC), 5.50%, 7/01/35	3,750	3,864,450
City of Detroit Michigan, Refunding RB:		
Second Lien, Series E (BHAC), 5.75%, 7/01/31	2,270	2,421,091
Senior Lien, Series C-1 (AGM), 7.00%, 7/01/27	1,650	1,897,484
Michigan State Building Authority, RB, Facilities Program, Series H (AGM), 5.00%, 10/15/26	375	381,030
Michigan State Building Authority, Refunding RB, Facilities Program, Series I (AGC):		
5.25%, 10/15/22	1,350	1,460,430
5.25%, 10/15/24	615	654,108
5.25%, 10/15/25	310	327,407
Royal Oak Hospital Finance Authority Michigan, Refunding RB, William Beaumont Hospital, 8.25%, 9/01/39	1,265	1,466,666
		19,796,000
Minnesota 2.9%		
City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38	3,000	3,332,550
Nevada 2.1%		
County of Clark, Nevada, RB, Las Vegas-McCarran International Airport, Series A (AGC), 5.25%, 7/01/39 (c)	2,355	2,344,402
New Jersey 2.3%		
New Jersey EDA, RB, School Facilities Construction, Series Z (AGC), 6.00%, 12/15/34	1,000	1,119,210
New Jersey Health Care Facilities Financing Authority, RB, Virtua Health (AGC), 5.50%, 7/01/38	1,400	1,460,578
		2,579,788

Municipal Bonds	Par (000)	Value
New York 5.8%		
New York City Transitional Finance Authority, RB, Fiscal 2009:		
Series S-3, 5.25%, 1/15/39	$ 1,000	$ 1,042,800

Series S-4 (AGC), 5.50%, 1/15/29	2,000	2,190,900
New York State Dormitory Authority, ERB, Series B,		
5.25%, 3/15/38	3,250	3,423,160
		6,656,860
Oregon 0.6%		
Medford Hospital Facilities Authority, RB, Asante Health		
System, Series A (AGC), 5.00%, 8/01/40 (c)	710	691,561
Pennsylvania 1.3%		
Pennsylvania Turnpike Commission, RB, Sub-Series B		
(AGM), 5.25%, 6/01/39	1,455	1,475,268
Puerto Rico 1.3%		
Puerto Rico Sales Tax Financing Corp., RB,		
1st Sub-Series A, 6.38%, 8/01/39	1,425	1,516,343
Texas 15.6%		
City of Dallas Texas, Refunding RB (AGC),		
5.25%, 8/15/38	850	864,662
City of Houston Texas, Refunding RB, Combined,		
First Lien, Series A (AGC):		
6.00%, 11/15/35	2,700	3,048,435
6.00%, 11/15/36	2,055	2,315,163
5.38%, 11/15/38	1,000	1,054,910
County of Bexar, Texas, RB, Venue Project, Motor Vehicle		
Rental (BHAC):		
5.00%, 8/15/27	1,040	1,094,621
5.00%, 8/15/28	1,090	1,141,677
5.00%, 8/15/39	880	895,286
Frisco ISD Texas, GO, School Building (AGC),		
5.50%, 8/15/41	700	751,002
Harris County Health Facilities Development Corp.,		
Refunding RB, Memorial Hermann Healthcare		
System, B, 7.25%, 12/01/35	500	560,180
Lower Colorado River Authority, Refunding RB,		
LCRA Transmission Services Project (AGC),		
5.50%, 5/15/36	1,155	1,203,521
Lubbock Cooper ISD Texas, GO, School Building (AGC),		
5.75%, 2/15/42	500	530,740
North Texas Tollway Authority, RB, System, First Tier,		
Series K-1 (AGC), 5.75%, 1/01/38	1,400	1,493,450
North Texas Tollway Authority, Refunding RB, System,		
First Tier, Series A (AGC), 5.75%, 1/01/40	1,500	1,590,900
Tarrant County Cultural Education Facilities Finance		

Corp., Refunding RB, Christus Health, Series A (AGC),		
6.50%, 7/01/37	1,100	1,207,580
		17,752,127
Utah 1.5%		
City of Riverton Utah, RB, IHC Health Services Inc.,		
5.00%, 8/15/41	1,670	1,667,328
Virginia 1.1%		
Virginia Public School Authority, RB, School Financing,		
6.50%, 12/01/35	1,100	1,260,633
Total Municipal Bonds 133.3%		152,184,862

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Insured Investment Fund (MFT)
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (d)	Par (000)	Value
District of Columbia 0.7%		
District of Columbia Water & Sewer Authority, RB, Series A, 6.00%, 10/01/35	$ 750	$ 837,527
Florida 17.3%		
City of Jacksonville, Florida, RB, Better Jacksonville (NPFGC), 5.00%, 10/01/27	1,320	1,349,647
Hillsborough County Aviation Authority. Florida, RB, Series A, AMT (AGC), 5.50%, 10/01/38	2,499	2,524,827
Jacksonville Electric Authority, RB, Issue Three Series Two River Power Pike, 5.00%, 10/01/37	1,290	1,293,173
Lee County Housing Finance Authority, RB, Multi-County Program, Series A-2, AMT (GNMA), 6.00%, 9/01/40	1,455	1,573,772
Manatee County Housing Finance Authority, RB, Series A, AMT (GNMA), 5.90%, 9/01/40	911	948,225
Miami Dade County Health Facilities Authority. Florida, Refunding RB, Miami Childrens Hospital Series A (AMBAC), 5.63%, 8/15/18	6,960	7,573,037
South Broward Hospital District. Florida, RB (NPFGC), 5.63%, 5/01/32	4,000	4,449,400
		19,712,081
Kentucky 0.9%		
Kentucky State Property & Buildings Commission, Kentucky, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27	1,002	1,081,728
Nevada 3.9%		
Clark County Water Reclamation District, GO:		
Limited Tax, 6.00%, 7/01/38	2,010	2,228,246
Series B, 5.50%, 7/01/29	1,994	2,176,554
		4,404,800
New Jersey 1.5%		
New Jersey State Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29	1,620	1,661,830
New York 2.8%		
New York City Municipal Water Finance Authority, RB, Series FF-2, 5.50%, 6/15/40	1,095	1,197,823

New York State Thruway Authority, RB, Series G (AGM),		
5.00%, 1/01/32	2,000	2,043,700
		3,241,523
Texas 2.5%		
City of San Antonio, Texas, Refunding RB, Series A,		
5.25%, 2/01/31	2,609	2,825,359
Total Municipal Bonds Transferred to		
Tender Option Bond Trusts 29.6%		33,764,848
Total Long-Term Investments		
(Cost $181,785,055) 162.9%		185,949,710

Short-Term Securities	**Shares**	**Value**
FFI Institutional Tax-Exempt Fund, 0.16% (e)(f)	2,906,241	2,906,241
Total Short-Term Securities		
(Cost $2,906,241) 2.5%		2,906,241
Total Investments (Cost $184,691,296*) 165.4%		188,855,951
Liabilities in Excess of Other Assets (0.9)%		(1,054,556)
Liability for Trust Certificates, Including Interest		
Expense and Fees Payable (15.0)%		(17,132,442)
Preferred Shares, at Redemption Value (49.5)%		(56,529,045)
Net Assets Applicable to Common Shares 100.0%		$114,139,908

* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	$167,455,840
Gross unrealized appreciation	$ 6,572,060
Gross unrealized depreciation	(2,288,340)
Net unrealized appreciation	$ 4,283,720

(a) Security is collateralized by Municipal or US Treasury Obligations.
(b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
(c) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	**Value**	**Unrealized Appreciation (Depreciation)**
Citigroup Global Markets, Inc.	$2,344,402	$(10,598)
Merrill Lynch & Co., Inc.	$ 691,561	

(d) 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.
(e) 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	Income
FFI Institutional Tax-Exempt Fund	$604,691	$7,746

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

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield Insured Investment Fund (MFT)

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, repayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of January 31, 2010 in determining the fair valuation of the Fund s investments:

Valuation Inputs		Investments in Securities Assets
Level 1	Short-Term Securities	$ 2,906,241
Level 2	Long-Term Investments[1]	185,949,710
Level 3		
Total		$ 188,855,951

[1] See above Schedule of Investments for values in each state or political subdivision.

See Notes to Financial Statements.

Schedule of Investments January 31, 2010 (Unaudited)

BlackRock MuniYield Michigan Insured Fund, Inc. (MIY)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Michigan 139.6%		
Corporate 12.5%		
Delta County EDC, Refunding RB, Mead Westvaco-		
Escanaba, Series B, AMT, 6.45%, 4/15/23 (a)	$ 1,500	$ 1,675,455
Dickinson County EDC Michigan, Refunding RB,		
International Paper Co. Project, Series A,		
5.75%, 6/01/16	3,900	3,963,531
Michigan Strategic Fund, Refunding RB, Detroit		
Edison Co. Project, Series A, AMT (NPFGC),		
5.55%, 9/01/29	10,250	10,188,910
Monroe County EDC Michigan, Refunding RB, Detroit		
Edison Co. Project, Series AA (NPFGC),		
6.95%, 9/01/22	15,000	17,386,800
		33,214,696
County/City/Special District/School District 49.4%		
Adrian City School District Michigan, GO (AGM) (a):		
5.00%, 5/01/29	2,000	2,303,020
5.00%, 5/01/34	1,600	1,842,416
Avondale School District Michigan, GO (AGC):		
4.00%, 5/01/20	1,000	970,670
4.30%, 5/01/22	400	391,764
Bay City School District Michigan, GO, School Building		
& Site (AGM), 5.00%, 5/01/36	9,000	9,047,340
Birmingham City School District Michigan, GO, School		
Building & Site (AGM), 5.00%, 11/01/33	1,000	1,017,700
Charter Township of Canton Michigan, GO, Capital		
Improvement (AGM), 5.00%, 4/01/27	500	525,470
City of Oak Park Michigan, GO, Street Improvement		
(NPFGC), 5.00%, 5/01/30	500	512,370
County of Genesee Michigan, GO, Water Supply System		
(NPFGC), 5.13%, 11/01/33	1,000	1,005,510
County of Wayne Michigan, GO Series A (NPFGC):		
Airport Hotel, Detroit Metropolitan Airport,		
5.00%, 12/01/30	1,750	1,595,615
Building Authority, Capital Improvement,		

5.25%, 6/01/16	1,000	1,003,710
Dearborn Brownfield Redevelopment Authority, GO,		
Limited Tax, Redevelopment, Series A (AGC),		
5.50%, 5/01/39	3,300	3,415,830
Detroit City School District Michigan, GO,		
School Building & Site Improvement (FGIC):		
Series A, 5.38%, 5/01/24 (a)	1,300	1,476,332
Series B, 5.00%, 5/01/28	3,100	2,995,313
Detroit City School District Michigan, GO, Refunding,		
School Building & Site Improvement, Series A (AGM),		
5.00%, 5/01/21	3,000	3,060,870
Eaton Rapids Public Schools Michigan, GO, School		
Building & Site (AGM):		
5.25%, 5/01/20	1,325	1,429,556
5.25%, 5/01/21	1,675	1,800,206
Ecorse Public School District Michigan, GO, Refunding		
(AGM), 5.00%, 5/01/27	1,000	1,029,710
Frankenmuth School District Michigan, GO (FGIC),		
5.75%, 5/01/20 (a)	1,000	1,014,220
Gibraltar School District Michigan, GO, School Building		
& Site:		
(FGIC), 5.00%, 5/01/28 (a)	2,940	3,385,439
(NPFGC), 5.00%, 5/01/28	710	722,737
Grand Blanc Community Schools Michigan, GO (NPFGC),		
5.63%, 5/01/20	1,100	1,171,918
Grand Rapids Building Authority Michigan, RB, Series A		
(AMBAC) (a):		
5.50%, 10/01/19	435	488,696
5.50%, 10/01/20	600	674,064
Grand Rapids Public Schools Michigan, GO, School		
Building & Site (AGM), 4.13%, 5/01/11	500	521,650

Municipal Bonds	Par (000)	Value
Michigan (continued)		
County/City/Special District/School District (concluded)		
Gull Lake Community School District Michigan, GO,		
School Building & Site (AGM) (a):		
5.00%, 5/01/28	$ 2,000	$ 2,303,020
5.00%, 5/01/30	3,625	4,174,224
Harper Creek Community School District Michigan, GO,		

Refunding (AGM), 5.00%, 5/01/22	1,125	1,181,801
Harper Woods School District Michigan, GO, Refunding,		
School Building & Site:		
(FGIC), 5.00%, 5/01/34 (a)	4,345	5,003,311
(NPFGC), 5.00%, 5/01/34	430	431,109
Jenison Public Schools Michigan, GO, Building and Site		
(NPFGC), 5.50%, 5/01/19	1,575	1,687,628
L Anse Creuse Public Schools Michigan, GO, School		
Building & Site (AGM):		
5.00%, 5/01/12	650	701,974
5.00%, 5/01/25	1,525	1,581,684
5.00%, 5/01/26	1,600	1,653,600
5.00%, 5/01/35	3,000	3,035,700
Lansing Building Authority Michigan, GO, Series A		
(NPFGC), 5.38%, 6/01/23 (a)	1,510	1,725,839
Lincoln Consolidated School District Michigan, GO,		
Refunding (NPFGC), 4.63%, 5/01/28	5,500	5,449,455
Livonia Public Schools School District Michigan, GO,		
Refunding, Series A (NPFGC), 5.00%, 5/01/24	1,000	1,033,690
Michigan State Building Authority, Facilities, Series I,		
5.50%, 10/15/18	2,500	2,635,771
Michigan State Building Authority, RB, Facilities Program,		
Series H (AGM), 5.00%, 10/15/26	4,500	4,572,360
Michigan State Building Authority, Refunding RB,		
Facilities Program, Series I (AGM):		
5.50%, 10/15/10 (b)	420	435,813
5.50%, 10/15/10	6,830	7,054,434
5.50%, 10/15/11 (b)	855	926,435
5.50%, 10/15/11	14,175	15,134,648
Montrose Community Schools, GO (NPFGC),		
6.20%, 5/01/17	1,000	1,174,070
New Haven Community Schools Michigan, GO,		
Refunding, School Building & Site (AGM),		
5.00%, 5/01/23	1,500	1,553,880
Orchard View Schools Michigan, GO, School Building		
& Site (NPFGC), 5.00%, 5/01/29 (a)	5,320	6,080,334
Pennfield School District Michigan, GO, School Building		
& Site (a):		
(FGIC), 5.00%, 5/01/29	765	876,805
(NPFGC), 5.00%, 5/01/29	605	693,421
Reed City Public Schools Michigan, GO, School Building		

