

BlackRock Taxable Municipal Bond Trust  
Form N-CSR  
October 01, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number: 811-22426

Name of Fund: BlackRock Taxable Municipal Bond Trust (BBN) (Formerly BlackRock Build America Bond Trust)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Build America Bond Trust, 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 07/31/2015

Date of reporting period: 07/31/2015

Item 1 Report to Stockholders

ANNUAL REPORT

**BlackRock Build America Bond Trust (BBN)**

Not FDIC Insured   May Lose Value   No Bank Guarantee

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## The Markets in Review

Dear Shareholder,

Diverging monetary policies and shifting economic outlooks between regions were the broader themes underlying market conditions during the 12-month period ended July 31, 2015. The period began with investors caught between the forces of low interest rates and an improving U.S. economy, high asset valuations, oil price instability and lingering geopolitical risks in Ukraine and the Middle East. As U.S. growth picked up considerably in the fourth quarter of 2014, the broader global economy showed signs of slowing. Investors favored the stability of U.S. assets despite uncertainty as to when the Federal Reserve (the Fed) would raise short-term interest rates. International markets continued to struggle even as the European Central Bank and the Bank of Japan eased monetary policy. Oil prices plummeted in late 2014 due to a global supply-and-demand