& Site (AGM), 5.00%, 5/01/26 (a)	1,425	1,640,902
Southfield Library Building Authority Michigan, GO		
(NPFGC), 5.50%, 5/01/18 (a)	1,300	1,317,654
Southfield Public Schools Michigan, GO, School		
Building & Site, Series B (AGM), 5.00%, 5/01/29 (a)	3,500	4,002,180
Thornapple Kellogg School District Michigan, GO,		
School Building & Site (NPFGC), 5.00%, 5/01/32	2,500	2,525,575
Van Dyke Public Schools Michigan, GO, School Building		
& Site (AGM), 5.00%, 5/01/28	1,250	1,298,738
Waverly Community School, GO (FGIC),		
5.50%, 5/01/21 (a)	1,100	1,114,685
West Bloomfield School District Michigan, GO,		
Refunding (NPFGC):		
5.50%, 5/01/17	1,710	1,843,141
5.50%, 5/01/18	1,225	1,314,756
Zeeland Public Schools Michigan, GO, School Building		
& Site (NPFGC), 5.00%, 5/01/29	1,600	1,637,408
		131,198,171

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Michigan Insured Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Michigan (continued)		
Education 6.8%		
Eastern Michigan University, RB, General, Series B (FGIC) (a):		
5.60%, 6/01/25	$ 1,500	$ 1,527,210
5.63%, 6/01/30	1,310	1,333,881
Eastern Michigan University, Refunding RB, General (AMBAC):		
6.00%, 6/01/20 (a)	590	607,523
6.00%, 6/01/20	435	444,836
Grand Valley State University Michigan, RB, General (NPFGC), 5.50%, 2/01/18	2,070	2,271,473
Michigan Higher Education Facilities Authority, RB, Limited Obligation, Hillsdale College Project, 5.00%, 3/01/35	1,875	1,757,831
Michigan Higher Education Facilities Authority, Refunding RB, Limited Obligation, Creative Studies (a):		
5.85%, 12/01/22	1,235	1,374,419
5.90%, 12/01/27	1,145	1,275,576
Michigan Higher Education Student Loan Authority, RB, Student Loan, AMT (AMBAC):		
Series XVII-B, 5.40%, 6/01/18	2,500	2,503,150
Series XVII-Q, 5.00%, 3/01/31	3,000	2,706,600
Saginaw Valley State University Michigan, Refunding RB, General (NPFGC), 5.00%, 7/01/24	2,100	2,157,708
		17,960,207
Health 20.2%		
Dickinson County Healthcare System, Refunding RB, Series A (ACA), 5.80%, 11/01/24	3,100	2,966,483
Flint Hospital Building Authority Michigan, Hurley Medical Center, Refunding RB (ACA):		
6.00%, 7/01/20	1,305	1,214,968
Series A, 5.38%, 7/01/20	615	542,971
Kent Hospital Finance Authority Michigan, RB, Spectrum		

Health, Series A (NPFGC), 5.50%, 1/15/31 (a)	3,000	3,242,460
Kent Hospital Finance Authority Michigan, Refunding RB,		
Butterworth, Series A (NPFGC), 7.25%, 1/15/13 (b)	1,955	2,147,587
Michigan State Hospital Finance Authority, RB:		
Hospital, MidMichigan Obligation Group, Series A		
(AMBAC), 5.50%, 4/15/18	2,530	2,583,029
McLaren Health Care, Series C, 5.00%, 8/01/35	1,000	915,250
MidMichigan Obligation Group, Series A,		
5.00%, 4/15/36	1,750	1,624,560
Michigan State Hospital Finance Authority, Refunding RB:		
Henry Ford Health System, Series A,		
5.25%, 11/15/46	2,500	2,185,000
Hospital, Crittenton, Series A, 5.63%, 3/01/27	2,050	2,015,662
Hospital, Oakwood Obligation Group, Series A,		
5.00%, 7/15/25	4,100	3,787,334
Hospital, Oakwood Obligation Group, Series A,		
5.00%, 7/15/37	630	535,973
Hospital, Sparrow Obligated, 5.00%, 11/15/31	3,100	2,878,319
McLaren Health Care, 5.75%, 5/15/38	4,500	4,570,695
Trinity Health, Series A, 6.00%, 12/01/20	2,200	2,255,418
Trinity Health, Series A, 6.25%, 12/01/28	930	1,025,427
Trinity Health, Series A, 6.50%, 12/01/33	1,000	1,109,800
Trinity Health, Series A (AMBAC), 6.00%, 12/01/27	6,400	6,537,216
Trinity Health Credit, Series C, 5.38%, 12/01/23	1,000	1,016,350
Trinity Health Credit, Series C, 5.38%, 12/01/30	3,755	3,775,803
Trinity Health Credit, Series D, 5.00%, 8/15/34	3,100	2,964,840
Royal Oak Hospital Finance Authority Michigan,		
Refunding RB, William Beaumont Hospital,		
8.25%, 9/01/39	1,000	1,159,420
Saginaw Hospital Finance Authority Michigan,		
Refunding RB, Covenant Medical Center, Series E		
(NPFGC), 5.63%, 7/01/13	2,500	2,518,400
		53,572,965

Municipal Bonds	Par (000)	Value
Michigan (concluded)		
Housing 4.5%		
Michigan State HDA, RB:		
Deaconess Tower, AMT (GNMA), 5.25%, 2/20/48 $	1,000	$ 985,700
Series A, 6.00%, 10/01/45	6,990	7,169,713

Series A, AMT (NPFGC), 5.30%, 10/01/37	200	199,408
Williams Pavilion, AMT (GNMA), 4.75%, 4/20/37	3,960	3,690,799
		12,045,620
State 10.6%		
Michigan Municipal Bond Authority, RB, Local		
Government Loan Program, Group A (AMBAC),		
5.50%, 11/01/20	1,065	1,068,046
Michigan Municipal Bond Authority, Refunding RB, Local		
Government, Charter County Wayne, Series B (AGC):		
5.00%, 11/01/14	2,400	2,681,640
5.00%, 11/01/15	1,500	1,673,805
5.00%, 11/01/16	500	554,775
5.38%, 11/01/24	125	135,503
Michigan State Building Authority, Facilities Program,		
Refunding RB:		
Series I, 6.25%, 10/15/38	3,900	4,243,395
Series I (AGC), 5.25%, 10/15/24	4,000	4,254,360
Series I (AGC), 5.25%, 10/15/25	2,000	2,112,300
Series I (AGC), 5.25%, 10/15/26	600	631,188
Series II (NPFGC), 5.00%, 10/15/29	3,500	3,524,465
State of Michigan, COP (AMBAC),		
5.53%, 6/01/22 (b)(c)	3,000	1,844,520
State of Michigan, RB, GAN,		
(AGM), 5.25%, 9/15/27	5,250	5,511,922
		28,235,919
Transportation 16.7%		
County of Wayne Michigan, RB, Detroit Metropolitan,		
Wayne County, Series A, AMT (NPFGC),		
5.38%, 12/01/15	10,660	10,724,493
Wayne County Airport Authority, RB, Detroit Metropolitan		
Wayne County Airport, AMT (NPFGC):		
5.25%, 12/01/25	7,525	7,166,659
5.25%, 12/01/26	6,300	5,878,845
5.00%, 12/01/34	9,160	7,714,369
Wayne County Airport Authority, Refunding RB,		
AMT (AGC):		
5.75%, 12/01/25	4,000	4,046,600
5.75%, 12/01/26	1,000	1,002,660
5.38%, 12/01/32	8,700	7,997,562
		44,531,188
Utilities 18.9%		

City of Detroit Michigan, RB:		
Second Lien, Series B (AGM), 7.00%, 7/01/36	3,000	3,426,900
Second Lien, Series B (NPFGC), 5.00%, 7/01/34 (a)	1,550	1,746,897
Second Lien, Series B (NPFGC), 5.00%, 7/01/34	2,420	2,209,896
Senior Lien, Series A (AGM), 5.00%, 7/01/25	4,000	4,010,720
Senior Lien, Series A (FGIC), 5.75%, 7/01/28 (a)	5,250	5,642,070
Senior Líen, Series A (NPFGC), 5.00%, 7/01/34	6,900	6,300,942
Series B (NPFGC), 5.25%, 7/01/32 (a)	11,790	13,386,130
City of Detroit Michigan, Refunding RB:		
(FGIC), 6.25%, 7/01/12 (c)	860	917,534
Second Lien, Series C (AGM), 5.00%, 7/01/29	10,570	10,592,620
City of Muskegon Heights Michigan, RB, Series A		
(NPFGC), 5.63%, 11/01/25 (a)	1,830	1,904,810
		50,138,519
Total Municipal Bonds in Michigan		370,897,285

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield Michigan Insured Fund, Inc. (MIY)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Puerto Rico 4.6%		
Housing 0.8%		
Puerto Rico Housing Finance Authority, Refunding RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27	$ 2,000	$ 2,001,980
State 2.2%		
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (NPFGC), 6.00%, 7/01/27	2,100	2,168,481
Puerto Rico Sales Tax Financing Corp., Refunding RB, CAB, Series A (NPFGC)(c):		
5.12%, 8/01/43	12,500	1,628,625
4.99%, 8/01/46	20,000	2,104,600
		5,901,706
Transportation 1.6%		
Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31	4,000	4,316,000
Total Municipal Bonds in Puerto Rico		12,219,686
Total Municipal Bonds 144.2%		383,116,971
Municipal Bonds Transferred to Tender Option Bond Trusts (d)		
Michigan 12.0%		
Corporate 4.7%		
Wayne State University, Refunding RB:		
(FSA), 5.00%, 11/15/35	6,210	6,346,993
General (AGM), 5.00%, 5/15/16	6,000	6,132,359
		12,479,352
County/City/Special District/School District 2.6%		
Lakewood Public Schools, Michigan, GO, School Building & Site (FSA), 5.00%, 5/01/37	6,470	6,889,580
Education 4.7%		
Portage Public Schools Michigan, GO, School Building & Site (FSA), 5.00%, 5/01/31	4,650	4,798,800
Saginaw Valley State University Michigan, Refunding RB		

(FSA), 5.00%, 7/01/31	7,500	7,675,650
		12,474,450
Total Municipal Bonds Transferred to		
Tender Option Bond Trusts 12.0%		31,843,382
Total Long-Term Investments		
(Cost $408,279,369) 156.2%		414,960,353
Short-Term Securities	**Shares**	
CMA Michigan Municipal Money Fund		
0.00% (e)(f)	9,295,968	9,295,968
Total Short-Term Securities		
(Cost $9,295,968) 3.5%		9,295,968
Total Investments (Cost $417,575,337*) 159.7%		424,256,321
Other Assets Less Liabilities 0.8%		2,339,329
Liability for Trust Certificates, Including Interest		
Expense and Fees Payable (6.1)%		(16,198,425)
Preferred Shares, at Redemption Value (54.4)%		(144,661,268)
Net Assets Applicable to Common Shares 100.0%		$265,735,957

* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	$401,282,197
Gross unrealized appreciation	$ 15,835,224
Gross unrealized depreciation	(9,051,100)
Net unrealized appreciation	$ 6,784,124

(a) 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.
(b) Security is collateralized by Municipal or U.S. Treasury obligations.
(c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
(d) 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.
(e) 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**	**Income**
CMA Michigan Municipal Money Fund	$1,765,645	$958

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

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, repayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to the Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of January 31, 2010 in determining the fair valuation of the Fund s investments:

Valuation Inputs	**Investments in Securities**
	Assets
Level 1 Short-Term Securities	$ 9,295,968
Level 2 Long-Term Investments[1]	414,960,353
Level 3	
Total	$ 424,256,321

[1] See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

Schedule of Investments January 31, 2010 (Unaudited)

BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
New Jersey 125.3%		
Corporate 3.8%		
New Jersey EDA, Refunding RB, New Jersey American Water Co., Series A, AMT, 5.70%, 10/01/39	$ 5,000	$ 4,924,250
County/City/Special District/School District 22.5%		
Borough of Hopatcong New Jersey, GO, Refunding, Sewer (AMBAC), 4.50%, 8/01/33	750	752,520
City of Perth Amboy New Jersey, GO, CAB (AGM), 5.62%, 7/01/35 (a)	1,250	1,118,837
County of Hudson New Jersey, COP, Refunding (NPFGC), 6.25%, 12/01/16	1,000	1,145,950
County of Middlesex New Jersey, COP, Refunding (NPFGC), 5.00%, 8/01/22	3,000	3,017,700
Essex County Improvement Authority, Refunding RB, AMT (NPFGC), 4.75%, 11/01/32	1,000	909,260
Hudson County Improvement Authority, RB:		
CAB, Series A-1 (NPFGC), 4.50%, 12/15/32 (b)	1,000	268,320
Harrison Parking Facility Project, Series C (AGC), 5.38%, 1/01/44	1,400	1,474,424
Hudson County Improvement Authority, Refunding RB, Hudson County Lease Project (NPFGC), 5.38%, 10/01/24	7,500	7,559,100
Monmouth County Improvement Authority, RB, Governmental Loan (AMBAC):		
5.00%, 12/01/17	605	619,284
5.00%, 12/01/18	545	555,240
5.00%, 12/01/18 (c)	975	1,053,331
5.00%, 12/01/19	560	568,882
5.00%, 12/01/19 (c)	980	1,058,733
Monmouth County Improvement Authority, Refunding RB, Governmental Loan (AMBAC):		
5.20%, 12/01/14	240	245,081
5.25%, 12/01/15	765	778,495
Morristown Parking Authority, RB (NPFGC), 4.50%, 8/01/37	1,355	1,305,299

New Jersey State Transit Corp., COP, Subordinate,		
Federal Transit Administration Grants, Series A (AGM),		
5.00%, 9/15/21	1,000	1,055,060
Newark Housing Authority, Refunding RB, Newark		
Redevelopment Project (NPFGC), 4.38%, 1/01/37	3,600	3,321,972
Salem County Improvement Authority, RB, Finlaw Street		
Office Building (AGM):		
5.38%, 8/15/28	1,250	1,356,725
5.25%, 8/15/38	700	730,982
		28,895,195
Education 22.4%		
New Jersey Educational Facilities Authority, RB:		
Montclair State University, Series A (AMBAC),		
5.00%, 7/01/21	1,600	1,685,152
Rowan University, Series C (NPFGC),		
5.00%, 7/01/34 (c)	1,185	1,367,846
New Jersey Educational Facilities Authority, Refunding RB:		
College of New Jersey, Series D (AGM),		
5.00%, 7/01/35	3,725	3,825,314
Montclair State University, Series J (NPFGC),		
4.25%, 7/01/30	2,895	2,725,787
Ramapo College, Series I (AMBAC), 4.25%, 7/01/31	1,250	1,171,950
Ramapo College, Series I (AMBAC), 4.25%, 7/01/36	3,890	3,515,315
Rowan University, Series B (AGC), 5.00%, 7/01/26	2,575	2,761,301
Stevens Institute of Technology, Series A,		
5.00%, 7/01/34	1,500	1,462,770
William Paterson University, Series C (AGC),		
4.75%, 7/01/34	1,115	1,112,558
William Paterson University, Series E (Syncora),		
5.00%, 7/01/21	1,725	1,773,352

Municipal Bonds	**Par (000)**	**Value**
New Jersey (continued)		
Education (concluded)		
New Jersey State Higher Education Assistance Authority,		
RB, Series A, AMT (AMBAC), 5.30%, 6/01/17	$ 3,565	$ 3,578,975
University of Medicine & Dentistry of New Jersey, RB,		
Series A (AMBAC):		
5.50%, 12/01/18	570	583,013
5.50%, 12/01/19	1,145	1,167,786

5.50%, 12/01/20	1,130	1,149,786
5.50%, 12/01/21	865	878,537
		28,759,442
Health 11.8%		
New Jersey Health Care Facilities Financing Authority, RB:		
Meridian Health, Series I (AGC), 5.00%, 7/01/38	750	745,462
Meridian Health, Series II (AGC), 5.00%, 7/01/38	3,000	2,981,850
Meridian Health, Series V (AGC), 5.00%, 7/01/38	750	745,463
Somerset Medical Center, 5.50%, 7/01/33	1,125	836,910
South Jersey Hospital, 6.00%, 7/01/26 (c)	4,000	4,489,720
Virtua Health (AGC), 5.50%, 7/01/38	1,000	1,043,270
New Jersey Health Care Facilities Financing Authority,		
Refunding RB:		
Atlantic City Medical Center, 6.25%, 7/01/17 (c)	290	324,783
Atlantic City Medical Center, 5.75%, 7/01/25 (c)	525	581,721
Atlantic City Medical System, 6.25%, 7/01/17	325	342,401
Atlantic City Medical System, 5.75%, 7/01/25	790	808,020
Meridian Health System Obligation Group (AGM),		
5.25%, 7/01/19	2,250	2,256,502
		15,156,102
Housing 8.1%		
New Jersey State Housing & Mortgage Finance		
Agency, RB:		
Capital Fund Program, Series A (AGM),		
4.70%, 11/01/25	4,325	4,356,746
Home Buyer, Series CC, AMT (NPFGC),		
5.80%, 10/01/20	2,640	2,744,729
Series A, AMT (FGIC), 4.90%, 11/01/35	820	767,577
Series AA, 6.50%, 10/01/38	1,260	1,371,220
New Jersey State Housing & Mortgage Finance		
Agency, Refunding RB, S/F Housing, Series T, AMT,		
4.70%, 10/01/37	500	457,145
Newark Housing Authority, RB, South Ward Police		
Facility (AGC):		
5.75%, 12/01/30	400	427,876
6.75%, 12/01/38	250	280,550
		10,405,843
State 33.3%		
Garden State Preservation Trust, RB (AGM):		
CAB, Series B, 5.12%, 11/01/23 (b)	6,840	3,715,078
Election of 2005, Series A, 5.80%, 11/01/22	2,605	3,018,778

New Jersey EDA, RB:		
CAB, Motor Vehicle Surcharge, Series R (NPFGC),		
4.95%, 7/01/21 (b)	2,325	1,396,186
Cigarette Tax, 5.63%, 6/15/19	1,060	1,058,018
Cigarette Tax (Radian) 5.75%, 6/15/29	785	770,564
Cigarette Tax (Radian) 5.50%, 6/15/31	225	209,484
Motor Vehicle Surcharge, Series A (NPFGC),		
5.00%, 7/01/29	3,900	3,847,389
Motor Vehicle Surcharge, Series A (NPFGC),		
5.25%, 7/01/33	8,500	8,623,420
Motor Vehicle Surcharge, Series A (NPFGC),		
5.00%, 7/01/34	1,765	1,669,761
School Facilities Construction, Series Z (AGC),		
6.00%, 12/15/34	1,200	1,343,052
School Facilities, Series U (AMBAC),		
5.00%, 9/01/37	1,000	1,005,600

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
New Jersey (continued)		
State (concluded)		
New Jersey EDA, Refunding RB, School Facilities		
Construction, Series K (NPFGC), 5.25%, 12/15/17	$ 750	$ 827,408
New Jersey Sports & Exposition Authority,		
Refunding RB (NPFGC):		
5.50%, 3/01/21	1,540	1,729,050
5.50%, 3/01/22	1,000	1,122,010
New Jersey Transportation Trust Fund Authority, RB:		
CAB, Transportation System, Series C (AGM),		
4.84%, 12/15/32 (b)	4,750	1,274,520
CAB, Transportation System, Series C (AMBAC),		
5.05%, 12/15/35 (b)	2,760	557,161
Transportation System, Series A (AGC),		
5.63%, 12/15/28	780	868,959
Transportation System, Series D (AGM),		
5.00%, 6/15/19	3,240	3,460,514
New Jersey Transportation Trust Fund Authority,		
Transportation System, Refunding RB:		
Series A (AGM), 5.25%, 12/15/20	4,250	4,735,307
Series B (NPFGC), 5.50%, 12/15/21	1,000	1,147,820
State of New Jersey, COP, Equipment Lease Purchase,		
Series A, 5.25%, 6/15/27	500	519,480
		42,899,559
Tobacco 1.6%		
Tobacco Settlement Financing Corp. New Jersey, RB,		
7.00%, 6/01/41 (c)	1,715	2,043,302
Transportation 6.7%		
New Jersey State Turnpike Authority, RB, Growth		
& Income Securities, Series B (AMBAC),		
6.27%, 1/01/35 (b)	3,005	2,360,037
New Jersey State Turnpike Authority, Refunding RB,		
Series A (AGM), 5.25%, 1/01/29	2,000	2,252,580
New Jersey Transportation Trust Fund Authority,		

RB, Transportation System, Series A (AMBAC),		
5.00%, 12/15/32	730	742,315
Port Authority of New York & New Jersey, RB,		
Consolidated, 93rd Series, 6.13%, 6/01/94	1,000	1,162,180
Port Authority of New York & New Jersey, Refunding RB,		
Consolidated, 152nd Series, AMT, 5.75%, 11/01/30	2,000	2,112,740
		8,629,852
Utilities 15.1%		
Essex County Utilities Authority, Refunding RB (AGC),		
4.13%, 4/01/22	1,000	1,015,470
Jersey City Municipal Utilities Authority, Refunding RB		
(AMBAC), 6.25%, 1/01/14	3,750	4,129,350
New Jersey EDA, RB, AMT:		
New Jersey American Water Co., Inc. Project,		
Series A (FGIC), 6.88%, 11/01/34	5,070	5,072,231
Series A, American Water (AMBAC),		
5.25%, 11/01/32	1,000	936,890
New Jersey EDA, Refunding RB, United Water of		
New Jersey, Inc., Series B (AMBAC), 4.50%, 11/01/25	1,000	1,033,770
North Hudson Sewerage Authority, Refunding RB,		
Series A (NPFGC), 5.13%, 8/01/20	1,710	1,757,846
Rahway Valley Sewerage Authority, RB, CAB, Series A		
(NPFGC)(b):		
4.74%, 9/01/26	4,100	1,612,571
4.40%, 9/01/33	2,350	568,465

Municipal Bonds	**Par (000)**	**Value**
New Jersey (concluded)		
Utilities (concluded)		
Union County Utilities Authority, Refunding RB, Senior		
Lease, Ogden Martin, Series A, AMT (AMBAC):		
5.38%, 6/01/17	$ 1,590	$ 1,593,196
5.38%, 6/01/18	1,670	1,671,837
		19,391,626
Total Municipal Bonds in New Jersey		161,105,171
New York 3.4%		
Transportation 3.4%		
Port Authority of New York & New Jersey, Refunding RB,		
Consolidated, 155th Series, AMT (AGM),		
4.25%, 12/01/32	5,000	4,417,850

Pennsylvania 3.9%		
Transportation 3.9%		
Delaware River Port Authority Pennsylvania		
& New Jersey, RB (AGM), 6.00%, 1/01/18	5,000	5,022,100
Puerto Rico 10.9%		
Education 2.2%		
Puerto Rico Industrial Tourist Educational Medical		
& Environmental Control Facilities Financing Authority,		
RB, University Plaza Project, Series A (NPFGC),		
5.00%, 7/01/33	3,000	2,781,330
Health 3.3%		
Puerto Rico Industrial Tourist Educational Medical		
& Environmental Control Facilities Financing		
Authority, RB, Hospital De La Concepcion, Series A,		
6.13%, 11/15/30	4,220	4,307,649
Housing 0.8%		
Puerto Rico Housing Finance Authority, Refunding RB,		
Subordinate, Capital Fund Modernization,		
5.13%, 12/01/27	1,000	1,000,990
State 1.5%		
Puerto Rico Commonwealth Infrastructure Financing		
Authority, RB, CAB, Series A (b):		
(AMBAC), 4.36%, 7/01/37	2,250	316,823
(FGIC), 4.49%, 7/01/30	2,750	682,468
Puerto Rico Public Buildings Authority, Refunding RB,		
Government Facilities, Series M-3 (NPFGC),		
6.00%, 7/01/27	850	877,718
		1,877,009
Transportation 1.0%		
Puerto Rico Highway & Transportation Authority,		
Refunding RB, Series CC (AGC), 5.50%, 7/01/31	1,185	1,278,615
Utilities 2.1%		
Puerto Rico Aqueduct & Sewer Authority, RB, Senior		
Lien, Series A (AGC), 5.13%, 7/01/47	1,750	1,706,687
Puerto Rico Electric Power Authority, RB, Series RR		
(CIFG), 5.00%, 7/01/28	1,000	984,580
		2,691,267
Total Municipal Bonds in Puerto Rico		13,936,860
Total Municipal Bonds 143.5%		184,481,981

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI)

(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (d)	Par (000)	Value
New Jersey 6.3%		
Housing 1.7%		
New Jersey State Housing & Mortgage Finance Agency, RB, Capital Fund Program, Series A (FSA), 5.00%, 5/01/27	$ 1,980	$ 2,129,926
State 3.2%		
Garden State Preservation Trust, RB, Election of 2005, Series A (AGM), 5.75%, 11/01/28	3,300	4,152,225
Transportation 1.4%		
Port Authority of New York & New Jersey, RB, Consolidated One Hundred Fifty Second, AMT, 5.25%, 11/01/35	1,829	1,851,219
Total Municipal Bonds Transferred to Tender Option Bond Trusts 6.3%		8,133,370
Total Long-Term Investments (Cost $190,348,356) 149.8%		192,615,351
Short-Term Securities	**Shares**	
CMA New Jersey Municipal Money Fund, 0.04% (e)(f)	4,148,151	4,148,151
Total Short-Term Securities (Cost $4,148,151) 3.2%		4,148,151
Total Investments (Cost $194,496,507*) 153.0%		196,763,502
Other Assets Less Liabilities 0.8%		985,171
Liability for Trust Certificates, Including Interest Expense and Fees Payable (3.7)%		(4,687,171)
Preferred Shares, at Redemption Value (50.1)%		(64,479,909)
Net Assets Applicable to Common Shares 100.0%		$128,581,593

* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	$189,759,130
Gross unrealized appreciation	$ 6,966,257
Gross unrealized depreciation	(4,646,254)

Net unrealized appreciation	$ 2,320,003

(a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
(b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
(c) US 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) 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.
(e) 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	Income
CMA New Jersey Municipal Money Fund	$2,822,804	$377

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

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:
Level 1 price quotations in active markets/exchanges for identical assets and liabilities
Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, repayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)
The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to the Note 1 of the Notes to Financial Statements.
The following table summarizes the inputs used as of January 31, 2010 in determining the fair valuation of the Fund s investments:

Valuation Inputs	Investments in Securities Assets
Level 1 Short-Term Securities	$ 4,148,151

Level 2	Long-Term Investments[1]	192,615,351
Level 3		
Total		$ 196,763,502

[1] See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

Schedule of Investments January 31, 2010 (Unaudited)

BlackRock MuniYield Pennsylvania Insured Fund (MPA)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Pennsylvania 121.2%		
Corporate 5.2%		
Delaware County IDA Pennsylvania, Refunding RB, Water Facilities, Aqua Pennsylvania Inc. Project, Series B, AMT (NPFGC), 5.00%, 11/01/36	$ 2,520	$ 2,344,331
Northumberland County IDA, Refunding RB, Aqua Pennsylvania Inc. Project, AMT (NPFGC), 5.05%, 10/01/39	6,000	5,476,320
Pennsylvania Economic Development Financing Authority, RB, Waste Management Inc. Project, Series A, AMT, 5.10%, 10/01/27	1,200	1,159,236
		8,979,887
County/City/Special District/School District 44.3%		
Chambersburg Area School District, GO (NPFGC):		
5.25%, 3/01/26	2,115	2,199,938
5.25%, 3/01/27	2,500	2,590,400
City of Philadelphia Pennsylvania, GO, Refunding, Series A (AGM), 5.25%, 12/15/32	7,000	7,133,840
Connellsville Area School District, GO, Series B (AGM), 5.00%, 11/15/37	1,000	1,008,170
Delaware Valley Regional Financial Authority, RB, Series A (AMBAC), 5.50%, 8/01/28	2,230	2,346,986
East Stroudsburg Area School District, GO, Series A (NPFGC), 7.75%, 9/01/27	2,000	2,433,960
Erie County Conventional Center Authority, RB (NPFGC), 5.00%, 1/15/36	8,850	8,911,596
Marple Newtown School District, GO (AGM), 5.00%, 6/01/31	3,500	3,637,445
North Allegheny School District, GO, Series C (AGM), 5.25%, 5/01/27	2,175	2,272,483
Northeastern School District York County, GO, Series B (NPFGC), 5.00%, 4/01/32	1,585	1,627,161
Philadelphia Authority for Industrial Development, RB Series B (AGM), 5.50%, 10/01/11 (a)	1,000	1,090,060
Philadelphia Redevelopment Authority, RB (NPFGC):		

Neighborhood Transformation, Series A,		
5.50%, 4/15/22	1,750	1,805,913
Quality Redevelopment Neighborhood, Series B,		
AMT, 5.00%, 4/15/27	4,645	4,393,241
Philadelphia School District, GO:		
Series B (FGIC), 5.63%, 8/01/12 (a)	10,000	11,181,300
Series E, 6.00%, 9/01/38	4,800	5,114,352
Reading School District, GO (AGM), 5.00%, 1/15/29	6,000	6,193,200
Scranton School District Pennsylvania, GO, Series A		
(AGM), 5.00%, 7/15/38	3,500	3,541,160
Shaler Area School District Pennsylvania, GO, CAB		
(Syncora) 4.80%, 9/01/30 (b)	6,145	2,080,513
Township of North Londonderry, Pennsylvania, GO		
(AGM), 4.75%, 9/01/40 (c)	5,360	5,342,794
York City School District, GO, Series A (Syncora),		
5.25%, 6/01/22	1,040	1,100,154
		76,004,666
Education 7.5%		
Gettysburg Municipal Authority, Refunding RB (NPFGC),		
5.00%, 8/15/23	4,000	4,010,560
Pennsylvania Higher Educational Facilities Authority, RB,		
Series AE (NPFGC), 4.75%, 6/15/32	8,845	8,858,975
		12,869,535
Health 13.2%		
Allegheny County Hospital Development Authority,		
RB, Health Center, UPMC Health, Series B (NPFGC),		
6.00%, 7/01/26	2,000	2,270,460
County of Lehigh Pennsylvania, RB, Lehigh Valley Health		
Network, Series A (AGM), 5.00%, 7/01/33	7,995	7,886,108

Municipal Bonds	**Par (000)**	**Value**
Pennsylvania (continued)		
Health (concluded)		
Cumberland County Municipal Authority, RB, Diakon		
Lutheran, 6.38%, 1/01/39	$ 500	$ 488,045
Lycoming County Authority, Refunding RB, Susquehanna		
Health System Project, Series A, 5.75%, 7/01/39	1,160	1,127,891
Monroe County Hospital Authority Pennsylvania,		
Refunding RB, Hospital, Pocono Medical Center,		
5.13%, 1/01/37	1,265	1,173,629

Montgomery County Higher Education & Health Authority, Refunding RB, Abington Memorial Hospital, Series A, 5.13%, 6/01/33	1,760	1,732,791
Montgomery County IDA Pennsylvania, RB, Acts Retirement Life Community:		
Series A, 4.50%, 11/15/36	400	316,464
Series A-1, 6.25%, 11/15/29	235	248,005
Pennsylvania Higher Educational Facilities Authority, RB, UPMC Health System, Series A, 6.00%, 1/15/22	3,000	3,092,880
Philadelphia Hospitals & Higher Education Facilities Authority, Refunding RB, Presbyterian Medical Center, 6.65%, 12/01/19 (d)	3,000	3,709,560
Sayre Health Care Facilities Authority, Refunding RB, Guthrie Health, Series A, 5.88%, 12/01/31	590	598,472
		22,644,305
Housing 6.8%		
Pennsylvania HFA, RB, S/F, Series 72A, AMT (NPFGC), 5.25%, 4/01/21	5,000	5,019,450
Pennsylvania HFA, Refunding RB, AMT:		
Series 96-A, 4.70%, 10/01/37	2,985	2,701,097
Series 99A, 5.15%, 4/01/38	800	795,232
Philadelphia New Public Housing Authority, RB, Series A (AGM), 5.50%, 12/01/18	3,000	3,163,320
		11,679,099
State 11.3%		
Pennsylvania Turnpike Commission, RB, Series C of 2003 Pennsylvania Turnpike (NPFGC), 5.00%, 12/01/32	13,600	13,921,096
State Public School Building Authority, RB, CAB, Corry Area School District (AGM)(b):		
4.85%, 12/15/22	1,980	1,127,748
4.87%, 12/15/23	1,980	1,063,082
4.89%, 12/15/24	1,980	1,000,217
4.92%, 12/15/25	1,980	943,846
State Public School Building Authority, Refunding RB, Harrisburg School District Project, Series A (AGC), 5.00%, 11/15/33	1,200	1,228,596
		19,284,585
Transportation 15.8%		
City of Philadelphia Pennsylvania, RB, Series A, AMT (AGM), 5.00%, 6/15/37	7,500	7,145,175

Pennsylvania Turnpike Commission, RB:		
Series A (AMBAC), 5.50%, 12/01/31	7,800	7,998,900
Series A (AMBAC), 5.25%, 12/01/32	350	352,051
Sub-Series B (AGM), 5.25%, 6/01/39	3,500	3,548,755
Philadelphia Authority for Industrial Development,		
Refunding RB, Philadelphia Airport System Project,		
Series A, AMT (NPFGC):		
5.50%, 7/01/17	4,000	4,163,560
5.50%, 7/01/18	3,655	3,799,592
		27,008,033

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniYield Pennsylvania Insured Fund (MPA)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Pennsylvania (concluded)		
Utilities 17.1%		
Allegheny County Sanitation Authority, Refunding RB, Series A (NPFGC), 5.00%, 12/01/30	$ 5,000	$ 5,024,800
City of Philadelphia Pennsylvania, RB:		
1998 General Ordinance, 4th Series (AGM), 5.00%, 8/01/32	4,500	4,515,750
Series A, 5.25%, 1/01/36	700	712,446
Delaware County IDA Pennsylvania, RB, Pennsylvania Suburban Water Co. Project, Series A, AMT (AMBAC), 5.15%, 9/01/32	5,500	5,356,505
Montgomery County IDA Pennsylvania, RB, Aqua Pennsylvania Inc. Project, Series A, AMT 5.25%, 7/01/42	1,800	1,698,498
Northampton Boro Municipal Authority, RB (NPFGC), 5.00%, 5/15/34	935	945,004
Pennsylvania Economic Development Financing Authority, RB, Philadelphia Biosolids Facility, 6.25%, 1/01/32	900	921,312
Pennsylvania IDA, Refunding RB, Economic Development (AMBAC), 5.50%, 7/01/20	7,000	7,371,560
Reading Area Water Authority Pennsylvania, RB (AGM), 5.00%, 12/01/27	2,680	2,803,709
		29,349,584
Total Municipal Bonds in Pennsylvania		207,819,694
Guam 1.4%		
Transportation 1.4%		
Guam International Airport Authority, Refunding RB, General, Series C, AMT (NPFGC), 5.00%, 10/01/23	2,500	2,437,000
Puerto Rico 0.8%		
State 0.8%		
Commonwealth of Puerto Rico, GO, Refunding, Public Improvement, Series A-4 (AGM), 5.25%, 7/01/30	1,270	1,307,199
Virgin Islands 0.0%		

State 0.0%		
Virgin Islands Public Finance Authority, RB, Senior Lien,		
Capital Projects, Series A-1, 5.00%, 10/01/39	100	88,856
Total Municipal Bonds 123.4%		211,652,749
Municipal Bonds Transferred to		
Tender Option Bond Trusts (e)		
Pennsylvania 33.6%		
County/City/Special District/School District 4.4%		
East Stroudsburg Area School District, GO (FSA),		
5.00%, 9/01/25	7,000	7,450,730
Education 1.4%		
University of Pittsburgh Pennsylvania, RB, Capital		
Project, Series B, 5.00%, 9/15/28	2,202	2,375,641
Health 3.3%		
Geisinger Authority, RB, Series A:		
5.13%, 6/01/34	$ 2,500	$ 2,554,750
5.25%, 6/01/39	3,000	3,077,730
		5,632,480

Municipal Bonds Transferred to Tender Option Bond Trusts (e)	**Par (000)**	**Value**
Pennsylvania (concluded)		
State 24.5%		
Commonwealth of Pennsylvania, GO, First Series,		
5.00%, 3/15/28	5,203	5,651,835
State Public School Building Authority, RB (FSA):		
Lease Philadelphia School District Project,		
5.25%, 6/01/13 (a)	15,000	17,119,950
School District Philadelphia Project, Series B,		
5.00%, 6/01/26	19,025	19,276,572
		42,048,357
Total Municipal Bonds Transferred to		
Tender Option Bond Trusts 33.6%		57,507,208
Total Long-Term Investments		
(Cost $265,051,425) 157.0%		269,159,957
Short-Term Securities	**Shares**	
CMA Pennsylvania Municipal Money Fund,		
0.00% (f)(g)	225,480	225,480
Total Short-Term Securities		
(Cost $225,480) 0.1%		225,480
Total Investments (Cost $265,276,905*) 157.1%		269,385,437

Liabilities in Excess of Other Assets (1.9)%	(3,333,523)
Liability for Trust Certificates, Including Interest	
Expense and Fees Payable (16.5)%	(28,217,129)
Preferred Shares, at Redemption Value (38.7)%	(66,353,969)
Net Assets Applicable to Common Shares 100.0%	$171,480,816

* The cost and unrealized appreciation (depreciation) of investments as of January 31, 2010, as computed for federal income tax purposes, were as follows:

Aggregate cost	$238,240,607
Gross unrealized appreciation	$ 7,640,811
Gross unrealized depreciation	(4,691,038)
Net unrealized appreciation	$ 2,949,773

(a) US 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.
(b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
(c) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	Value	Unrealized Appreciation (Depreciation)
RBC Capital	$5,342,794	

(d) Security is collateralized by Municipal or US Treasury obligations.
(e) 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.
(f) 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	Income
CMA Pennsylvania Municipal Money Fund	$(1,329,751)	$133

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

See Notes to Financial Statements.

JANUARY 31, 2010

Schedule of Investments (concluded)

BlackRock MuniYield Pennsylvania Insured Fund (MPA)

Fair Value Measurements Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, repayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund s own assumptions used in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund s policy regarding valuation of investments and other significant accounting policies, please refer to the Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of January 31, 2010 in determining the fair valuation of the Fund s investments:

Valuation Inputs	**Investments in Securities Assets**
Level 1 Short-Term Securities	$ 225,480
Level 2 Long-Term Investments[1]	269,159,957
Level 3	
Total	$ 269,385,437

[1] See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

Statements of Assets and Liabilities

January 31, 2010 (Unaudited)	BlackRock MuniHoldings California Insured Fund, Inc. (MUC)	BlackRock MuniHoldings New Jersey Insured Fund, Inc. (MUJ)	BlackRock MuniYield Insured Investment Fund (MFT)	BlackRock MuniYield Michigan Insured Fund, Inc. (MIY)	BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI)	BlackRock MuniYield Pennsylvania Insured Fund (MPA)
Assets						
Investments at value unaffiliated[1]	$ 916,493,196	$ 494,194,416	$ 185,949,710	$ 414,960,353	$ 192,615,351	$ 269,159,957
Investments at value affiliated[2]	7,863,872	5,286,259	2,906,241	9,295,968	4,148,151	225,480
Interest receivable	13,593,763	4,944,682	2,369,213	4,912,298	1,694,115	2,873,447
Investments sold receivable	190,000	1,180,000	272,050			
Prepaid expenses	61,416	44,173	18,213	37,357	19,705	26,360
Other assets	77,528					
Total assets	938,279,775	505,649,530	191,515,427	429,205,976	198,477,322	272,285,244
Accrued Liabilities						
Bank overdraft					4,587	
Income dividends payable Common Shares	2,575,091	1,465,934	557,820	1,365,473	611,746	751,977
Investment advisory fees payable	386,519	222,614	79,704	178,478	83,254	113,005
Investments purchased payable	251,558	1,553,071	3,046,561	1,019,652		5,342,794
Interest expense and fees payable	95,647	9,916	16,051	8,425	2,802	22,072
Officer's and Directors' fees payable	79,722	652	1,467	396	194	2,196
Other affiliates payable	5,424	3,288	1,112	2,656	1,296	1,728
Other accrued expenses payable	143,327	65,096	27,368	43,671	27,572	21,630
Total accrued liabilities	3,537,288	3,320,571	3,730,083	2,618,751	731,451	6,255,402
Other Liabilities						
Trust certificates[3]	105,199,537	13,262,930	17,116,391	16,190,000	4,684,369	28,195,057
Total Liabilities	108,736,825	16,583,501	20,846,474	18,808,751	5,415,820	34,450,459
Preferred Shares at Redemption Value						
$25,000 per share liquidation preference, plus unpaid dividends[4,5]	254,011,754	172,707,795	56,529,045	144,661,268	64,479,909	66,353,969
Net Assets Applicable to Common Shareholders	$ 575,531,196	$ 316,358,234	$ 114,139,908	$ 265,735,957	$ 128,581,593	$ 171,480,816
Net Assets Applicable to Common Shareholders Consist of						
Paid-in capital[6,7]	$ 585,680,722	$ 298,669,716	$ 117,826,735	$ 263,576,016	$ 124,136,774	$ 170,023,959
Undistributed net investment income	8,562,522	5,113,974	1,685,853	4,361,637	2,819,150	2,495,476
Accumulated net realized loss	(14,825,155)	(1,011,363)	(9,537,335)	(8,882,680)	(641,326)	(5,147,151)
Net unrealized appreciation/depreciation	(3,886,893)	13,585,907	4,164,655	6,680,984	2,266,995	4,108,532

Net Assets Applicable to Common Shareholders	$ 575,531,196	$ 316,358,234	$ 114,139,908	$ 265,735,957	$ 128,581,593	$ 171,480,816
Net asset value per Common Share	$ 14.08	$ 14.89	$ 13.50	$ 14.60	$ 14.61	$ 14.94
[1] Investments at cost unaffiliated	$ 920,380,089	$ 480,608,509	$ 181,785,055	$ 408,279,369	$ 190,348,356	$ 265,051,425
[2] Investments at cost affiliated	$ 7,863,872	$ 5,286,259	$ 2,906,241	$ 9,295,968	$ 4,148,151	$ 225,480
[3] Represents short-term floating rate certificates issued by tender option bond trusts.						
[4] Preferred Shares outstanding:						
Par value $0.05 per share			2,261	4,909	1,965	2,654
Par value $0.10 per share	10,160	6,908		877	614	
[5] Preferred Shares authorized	15,600	8,120	1 million	6,600	2,940	1 million
[6] Common Shares outstanding, $0.10 par value	40,874,458	21,245,413	8,451,814	18,206,301	8,802,099	11,480,567
[7] Common Shares authorized	200 million	200 million	unlimited	200 million	200 million	unlimited

See Notes to Financial Statements.

Statements of Operations

Six Months Ended January 31, 2010 (Unaudited)	BlackRock MuniHoldings California Insured Fund, Inc. (MUC)	BlackRock MuniHoldings New Jersey Insured Fund, Inc. (MUJ)	BlackRock MuniYield Insured Investment Fund (MFT)	BlackRock MuniYield Michigan Insured Fund, Inc. (MIY)	BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI)	BlackRock MuniYield Pennsylvania Insured Fund (MPA)
Investment Income						
Interest	$ 22,160,151	$ 11,858,625	$ 4,586,726	$ 10,272,086	$ 4,793,333	$ 6,133,520
Income affiliated	5,894	699	7,746	958	377	133
Total income	22,166,045	11,859,324	4,594,472	10,273,044	4,793,710	6,133,653
Expenses						
Investment advisory	2,561,874	1,378,337	465,088	1,060,992	494,281	660,601
Commissions for Preferred Shares	206,643	131,753	43,135	107,297	48,445	48,897
Accounting services	152,196	62,660	27,126	56,127	24,615	30,704
Professional	41,679	28,139	26,946	28,153	22,852	22,995
Officer and Directors	41,088	18,943	7,257	16,565	7,686	10,735
Printing	39,158	20,477	6,968	16,399	9,855	9,621
Transfer agent	38,842	30,998	19,304	30,071	18,599	22,999
Custodian	21,012	12,849	5,890	10,823	5,735	8,152
Registration	7,528	4,649	4,624	4,573	4,539	4,568
Miscellaneous	68,101	53,462	27,211	39,574	29,182	32,065
Total expenses excluding interest expense and fees	3,178,121	1,742,267	633,549	1,370,574	665,789	851,337
Interest expense and fees[1]	345,442	45,411	58,079	53,023	7,192	112,172
Total expenses	3,523,563	1,787,678	691,628	1,423,597	672,981	963,509
Less fees waived by advisor	(309,530)	(68,465)	(3,877)	(8,885)	(3,460)	(1,180)
Total expenses after fees waived	3,214,033	1,719,213	687,751	1,414,712	669,521	962,329
Net investment income	18,952,012	10,140,111	3,906,721	8,858,332	4,124,189	5,171,324
Realized and Unrealized Gain (Loss)						
Net realized gain (loss) from:						
Investments	(371,041)	272,859	293,773	1,419,410	641,538	190,609
Financial futures contracts	122,664	224,417	7,965	188,172	92,553	102,006
	(248,377)	497,276	301,738	1,607,582	734,091	292,615
Net change in unrealized appreciation/depreciation on investments	32,682,530	9,272,564	5,016,458	9,970,935	4,701,810	6,802,515
Total realized and unrealized gain	32,434,153	9,769,840	5,318,196	11,578,517	5,435,901	7,095,130
Dividends and Distributions to Preferred Shareholders From						

Net investment income	(548,785)	(356,008)	(172,150)	(429,545)	(163,379)	(192,000)
Net realized gain		(30,004)			(96,051)	
Total dividends and distributions to						
Preferred Shareholders	(548,785)	(386,012)	(172,150)	(429,545)	(259,430)	(192,000)
Net Increase in Net Assets Applicable to						
Common Shareholders Resulting from Operations	$ 50,837,380	$ 19,523,939	$ 9,052,767	$ 20,007,304	$ 9,300,660	$ 12,074,454

[1] Related to tender option bond trusts.

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock MuniHoldings California Insured Fund, Inc. (MUC)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Six Months Ended January 31, 2010 (Unaudited)	Period July 1, 2009 to July 31, 2009	Year Ended June 30, 2009
Operations			
Net investment income	$ 18,952,012	$ 3,111,119	$ 36,958,531
Net realized gain (loss)	(248,377)	333,937	(7,708,517)
Net change in unrealized appreciation/depreciation	32,682,530	6,127,212	(29,358,960)
Dividends to Preferred Shareholders from net investment income	(548,785)	(108,541)	(5,987,846)
Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations	50,837,380	9,463,727	(6,096,792)
Dividends to Common Shareholders From			
Net investment income	(15,450,545)	(2,575,091)	(26,404,900)
Net Assets Applicable to Common Shareholders			
Total increase (decrease) in net assets applicable to Common Shareholders	35,386,835	6,888,636	(32,501,692)
Beginning of period	540,144,361	533,255,725	565,757,417
End of period	$575,531,196	$540,144,361	$533,255,725
Undistributed net investment income	$ 8,562,522	$ 5,609,840	$ 5,182,353

BlackRock MuniHoldings New Jersey Insured Fund, Inc. (MUJ)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009
Operations		
Net investment income	$ 10,140,111	$ 20,763,269
Net realized gain	497,276	1,281,894
Net change in unrealized appreciation/depreciation	9,272,564	(3,750,895)
Dividends and distributions to Preferred Shareholders from:		
Net investment income	(356,008)	(3,341,606)
Net realized gain	(30,004)	
Net increase in net assets applicable to Common Shareholders resulting from operations	19,523,939	14,952,662
Dividends and Distributions to Common Shareholders From		
Net investment income	(8,721,243)	(14,043,218)
Net realized gain	(300,750)	
Decrease in net assets resulting from dividends and distributions to Common Shareholders	(9,021,993)	(14,043,218)
Net Assets Applicable to Common Shareholders		

Total increase in net assets applicable to Common Shareholders	10,501,946	909,444
Beginning of period	305,856,288	304,946,844
End of period	$316,358,234	$305,856,288
Undistributed net investment income	$ 5,113,974	$ 4,051,114

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock MuniYield Insured Investment Fund (MFT)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009
Operations		
Net investment income	$ 3,906,721	$ 7,920,874
Net realized gain	301,738	(6,860,292)
Net change in unrealized appreciation/depreciation	5,016,458	919,422
Dividends to Preferred Shareholders from net investment income	(172,150)	(1,287,734)
Net increase in net assets applicable to Common Shareholders resulting from operations	9,052,767	692,270
Dividends to Common Shareholders From		
Net investment income	(3,346,918)	(5,707,468)
Net Assets Applicable to Common Shareholders		
Total increase (decrease) in net assets applicable to Common Shareholders	5,705,849	(5,015,198)
Beginning of period	108,434,059	113,449,257
End of period	$114,139,908	$108,434,059
Undistributed net investment income	$ 1,685,853	$ 1,298,200

BlackRock MuniYield Michigan Insured Fund, Inc. (MIY)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009
Operations		
Net investment income	$ 8,858,332	$ 18,189,609
Net realized gain (loss)	1,607,582	(964,623)
Net change in unrealized appreciation/depreciation	9,970,935	(6,206,801)
Dividends to Preferred Shareholders from net investment income	(429,545)	(2,941,361)
Net increase in net assets applicable to Common Shareholders resulting from operations	20,007,304	8,076,824
Dividends to Common Shareholders From		
Net investment income	(7,901,535)	(12,252,841)
Net Assets Applicable to Common Shareholders		
Total increase (decrease) in net assets applicable to Common Shareholders	12,105,769	(4,176,017)
Beginning of period	253,630,188	257,806,205
End of period	$265,735,957	$253,630,188
Undistributed net investment income	$ 4,361,637	$ 3,834,385

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009
Operations		
Net investment income	$ 4,124,189	$ 8,438,803
Net realized gain	734,091	369,858
Net change in unrealized appreciation/depreciation	4,701,810	(2,778,653)
Dividends and distributions to Preferred Shareholders from:		
Net investment income	(163,379)	(1,331,483)
Net realized gain	(96,051)	(95,182)
Net increase in net assets applicable to Common Shareholders resulting from operations	9,300,660	4,603,343
Dividends and Distributions to Common Shareholders From		
Net investment income	(3,622,064)	(5,879,803)
Net realized gain	(903,447)	(150,243)
Decrease in net assets resulting from dividends and distributions to Common Shareholders	(4,525,511)	(6,030,046)
Net Assets Applicable to Common Shareholders		
Total increase (decrease) in net assets applicable to Common Shareholders	4,775,149	(1,426,703)
Beginning of period	123,806,444	125,233,147
End of period	$128,581,593	$123,806,444
Undistributed net investment income	$ 2,819,150	$ 2,480,404

BlackRock MuniYield Pennsylvania Insured Fund (MPA)

Increase (Decrease) in Net Assets Applicable to Common Shareholders:	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009
Operations		
Net investment income	$ 5,171,324	$ 10,633,795
Net realized gain (loss)	292,615	(4,324,778)
Net change in unrealized appreciation/depreciation	6,802,515	2,634,266
Dividends to Preferred Shareholders from net investment income	(192,000)	(1,555,575)
Net increase in net assets applicable to Common Shareholders resulting from operations	12,074,454	7,387,708
Dividends to Common Shareholders From		
Net investment income	(4,511,863)	(7,588,655)
Net Assets Applicable to Common Shareholders		

Total increase (decrease) in net assets applicable to Common Shareholders	7,562,591	(200,947)
Beginning of period	163,918,225	164,119,172
End of period	$171,480,816	$163,918,225
Undistributed net investment income	$ 2,495,476	$ 2,028,015

See Notes to Financial Statements.

Statements of Cash Flows

January 31, 2010 (Unaudited)	Muniholdings California Insured Fund, Inc. (MUC)	MuniYield Pennsylvania Insured Fund (MPA)
Cash Provided by Operating Activities		
Net increase in net assets resulting from operations, excluding dividends to Preferred Shareholders	$ 51,386,165	$ 12,266,454
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Increase in interest receivable	(957,616)	(18,122)
Decrease in other assets	(22,085)	
Decrease in income receivable affiliated	243	
Increase (decrease) in investment advisory fees payable	13,350	(319)
Decrease in interest expense and fees payable	(30,151)	(26,106)
Decrease in other affiliates payable	(122)	(24)
Decrease in other accrued expenses payable	(1,298)	(15,752)
Increase in Officer's and Directors' fees payable	22,381	1,833
Net realized and unrealized gain	(32,311,489)	(7,326,983)
Amortization of premium and discount on investments	572,593	270,540
Proceeds from sales of long-term investments	124,265,909	9,868,443
Purchases of long-term investments	(139,587,191)	(13,186,650)
Net proceeds from sales of short-term securities	12,636,942	1,329,751
Cash provided by operating activities	15,987,631	3,163,065
Cash Used for Financing Activities		
Cash receipts from trust certificates		1,466,689
Cash payments from trust certificates	(3,367)	
Cash dividends paid to Common Shareholders	(15,450,545)	(4,511,863)
Cash dividends paid to Preferred Shareholders	(556,215)	(193,941)
Cash used for financing activities	(16,010,127)	(3,239,115)
Cash		
Net decrease in cash	(22,496)	(76,050)
Cash at beginning of period	22,496	76,050
Cash at end of period		
Cash Flow Information		
Cash paid during the period for interest	$ 375,593	$ 138,278

A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to average
total assets.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniHoldings California Insured Fund, Inc. (MUC)

	Six Months Ended January 31, 2010 (Unaudited)	Period July 1, 2009 to July 31, 2009	Year Ended June 30,				
			2009	2008	2007	2006	2005
Per Share Operating Performance							
Net asset value, beginning of period	$ 13.21	$ 13.05	$ 13.84	$ 14.48	$ 14.44	$ 15.40	$ 14.73
Net investment income[1]	0.46	0.08	0.90	0.96	1.01	1.05	1.07
Net realized and unrealized gain (loss)	0.80	0.14	(0.89)	(0.60)	0.07	(0.85)	0.69
Dividends to Preferred Shareholders from net investment income	(0.01)	(0.00)[2]	(0.15)	(0.32)	(0.31)	(0.25)	(0.14)
Net increase (decrease) from investment operations	1.25	0.22	(0.14)	0.04	0.77	(0.05)	1.62
Dividends to Common Shareholders from net investment income	(0.38)	(0.06)	(0.65)	(0.68)	(0.73)	(0.91)	(0.95)
Net asset value, end of period	$ 14.08	$ 13.21	$ 13.05	$ 13.84	$ 14.48	$ 14.44	$ 15.40
Market price, end of period	$ 12.55	$ 12.18	$ 11.07	$ 12.24	$ 13.92	$ 13.94	$ 14.97
Total Investment Return[3]							
Based on net asset value	9.76%[4]	1.75%[4]	0.21%	0.64%	5.46%	(0.29)%	11.56%
Based on market price	6.10%[4]	10.59%[4]	(3.88)%	(7.41)%	5.02%	(0.98)%	19.56%
Ratios to Average Net Assets Applicable to Common Shares							
Total expenses[5]	1.23%[6]	1.34%[6,7]	1.59%	1.58%	1.66%	1.41%	1.22%
Total expenses after fees waived[5]	1.12%[6]	1.19%[6,7]	1.40%	1.50%	1.60%	1.35%	1.16%
Total expenses after fees waived and excluding interest expense and fees[5,8]	1.00%[6]	1.06%[6,7]	1.02%	1.14%	1.12%	1.10%	1.11%
Net investment income[5]	6.61%[6]	6.59%[6,7]	7.08%	6.72%	6.81%	7.01%	6.99%
Dividends to Preferred Shareholders	0.19%[6]	0.23%[6]	1.15%	2.22%	2.11%	1.68%	0.93%
Net investment income to Common Shareholders	6.42%[6]	6.36%[6,7]	5.93%	4.50%	4.70%	5.33%	6.06%
Supplemental Data							
Net assets applicable to Common Shareholders, end of period (000)	$ 575,531	$ 540,144	$ 533,256	$ 565,757	$ 592,053	$ 589,404	$ 626,109
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 254,000	$ 254,000	$ 287,375	$ 287,375	$ 390,000	$ 390,000	$ 390,000
Portfolio turnover	14%	1%	19%	43%	35%	34%	47%
Asset coverage per Preferred Share at $25,000 liquidation preference, end of period	$ 81,648	$ 78,166	$ 71,392		$62,965[9]	$ 62,795[9]	$ 65,140[9]

$
74,225[9]

[1] Based on average shares outstanding.
[2] Amount is less than $(0.01) per share.
[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. Where applicable,
total investment returns exclude effects of sales charges and include the reinvestment of dividends and distributions.
[4] Aggregate total investment return.
[5] Do not reflect the effect of dividends to Preferred Shareholders.
[6] Annualized.
[7] Certain non-recurring expenses have been included in the ratio but not annualized. If these expenses were annualized, the ratios of total expenses, total expenses after fees
waived, total expenses after fees waived and excluding interest expense and fees, net investment income and net investment income to Common Shareholders would have been
1.43%, 1.28%, 1.15%, 6.50% and 6.27%, respectively.
[8] 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.
[9] Amounts have been recalculated to conform with current period presentation.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniHoldings New Jersey Insured Fund, Inc. (MUJ)

	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009	2008	2007	2006	2005
Per Share Operating Performance						
Net asset value, beginning of period	$ 14.40	$ 14.35	$ 14.86	$ 14.91	$ 15.62	$ 15.03
Net investment income[1]	0.48	0.98	0.93	1.03	1.03	1.04
Net realized and unrealized gain (loss)	0.45	(0.11)	(0.47)	(0.03)	(0.61)	0.66
Dividends to Preferred Shareholders from:						
Net investment income	(0.02)	(0.16)	(0.31)	(0.31)	(0.26)	(0.16)
Net realized gain	(0.00)[2]					
Net increase from investment operations.	0.91	0.71	0.15	0.69	0.16	1.54
Dividends to Common Shareholders from:						
Net investment income	(0.41)	(0.66)	(0.66)	(0.74)	(0.87)	(0.95)
Net realized gain	(0.01)					
Total dividends and distributions to Common Shareholders	(0.42)	(0.66)	(0.66)	(0.74)	(0.87)	(0.95)
Net asset value, end of period	$ 14.89	$ 14.40	$ 14.35	$ 14.86	$ 14.91	$ 15.62
Market price, end of period	$ 14.09	$ 13.38	$ 12.93	$ 14.40	$ 14.98	$ 15.89
Total Investment Return[3]						
Based on net asset value	6.55%[4]	6.13%	1.35%	4.71%	1.09%	10.63%
Based on market price	8.51%[4]	9.45%	(5.76)%	0.99%	(0.16)%	19.37%
Ratios to Average Net Assets Applicable to Common Shares						
Total expenses[5]	1.13%[6]	1.30%	1.30%	1.45%	1.45%	1.31%
Total expenses after fees waived[5]	1.09%[6]	1.21%	1.23%	1.40%	1.39%	1.25%
Total expenses after fees waived and excluding interest expense and fees[5,7]	1.06%[6]	1.10%	1.15%	1.17%	1.15%	1.14%
Net investment income[5]	6.42%[6]	7.04%	6.22%	6.77%	6.80%	6.69%
Dividends to Preferred Shareholders	0.22%[6]	1.13%	2.11%	2.03%	1.72%	1.02%
Net investment income to Common Shareholders	6.20%[6]	5.91%	4.11%	4.74%	5.08%	5.67%
Supplemental Data						
Net assets applicable to Common Shareholders, end of period (000)	$ 316,358	$ 305,856	$ 304,947	$ 315,769	$ 315,649	$ 328,853
Preferred Shares outstanding at $25,000 liquidation preference,						
end of period (000)	$ 172,700	$ 172,700	$ 176,700	$ 203,000	$ 203,000	$ 203,000
Portfolio turnover	6%	9%	12%	17%	16%	29%
Asset coverage, end of period per $1,000	$ 2,832[8]	$ 2,771[8]	$ 2,726[8]	$ 2,556[8]	$ 2,555[8]	$ 2,620

[1] Based on average shares outstanding.
[2] Amount is less than $(0.01) per share.
[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. Where applicable,
total investment returns exclude effects of sales charges and include the reinvestment of dividends and distributions.
[4] Aggregate total investment return
[5] Do not reflect the effect of dividends to Preferred Shareholders.
[6] Annualized.
[7] 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.
[8] Asset coverage per Preferred Share at $25,000 liquidation preference for the six months ended January 31, 2010 and the years ended 2009, 2008, 2007, 2006 and 2005 were
$70,797, $69,278, $68,152, $63,898 and $63,884, respectively.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield Insured Investment Fund (MFT)

	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009	Period November 1, 2007 to July 31, 2008	Year Ended October 31, 2007	2006	2005	2004
Per Share Operating Performance							
Net asset value, beginning of period	$ 12.83	$ 13.42	$ 14.38	$ 14.91	$ 14.72	$ 15.22	$ 15.04
Net investment income[1]	0.46	0.94	0.71	0.95	0.97	0.98	0.98
Net realized and unrealized gain (loss)	0.63	(0.70)	(0.97)	(0.49)	0.24	(0.38)	0.20
Dividends to Preferred Shareholders from net investment income	(0.02)	(0.15)	(0.22)	(0.31)	(0.27)	(0.17)	(0.07)
Net increase (decrease) from investment operations	1.07	0.09	(0.48)	0.15	0.94	0.43	1.11
Dividends to Common Shareholders from net investment income	(0.40)	(0.68)	(0.48)	(0.68)	(0.75)	(0.90)	(0.93)
Capital charges resulting from issuance of Preferred Shares						(0.03)	
Net asset value, end of period	$ 13.50	$ 12.83	$ 13.42	$ 14.38	$ 14.91	$ 14.72	$ 15.22
Market price, end of period	$ 12.93	$ 11.80	$ 11.75	$ 12.74	$ 14.21	$ 14.18	$ 14.98
Total Investment Return[2]							
Based on net asset value	8.52%[3]	1.94%	(2.97)%[3]	1.39%	6.87%	2.72%	7.98%
Based on market price	13.01%[3]	7.08%	(4.11)%[3]	(5.75)%	5.73%	0.54%	12.73%
Ratios to Average Net Assets Applicable to Common Shares							
Total expenses[4]	1.22%[5]	1.40%	1.51%[5]	1.54%	1.46%	1.38%	1.28%
Total expenses after fees waived[4]	1.21%[5]	1.37%	1.49%[5]	1.52%	1.45%	1.38%	1.27%
Total expenses after fees waived and excluding interest expense and fees[4,6]	1.11%[5]	1.19%	1.18%[5]	1.20%	1.17%	1.20%	1.09%
Net investment income[4]	6.87%[5]	7.54%	6.60%[5]	6.53%	6.58%	6.50%	6.54%
Dividends to Preferred Shareholders	0.30%[5]	1.23%	2.07%[5]	2.13%	1.87%	1.13%	0.48%
Net investment income to Common Shareholders	6.57%[5]	6.35%	4.53%[5]	4.40%	4.71%	5.37%	6.06%
Supplemental Data							
Net assets applicable to Common Shareholders, end of period (000)	$ 114,140	$ 108,434	$ 113,449	$ 121,574	$ 126,042	$ 124,422	$ 128,455
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 56,525	$ 56,525	$ 62,250	$ 72,000	$ 72,000	$ 72,000	$ 60,000

Portfolio turnover.	22%	43%	21%	26%	34%	52%	28%
Asset coverage per Preferred Shares at $25,000							
liquidation preference, end of period	$ 75,484	$ 72,961	$ 70,569[7]	$ 67,220[7]	$ 68,769[7]	$ 68,212[7]	$ 78,528[7]

[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. Where applicable,
total investment returns exclude effects of sales charges and include the reinvestment of dividends and distributions.

[3] Aggregate total investment return.

[4] Do not reflect the effect of dividends to Preferred Shareholders.

[5] Annualized.

[6] 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.

[7] Amounts have been recalculated to conform with current period presentation.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield Michigan Insured Fund, Inc. (MIY)

	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009	Period November 1, 2007 to July 31, 2008	Year Ended October 31, 2007	2006	2005	2004
Per Share Operating Performance							
Net asset value, beginning of period	$ 13.93	$ 14.16	$ 15.03	$ 15.45	$ 15.32	$ 15.96	$ 15.94
Net investment income[1]	0.49	1.00	0.70	1.06	1.04	1.08	1.06
Net realized and unrealized gain (loss)	0.64	(0.40)	(0.82)	(0.45)	0.22	(0.54)	0.03
Dividends to Preferred Shareholders from net investment income	(0.03)	(0.16)	(0.23)	(0.32)	(0.29)	(0.18)	(0.07)
Net increase (decrease) from investment operations	1.10	0.44	(0.35)	0.29	0.97	0.36	1.02
Dividends to Common Shareholders from net investment income	(0.43)	(0.67)	(0.52)	(0.71)	(0.84)	(0.98)	(1.00)
Capital charges with respect to the issuance of Preferred Shares						(0.02)	
Net asset value, end of period	$ 14.60	$ 13.93	$ 14.16	$ 15.03	$ 15.45	$ 15.32	$ 15.96
Market price, end of period	$ 13.09	$ 12.25	$ 12.30	$ 13.40	$ 14.67	$ 15.31	$ 15.37
Total Investment Return[2]							
Based on net asset value	8.33%[3]	4.66%	(2.02)%[3]	2.30%	6.64%	2.24%	7.04%
Based on market price	10.44%[3]	5.95%	(4.54)%[3]	(3.95)%	1.32%	6.10%	11.85%
Ratios to Average Net Assets Applicable to Common Shares							
Total expenses[4]	1.08%[5]	1.27%	1.42%[5]	1.55%	1.62%	1.42%	1.22%
Total expenses after fees waived[4]	1.07%[5]	1.25%	1.40%[5]	1.55%	1.61%	1.42%	1.19%
Total expenses after fees waived and excluding interest expense and fees[4,6]	1.03%[5]	1.09%	1.13%[5]	1.12%	1.11%	1.10%	1.00%
Net investment income[4]	6.71%[5]	7.37%	6.19%[5]	6.95%	6.84%	6.84%	6.69%
Dividends to Preferred Shareholders	0.33%[5]	1.19%	2.05%[5]	2.12%	1.87%	1.13%	0.46%
Net investment income to Common Shareholders	6.38%[5]	6.18%	4.14%[5]	4.83%	4.97%	5.71%	6.23%
Supplemental Data							
Net assets applicable to Common Shareholders, end of period (000)	$ 265,736	$ 253,630	$ 257,806	$ 273,593	$ 281,350	$ 278,250	$ 289,695
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 144,650	$ 144,650	$ 144,650	$ 165,000	$ 165,000	$ 165,000	$ 140,000

Portfolio turnover	12%	9%	21%	10%	15%	25%	32%
Asset coverage end of period per $1,000	$ 2,837[7]	$ 2,753[7]	$ 2,782[7]	$ 2,658[7]	$ 2,705[7]	$ 2,686	$ 3,069

[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. Where applicable,
total investment returns exclude effects of sales charges and include the reinvestment of dividends and distributions.
[3] Aggregate total investment return.
[4] Do not reflect the effect of dividends to Preferred Shareholders.
[5] Annualized.
[6] 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.
[7] Asset coverage per Preferred Share at $25,000 liquidation preference for the six months ended January 31, 2010 and the periods ended 2009, 2008, 2007 and 2006 were
$70,929, $68,838, $69,563, $66,461 and $67,638, respectively.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI)

	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009	Period November 1, 2007 to July 31, 2008	Year Ended October 31, 2007	2006	2005	2004
Per Share Operating Performance							
Net asset value, beginning of period	$ 14.07	$ 14.23	$ 15.02	$ 15.42	$ 15.07	$ 15.46	$ 15.25
Net investment income[1]	0.47	0.96	0.69	0.96	0.97	0.96	1.03
Net realized and unrealized gain (loss)	0.61	(0.27)	(0.76)	(0.42)	0.36	(0.27)	0.21
Dividends and distributions to							
Preferred Shareholders from:							
Net investment income	(0.02)	(0.15)	(0.21)	(0.28)	(0.25)	(0.16)	(0.06)
Net realized gain	(0.01)	(0.01)	(0.01)	(0.00)[2]			
Net increase (decrease) from investment operations	1.05	0.53	(0.29)	0.26	1.08	0.53	1.18
Dividends and distributions to							
Common Shareholders from:							
Net investment income	(0.41)	(0.67)	(0.49)	(0.65)	(0.73)	(0.92)	(0.94)
Net realized gain	(0.10)	(0.02)	(0.01)	(0.01)			
Total dividends and distributions to							
Common Shareholders	(0.51)	(0.69)	(0.50)	(0.66)	(0.73)	(0.92)	(0.94)
Capital charges with respect to the issuance							
of Preferred Shares						0.00[3]	(0.03)
Net asset value, end of period	$ 14.61	$ 14.07	$ 14.23	$ 15.02	$ 15.42	$ 15.07	$ 15.46
Market price, end of period	$ 13.80	$ 12.82	$ 12.81	$ 13.70	$ 14.96	$ 14.65	$ 15.16
Total Investment Return[4]							
Based on net asset value	7.75%[5]	4.94%	(1.67)%[5]	2.00%	7.50%	3.49%	7.99%
Based on market price	11.70%[5]	6.22%	(2.95)%[5]	(4.10)%	7.28%	2.60%	12.23%
Ratios to Average Net Assets Applicable to Common Shares							
Total expenses[6]	1.05%[7]	1.22%	1.24%[7]	1.37%	1.59%	1.52%	1.35%
Total expenses after fees waived[6]	1.04%[7]	1.21%	1.24%[7]	1.37%	1.59%	1.52%	1.33%
Total expenses after fees waived and							
excluding interest expense and fees[6,8]	1.03%[7]	1.11%	1.18%[7]	1.17%	1.15%	1.16%	1.06%
Net investment income[6]	6.41%[7]	7.10%	6.18%[7]	6.30%	6.46%	6.21%	6.79%
Dividends to Preferred Shareholders	0.25%[7]	1.12%	1.87%[7]	1.81%	1.63%	1.03%	0.42%
Net investment income to Common Shareholders	6.16%[7]	5.98%	4.31%[7]	4.49%	4.83%	5.18%	6.37%

Supplemental Data							
Net assets applicable to Common Shareholders, end of period (000)	$ 128,582	$ 123,806	$ 125,233	$ 132,174	$ 135,767	$ 132,622	$ 135,370
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 64,475	$ 64,475	$ 65,700	$ 73,500	$ 73,500	$ 73,500	$ 73,500
Portfolio turnover	5%	8%	13%	23%	11%	29%	16%
Asset coverage per Preferred Share at $25,000 liquidation preference, end of period	$ 74,859	$ 73,008	$ 72,666[9]	$ 69,965[9]	$ 71,185[9]	$ 70,110[9]	$ 71,050[9]

1 Based on average shares outstanding.

2 Amount is less than $(0.01) per share.

3 Amount is less than $0.01 per share.

4 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. Where applicable,
total investment returns exclude effects of sales charges and include the reinvestment of dividends and distributions.

5 Aggregate total investment return.

6 Do not reflect the effect of dividends to Preferred Shareholders.

7 Annualized.

8 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.

9 Amounts have been recalculated to conform with current period presentation.

See Notes to Financial Statements.

Financial Highlights

BlackRock MuniYield Pennsylvania Insured Fund (MPA)

	Six Months Ended January 31, 2010 (Unaudited)	Year Ended July 31, 2009	Period November 1, 2007 to July 31, 2008	Year Ended October 31, 2007	2006	2005	2004
Per Share Operating Performance							
Net asset value, beginning of period	$ 14.28	$ 14.30	$ 15.49	$ 15.89	$ 15.57	$ 16.04	$ 15.56
Net investment income[1]	0.45	0.93	0.71	1.01	1.01	1.05	1.08
Net realized and unrealized gain (loss)	0.62	(0.15)	(1.18)	(0.40)	0.36	(0.35)	0.48
Dividends to Preferred Shareholders from net investment income	(0.02)	(0.14)	(0.22)	(0.32)	(0.27)	(0.19)	(0.08)
Net increase (decrease) from investment operations	1.05	0.64	(0.69)	0.29	1.10	0.51	1.48
Dividends to Common Shareholders from net investment income	(0.39)	(0.66)	(0.50)	(0.69)	(0.78)	(0.96)	(1.00)
Capital charges with respect to the issuance of Preferred Shares					(0.00)[2]	(0.02)	
Net asset value, end of period	$ 14.94	$ 14.28	$ 14.30	$ 15.49	$ 15.89	$ 15.57	$ 16.04
Market price, end of period	$ 13.35	$ 12.87	$ 12.43	$ 13.67	$ 14.60	$ 14.91	$ 15.61
Total Investment Return[3]							
Based on net asset value	7.72%[4]	5.88%	(4.18)%[4]	2.19%	7.52%	3.16%	10.15%
Based on market price	6.80%[4]	9.78%	(5.62)%[4]	(1.85)%	3.16%	1.51%	12.63%
Ratios to Average Net Assets Applicable to Common Shares							
Total expenses[5]	1.13%[6]	1.27%	1.50%[6]	1.72%	1.70%	1.70%	1.33%
Total expenses after fees waived[5]	1.13%[6]	1.25%	1.48%[6]	1.72%	1.69%	1.69%	1.32%
Total expenses after fees waived and excluding interest expense and fees[5,7]	1.00%[6]	1.06%	1.13%[6]	1.13%	1.13%	1.13%	1.05%
Net investment income[5]	6.06%[6]	6.82%	6.18%[6]	6.44%	6.49%	6.56%	6.89%
Dividends to Preferred Shareholders	0.23%[6]	1.00%	1.93%[6]	2.02%	1.76%	1.17%	0.51%
Net investment income to Common Shareholders	5.83%[6]	5.82%	4.25%[6]	4.42%	4.73%	5.39%	6.38%
Supplemental Data							
Net assets applicable to Common Shareholders, end of period (000)	$ 171,481	$ 163,918	$ 164,119	$ 177,807	$ 182,402	$ 178,771	$ 183,877
Preferred Shares outstanding at $25,000 liquidation preference, end of period (000)	$ 66,350	$ 66,350	$ 77,400	$ 102,000	$ 102,000	$ 102,000	$ 88,000

Portfolio turnover	3%	18%	24%	35%	25%	42%	41%
Asset coverage per Preferred Share at $25,000							
liquidation preference, end of period	$ 89,614	$ 86,765	$ 78,018[8]	$ 68,585[8]	$ 69,717[8]	$ 68,827[8]	$ 77,241[8]

[1] Based on average shares outstanding.

[2] Amount is less than $(0.01) per share.

[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. Where applicable,
total investment returns exclude effects of sales charges and include the reinvestment of dividends and distributions.

[4] Aggregate total investment return.

[5] Do not reflect the effect of dividends to Preferred Shareholders.

[6] Annualized.

[7] 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.

[8] Amounts have been recalculated to conform with current period presentation.

See Notes to Financial Statements.

Notes to Financial Statements (Unaudited)

1. Organization and Significant Accounting Policies:

BlackRock MuniHoldings California Insured Fund, Inc. (MUC), BlackRock MuniHoldings New Jersey Insured Fund, Inc. (MUJ), BlackRock MuniYield Insured Investment Fund (MFT), BlackRock MuniYield Michigan Insured Fund, Inc. (MIY), BlackRock MuniYield New Jersey Insured Fund, Inc. (MJI) and BlackRock MuniYield Pennsylvania Insured Fund (MPA) (collectively, 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. MUC, MUJ, MIY and MJI are organized as Maryland corporations. MFT and MPA are organized as Massachusetts business trusts. 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 Boards of Directors and the Boards of Trustees of the Funds are referred to throughout this report as the Board of Directors or the Board. The Funds determine and make available for publication the net asset value of their Common Shares on a daily basis.

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

Valuation: The Funds policy is to fair value their financial instruments at market value. 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. 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 information with respect to various relationships between investments. Financial futures contracts traded on exchanges are valued at their last sale price. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value. Investments in open-end investment companies are valued at net asset value each business day.

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 or is not available, the investment will be valued by a method approved by each Fund s Board as reflecting fair value. When determining the price for such investments, the investment advisor and/or the sub-advisor seeks to determine the price that each 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.

Forward Commitments and When-Issued Delayed Delivery Securities: Each Fund 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 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. When purchasing a security on a delayed delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Funds maximum amount of loss is the unrealized gain of the commitment, which is shown on the Schedules of Investments, if any.

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 bonds. Other funds managed by the investment advisor may also contribute municipal bonds to a TOB into which a Fund has contributed bonds. 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 bonds from the TOB to the Funds. The TOB may also be terminated without the consent of the Fund upon the occurrence of certain events as defined in the TOB agreements. Such termination events may include the bankruptcy or default of the municipal bond, a substantial downgrade in credit quality of the municipal bond, the inability of the TOB to obtain quarterly or annual renewal of the liquidity support agreement, a substantial decline in market value of the municipal bond or the inability to remarket the short-term floating rate certificates to third party investors.

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 bonds. Each Fund s transfer of the municipal bonds to a TOB is accounted for as a secured borrowing, therefore the municipal bonds deposited into a TOB are presented in the Funds Schedules of Investments and the proceeds from the issuance of the short-term floating rate certificates are shown as trust certificates in the Statements of Assets and Liabilities.

Interest income from the underlying security 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. At January 31, 2010, the aggregate value of the underlying municipal bonds transferred to TOBs, the related liability for trust

Notes to Financial Statements (continued)

certificates and the range of interest rates on the liability for trust certificates were as follows:

	Underlying Municipal Bonds Transferred to TOBs	Liability for Trust Certificates	Range of Interest Rates
MUC	$189,876,607	$105,199,537	0.19% 0.34%
MUJ	$ 22,747,839	$ 13,262,930	0.19% 0.32%
MFT	$ 33,764,848	$ 17,116,391	0.21% 0.53%
MIY	$ 31,843,382	$ 16,190,000	0.21% 0.36%
MJI	$ 8,133,370	$ 4,684,369	0.19% 0.27%
MPA	$ 57,507,208	$ 28,195,057	0.21% 0.65%

For the six months ended January 31, 2010, the Funds average trust certificates outstanding and the daily weighted average interest rate, including fees, were as follows:

	Average Trust Certificates Outstanding	Daily Weighted Average Interest Rate
MUC	$105,202,663	0.66%
MUJ	$ 13,262,930	0.69%
MFT	$ 15,977,649	0.73%
MIY	$ 16,190,000	0.66%
MJI	$ 4,684,369	0.31%
MPA	$ 27,518,124	0.82%

Should short-term interest rates rise, the Funds investments in TOBs may adversely affect the Funds investment income and distributions to Common Shareholders. Also, fluctuations in the market value of municipal bonds deposited into the TOB may adversely affect the Funds net asset value per share.

Zero-Coupon Bonds: Each Fund 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 and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Funds either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts), each Fund will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on its books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit securities as collateral for certain investments.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis. Each Fund amortizes all premiums and discounts on debt securities.

Dividends and Distributions: Dividends from net investment income are declared 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 6.

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.

Each Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statutes of limitations on the Funds US federal tax returns remain open for the period ended July 31, 2009 and the four years ended June 30, 2009 for MUC, the four years ended July 31, 2009 for MUJ and the periods ended July 31, 2009 and 2008 and October 31, 2007 and 2006 for MFT, MIY, MJI and MPA. The statutes of limitations on the Funds state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Recent Accounting Standards: In June 2009, amended guidance was issued by the Financial Accounting Standards Board (FASB) for transfers of financial assets. This guidance is intended to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor s continuing involvement, if any, in transferred financial assets. The amended guidance is effective for financial statements for fiscal years and interim periods beginning after November 15, 2009. Earlier application is prohibited. The recognition and measurement provisions of this guidance must be applied to transfers occurring on or after the effective date. Additionally, the enhanced disclosure provisions of the amended guidance should be applied to transfers that occurred both before and after the effective date of this guidance. The impact of this guidance on the Funds financial statements and disclosures, if any, is currently being assessed.

In January 2010, the FASB issued amended guidance to improve disclosure about fair value measurements which will require additional disclosure about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of disaggregation for fair value measurement and inputs and valuation techniques used to measure fair value. The amended guidance is effective for financial statements for fiscal years and interim periods beginning after December 15, 2009 except for disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The impact of this guidance on the Funds financial statements and disclosures is currently being assessed.

Notes to Financial Statements (continued)

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 had 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 other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations there under represent general unsecured claims against the general assets of each Fund. Each Fund may, however, elect to invest in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors in order to match its deferred compensation obligations. Investments to cover each Fund s deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Funds investments under the plan are included in income affiliated in the Statements of Operations.

Other: Expenses directly related to a 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. Each Fund has an arrangement with its custodian whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statements of Operations. The custodians impose fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

2. Derivative Financial Instruments:

Each Fund may engage in various portfolio investment strategies both to increase the return of the Funds and to economically hedge, or protect, exposure to certain risks such as interest rate risk. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying instrument or if the counterparty does not perform under the contract. To the extent amounts due to the Fund from its counterparties are not fully collateralized contractually or otherwise, the Fund bears the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. Counterparty risk related to exchange-traded financial futures contracts is minimal because of the protection against default provided by the exchanges on which they trade.

Financial Futures Contracts: The Funds may purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk). Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recognized by the Funds as unrealized gains or losses. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures transactions involves the risk of

an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

Derivative Instruments Categorized by Risk Exposure:

The Effect of Derivative Instruments on the Statement of Operations

Six Months Ended January 31, 20101

	Net Realized Gain from					
	MUC	**MUJ**	**MFT**	**MIY**	**MJI**	**MPA**
Interest rate contracts:						
Financial futures contracts	$122,664	$224,417	$ 7,965	$188,172	$ 92,553	$102,006

[1] As of January 31, 2010, there were no financial futures contracts outstanding. During the six months ended January 31, 2010, the Funds had limited activity in these transactions.

3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. ("PNC"), Bank of America Corporation ("BAC") and Barclays Bank PLC ("Barclays") are the largest stockholders of BlackRock, Inc. ("BlackRock"). Due to the ownership structure, PNC is an affiliate for 1940 Act purposes, but BAC and Barclays are not.

Each Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services.

The Manager 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 services, each Fund pays the Manager a monthly fee of the Fund s average daily net assets at the following annual rates:

MUC	0.55%
MUJ	0.55%
MFT	0.50%
MIY	0.50%
MJI	0.50%
MPA	0.50%

Average daily net assets is the average daily value of each fund s total assets minus the sum of its accrued liabilities.

The Manager has voluntarily agreed to waive its advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds, however the Manager does not waive its advisory fees by the amount of investment advisory fees through its investment in other affiliated investment companies. These amounts are included in fees waived by advisor in the Statements of Operations. For the six months ended January 31, 2010 the amounts waived were as follows:

	Fees Waived by Manager
MUC	$18,107
MUJ	$ 6,451
MFT	$ 3,877
MIY	$ 8,885
MJI	$ 3,460
MPA	$ 1,180

Notes to Financial Statements (continued)

In addition, the Manager has agreed to waive its advisory fee on the proceeds of Preferred Shares and TOBs that exceed 35% of MUC and MUJ s average daily net assets. These amounts are included in fees waived by advisor in the Statement of Operations. For the six months ended January 31, 2010, the amounts waived were as follows:

	Fees Waived by Manager
MUC	$291,423
MUJ	$ 62,014

The Manager has entered into a separate sub-advisory agreement with BlackRock Investment Management, LLC (BIM), an affiliate of the Manager, under which the Manager pays BIM for services it provides, a monthly fee that is a percentage of the investment advisory fee paid by the Fund to the Manager.

For the six months ended January 31, 2010, the Funds reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations.

		Reimbursement
MUC	$ 9,293	
MUJ	$ 4,983	
MFT	$ 1,749	
MIY	$ 4,003	
MJI	$ 1,941	
MPA	$ 2,580	

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock or its affiliates. The Funds reimburse the Manager for compensation paid to the Funds Chief Compliance Officer.

4. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended January 31, 2010 were as follows:

	Purchases	Sales
MUC	$143,122,737	$121,701,318
MUJ	$ 28,704,648	$ 27,102,308
MFT	$ 49,805,933	$ 37,445,896

MIY	$ 52,069,825	$ 49,414,851
MJI	$ 9,679,659	$ 12,562,053
MPA	$ 20,194,216	$ 6,433,749

5. Concentration, Market and Credit Risk:

MUC, MUJ, MIY, MJI, and MPA invest a substantial amount of their assets in issuers located in a single state or limited number of states. Please see the Schedules of Investments for concentrations in specific states.

Many municipalities insure repayment of their bonds, which may reduce the potential for loss due to credit risk. The market value of these bonds may fluctuate for other reasons, including market perception of the value of such insurance, and there is no guarantee that the insurer will meet its obligation.

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to credit risk, the Funds may be exposed to counterparty risk, or the risk that an entity with which the Funds have unsettled or open transactions may default. Financial assets, which potentially expose the Funds to credit and counterparty risks, consist principally of investments and cash due from counterparties. The extent of the Funds exposure to credit and counterparty risks with respect to these financial assets is generally approximated by their value recorded in the Funds Statements of Assets and Liabilities, less any collateral held by the Fund.

6. Capital Share Transactions:

MFT and MPA are authorized to issue an unlimited number of Common Shares of beneficial interest, par value $0.10 per share together with 1 million Preferred Shares of beneficial interest, par value $ 0.05 per share. Each Fund s Board is authorized, however, to reclassify any unissued shares of Common Shares without approval of Common Shareholders.

MUC, MUJ, MIY, and MJI are authorized to issue 200 million shares, including Preferred Shares, par value $0.10 per share or $0.05 per share, all of which were initially classified as Common Shares. Each Fund s Board is authorized, however, to reclassify any unissued shares of Common Shares without approval of Common Shareholders.

Common Shares

Shares issued and outstanding remained constant during the six months ended January 31, 2010 and the year ended July 31, 2009.

Preferred Shares

The Preferred Shares are redeemable at the option of each Fund, in whole or in part, on any dividend payment date at their liquidation preference per share plus any accumulated and unpaid dividends whether or not declared. The Preferred Shares are also subject to mandatory redemption at their liquidation preference plus any accumulated and unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of a Fund, as set forth in each Fund s Articles Supplementary/Certificates of Designation (the Governing Instrument) are not satisfied.

From time to time in the future, each Fund that has issued Preferred Shares may effect repurchases of such shares at prices below their liquidation preference as agreed upon by the Fund and seller. Each Fund also may redeem such shares from time to time as provided in the applicable Governing Instrument. Each Fund intends to effect such redemptions and/or repurchases to the extent necessary to maintain applicable asset coverage requirements or for such other reasons as the Board may determine.

Notes to Financial Statements (continued)

The holders of Preferred Shares have voting rights equal to the holders of Common Shares (one vote per share) and will vote together with the holders of Common Shares (one vote per share) as a single class. However, the holders of Preferred Shares, voting as a separate class, are also entitled to elect two Directors for each Fund. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares, (b) change a Fund s sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

The Funds had the following series of Preferred Shares outstanding, effective yields and reset frequency at January 31, 2010:

	Series	Preferred Shares	Effective Yield	Reset Frequency Days
MUC	A	1,251[1]	0.34%	7
	B	2,527[1]	0.34%	7
	C	2,084[1]	0.32%	7
	D	1,928[1]	0.34%	7
	E	2,370[1]	0.35%	7
MUJ	A	1,157[1]	0.34%	7
	B	1,157[1]	0.32%	7
	C	2,042[1]	0.35%	7
	D	1,599[1]	0.34%	7
	E	953[1]	0.34%	7
MFT	A	1,844[1]	0.34%	7
	B	377[2]	1.41%	7
MIY	A	1,753[1]	0.35%	7
	B	1,753[1]	0.34%	7
	C	1,403[1]	0.34%	7
	D	877[2]	1.41%	7
MJI	A	1,965[1]	0.34%	7
	B	614[2]	1.39%	7
MPA	A	1,041[1]	0.34%	7
	B	1,249[1]	0.35%	7
	C	364[2]	1.39%	7

[1] The maximum applicable rate on this series of Preferred Shares is the higher of 110% of the AA commercial paper rate or 110% of 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.
[2] The maximum applicable rate on this series of Preferred Shares is the higher of 100% plus or times (i) the Telerate/BBA LIBOR or (ii) 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.

Dividends on seven-day and 28-day Preferred Shares are cumulative at a rate which is reset every seven or 28 days based on the results of an auction. If the Preferred Shares fail to clear the auction on an auction date, the affected Fund is required to pay the maximum applicable rate on the Preferred Shares to holders of such shares for successive dividend periods until such time as the shares are successfully auctioned. The maximum applicable rate on the Preferred Shares is as footnoted applicable on the above chart. The low, high and average dividend rates on the Preferred Shares for each Fund for the six months ended January 31, 2010 were as follows:

	Series	Low	High	Average
MUC	A	0.24%	0.58%	0.43%
	B	0.24%	0.56%	0.42%
	C	0.24%	0.56%	0.42%
	D	0.26%	0.55%	0.43%
	E	0.26%	0.55%	0.44%
MUJ	A	0.24%	0.60%	0.43%
	B	0.24%	0.56%	0.42%
	C	0.26%	0.55%	0.44%
	D	0.26%	0.55%	0.43%
	E	0.24%	0.58%	0.41%
MFT	A	1.34%	1.59%	1.49%
	B	0.24%	0.58%	0.43%
MIY	A	0.26%	0.55%	0.44%
	B	0.24%	0.56%	0.42%
	C	0.26%	0.55%	0.43%
	D	1.32%	1.63%	1.49%
MJI	A	0.24%	0.56%	0.42%
	B	1.32%	1.61%	1.48%
MPA	A	0.24%	0.58%	0.43%
	B	0.26%	0.55%	0.44%
	C	1.32%	1.61%	1.48%

Since February 13, 2008, the Preferred Shares of each Fund failed to clear any of their auctions. As a result, the Preferred Shares dividend rates were reset to the maximum applicable rate, which ranged from 0.24% to 1.63%

for the six months ended January 31, 2010. A failed auction is not an event of default for the Funds, but it has a negative impact on the liquidity of Preferred Shares. A failed auction occurs when there are more sellers of a fund s auction rate preferred shares than buyers. A successful auction for each Funds Preferred Shares may not occur for some time, if ever, and even if liquidity does resume, Preferred Shareholders may not have the ability to sell the Preferred Shares at their liquidation preference.

The Funds may not declare dividends or make other distributions on Common Shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Shares is less than 200%.

The Funds pay commissions of 0.25% on the aggregate principal amount of all shares that successfully clear their auctions and 0.15% on the aggregate principal amount of all shares that fail to clear their auctions. Certain broker dealers have individually agreed to reduce commissions for failed auctions.

During the year ended July 31, 2009, certain Funds announced the following redemptions of Preferred Shares at a price of $25,000 per share plus any accrued and unpaid dividends through the redemption date:

Notes to Financial Statements (continued)

	Series	Redemption Date	Shares Redeemed	Aggregate Principal
MUC	A	7/07/09	164	$4,100,000
	B	7/06/09	332	$8,300,000
	C	7/06/09	274	$6,850,000
	D	7/09/09	253	$6,325,000
	E	7/08/09	312	$7,800,000
MUJ	A	7/07/09	27	$ 675,000
	B	7/06/09	27	$ 675,000
	C	7/08/09	47	$1,175,000
	D	7/09/09	37	$ 925,000
	E	7/06/09	22	$ 550,000
MFT	A	7/14/09	191	$4,775,000
	B	7/09/09	38	$ 950,000
MJI	A	7/06/09	37	$ 925,000
	B	7/06/09	12	$ 300,000
MPA	A	7/14/09	173	$4,325,000
	B	7/08/09	208	$5,200,000
	C	7/06/09	61	$1,525,000

The Funds financed the Preferred Share redemptions with cash received from TOB transactions.

Preferred Shares issued and outstanding remained constant for the six months ended January 31, 2010 for all Funds.

7. Capital Loss Carryforwards:

As of July 31, 2009, the Funds had capital carry loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

Expires July 31,	MUC	MUJ	MFT	MIY	MPA
2010				$1,124,652	
2011	$ 3,107,367	$ 235,894			
2012			$2,081,725	3,953,220	
2016	2,097,897		659,619	1,689,814	
2017	8,756,104	34,511	993,919	2,031,132	$2,948,179
Total	$13,961,368	$ 270,405	$3,735,263	$8,798,818	$2,948,179

8. Restatement Information:

Subsequent to the initial issuance of the October 31, 2006 financial statements for MIY and July 31, 2006 financial statements for MUJ, the Funds determined that the criteria for sale accounting in FAS 140 had not been met for certain transfers of municipal bonds related to investments in TOB Residuals, and that these transfers should have been accounted for as secured borrowings rather than as sales. As a result, certain financial highlights for each of the two years in the period ended October 31, 2005 (for MIY) and for the year ended July 31, 2005 (for MUJ) have been restated to give effect to recording the transfers of the municipal bonds as secured borrowings, including recording interest on the bonds as interest income and interest on the secured borrowings as interest expense.

Financial Highlights for MUJ

Year Ended July 31, 2005

	2005	
	Previously Reported	**Restated**
Total expenses[1]	1.20%	1.31%
Total expenses after fees waived[1]	1.14%	1.25%
Portfolio turnover	29.61%	29%

[1] Do not reflect the effect of dividends to Preferred Shareholders.

Financial Highlights for MIY

Years Ended October 31, 2005 and 2004

	2005		**2004**	
	Previously Reported	**Restated**	**Previously Reported**	**Restated**
Total expenses[2]	1.10%	1.42%	1.02%	1.22%
Total expenses after fees waived[2]	1.10%	1.42%	1.00%	1.19%
Portfolio turnover	30.16%	25%	36.63%	32%

[2] Do not reflect the effect of dividends to Preferred Shareholders.

Notes to Financial Statements (concluded)

9. Subsequent Events:

Management s evaluation of the impact of all subsequent events on the Funds financial statements was completed through the date the financial statements were issued and the following items were noted:

Each Fund paid a net investment income dividend on March 1, 2010 to Common Shareholders of record on February 12, 2010 as follows:

	Common Dividend Per Share
MUC	$0.0630
MUJ	$0.0690
MFT	$0.0660
MIY	$0.0750
MJI	$0.0695
MPA	$0.0655

The dividends declared on Preferred Shares for the period February 1, 2010 to February 28, 2010 were as follows:

	Series	**Dividends Declared**
MUC	A	$ 1,882
	B	$ 4,434
	C	$ 5,027
	D	$ 1,690
	E	$ 2,841
MUJ	A	$ 1,740
	B	$ 2,791
	C	$ 2,448
	D	$ 1,402
	E	$ 1,672
MFT	A	$ 2,834
	B	$ 1,437
MIY	A	$ 2,101
	B	$ 3,076
	C	$ 1,230
	D	$ 5,161
MJI	A	$ 5,971
	B	$ 3,448

MPA	A	$ 1,566
	B	$ 1,497
	C	$ 3,540

The Funds' distribution rates declared on March 1, 2010 were as follows:

	Per Common Share Amount
MUC	$0.0705
MUJ	$0.0730
MFT	$0.0710
MJI	$0.0720
MPA	$0.0705

Officers and Directors

Richard E. Cavanagh, Chairman of the Board and Director
Karen P. Robards, Vice Chair of the Board, Chair of the Audit Committee and Director
G. Nicholas Beckwith, III, Director
Richard S. Davis, Fund President[1] and Director
Frank J. Fabozzi, Director and Member of the Audit Committee
Kathleen F. Feldstein, Director
James T. Flynn, Director and Member of the Audit Committee
Henry Gabbay, Director
Jerrold B. Harris, Director

R. Glenn Hubbard, Director
W. Carl Kester, Director and Member of the Audit Committee

Anne Ackerley, Fund President[2] and Chief Executive Officer
Brendan Kyne, Vice President
Neal Andrews, Chief Financial Officer
Jay Fife, Treasurer
Brian Kindelan, Chief Compliance Officer
Howard Surloff, Secretary

[1] Fund President for MFT and MPA
[2] Fund President for MUC, MUJ, MIY and MJI

Investment Advisor
BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisor
BlackRock Investment Management, LLC
Plainsboro, NJ 08536

Custodians
State Street Bank and Trust Company[3]
Boston, MA 02111

The Bank of New York Mellon[4]
New York, NY 10286

Transfer Agent
Common Shares
Computershare Trust Company, N.A.[3]
Providence, RI 02940

BNY Mellon Shareowner Services[4]
Jersey City, NJ 07310

Auction Agent

Preferred Shares
BNY Mellon Shareowner Services
Jersey City, NJ 07310

Accounting Agent
State Street Bank and Trust Company
Princeton, NJ 08540

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
Princeton, NJ 08540

Legal Counsel
Skadden, Arps, Slate, Meagher & Flom LLP
New York, NY 10036

Address of the Funds
100 Bellevue Parkway
Wilmington, DE 19809

[3] For MPA
[4] For MUC, MUJ, MFT, MIY and MJI

Effective January 1, 2010, Kent Dixon, a Director of the Funds, retired. The Funds Board wishes Mr. Dixon well in his retirement.

Additional Information

Proxy Results

The Annual Meeting of Shareholders was held on August 26, 2009 for shareholders of record on June 29, 2009 to elect director or trustee nominees of
each Fund:

	G. Nicholas Beckwith, III		Richard E. Cavanagh		Richard S. Davis	
	Votes For	Votes Withheld	Votes For	Votes Withheld	Votes For	Votes Withheld
MUC	35,091,283	2,134,321	35,098,540	2,127,064	35,038,195	2,187,409
MUJ	19,460,450	697,096	19,569,213	588,333	19,528,582	628,964
MFT	7,174,448	721,287	7,183,794	711,941	7,183,794	711,941
MIY	16,092,041	935,194	16,092,441	934,794	16,101,010	926,225
MJI	7,882,407	267,499	7,836,117	313,789	7,897,881	252,025
MPA	10,499,871	673,433	10,552,397	620,907	10,551,171	622,133
	Kent Dixon		**Frank J. Fabozzi[1]**		**Kathleen F. Feldstein**	
	Votes For	**Votes Withheld**	**Votes For**	**Votes Withheld**	**Votes For**	**Votes Withheld**
MUC	35,087,178	2,138,426	5,283	115	35,090,079	2,135,525
MUJ	19,557,627	599,919	2,828	17	19,421,552	735,994
MFT	7,183,794	711,941	2,154		7,174,448	721,287
MIY	16,102,926	924,309	4,062	10	16,095,878	931,357
MJI	7,836,117	313,789	1,922	67	7,823,143	326,763
MPA	10,537,907	635,397	2,590		10,577,036	596,268
	James T. Flynn		**Henry Gabbay**		**Jerrold B. Harris**	
	Votes For	**Votes Withheld**	**Votes For**	**Votes Withheld**	**Votes For**	**Votes Withheld**
MUC	35,014,112	2,211,492	35,019,745	2,205,859	35,058,189	2,167,415
MUJ	19,558,987	598,559	19,543,342	614,204	19,573,795	583,751
MFT	7,183,794	711,941	7,183,794	711,941	7,183,794	711,941
MIY	16,104,296	922,939	16,106,023	921,212	16,108,729	918,506
MJI	7,896,881	253,025	7,897,881	252,025	7,898,248	251,658
MPA	10,540,784	632,520	10,548,154	625,150	10,542,039	631,265
	R. Glenn Hubbard		**W. Carl Kester[1]**		**Karen P. Robards**	
	Votes For	**Votes Withheld**	**Votes For**	**Votes Withheld**	**Votes For**	**Votes Withheld**
MUC	35,016,971	2,208,633	5,283	115	34,897,130	2,328,474
MUJ	19,539,024	618,522	2,828	17	19,477,252	680,294
MFT	7,165,225	730,510	2,154		7,174,448	721,287
MIY	16,103,638	923,597	4,062	10	16,113,517	913,718

MJI	7,807,706	342,200	1,922	67	7,822,522	327,384
MPA	10,546,133	627,171	2,590		10,584,999	588,305

[1] Voted on by holders of Preferred Shares only

Additional Information (continued)

Dividend Policy

The Funds dividend policy is to distribute all or a portion of their net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Trusts may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to

net investment income earned in that month. As a result, the dividends paid by the Trusts for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

General Information

Electronic Delivery

Electronic copies of most financial reports are available on the Funds websites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds electronic delivery program.

Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

Householding

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 441-7762.

Availability of Quarterly Schedule of Investments

Each Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds Forms N-Q are available on the SEC s website at http://www.sec.gov and may also be reviewed and copied at the SEC s Public Reference Room in

Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (202) 551-8090. Each Fund s Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at www.blackrock.com; and (3) on the SEC s website at http://www.sec.gov.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at www.blackrock.com or by calling (800) 441-7762 and (2) on the SEC s website at http://www.sec.gov.

Additional Information (concluded)

Section 19(a) Notices

These reported amounts and sources of distributions are estimates and are not provided for tax reporting purposes. The actual amounts and sources for tax
reporting purposes wll depend upon each Fund s investment results during the year and may be subject to changes based on tax regulations. Each Fund will
provide a Form 1099-DIV for the calendar year that will explain the character of these dividends and distributions for federal income tax purposes.

January 31, 2010

	Total Cumulative Distributions for the Fiscal Year				% Breakdown of the Total Cumulative Distributions for the Fiscal Year			
	Net Investment Income	Net Realized Capital Gains	Return of Capital	Total Per Common Share	Net Investment Income	Net Realized Capital Gains	Return of Capital	Total Per Common Share
MUJ	$0.410500	$0.014156		$0.424656	97%	3%	0%	100%
MJI	$0.413809	$0.100331		$0.514140	80%	20%	0%	100%

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation
of future performance. The Funds have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater
volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in the short-term dividend rates of the Preferred Shares,
currently set at the maximum reset rate as a result of failed auctions, may reduce the Common Shares yield. Statements and other information herein are
as dated and are subject to change.

Item 2 Code of Ethics Not Applicable to this semi-annual report

Item 3 Audit Committee Financial Expert Not Applicable to this semi-annual report

Item 4 Principal Accountant Fees and Services Not Applicable to this semi-annual report

Item 5 Audit Committee of Listed Registrants Not Applicable to this semi-annual report

Item 6 Investments
(a) The registrant s Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.
(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies Not Applicable to this semi-annual report

Item 8 Portfolio Managers of Closed-End Management Investment Companies Not Applicable to this semi-annual report

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers Not Applicable

Item 10 Submission of Matters to a Vote of Security Holders The registrant s Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant s Secretary. There have been no material changes to these procedures.

Item 11 Controls and Procedures

11(a) The registrant s principal executive and principal financial officers or persons performing similar functions have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13(a)-15(b) under the Securities Exchange Act of 1934, as amended.

11(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12 Exhibits attached hereto

12(a)(1) Code of Ethics Not Applicable to this semi-annual report

12(a)(2) Certifications Attached hereto

12(a)(3) Not Applicable

12(b)	Certifications	Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock MuniYield Michigan Insured Fund, Inc.

By: /s/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer of
BlackRock MuniYield Michigan Insured Fund, Inc.

Date: March 19, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Anne F. Ackerley
Anne F. Ackerley
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield Michigan Insured Fund, Inc.

Date: March 19, 2010

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock MuniYield Michigan Insured Fund, Inc.

Date: March 19, 2010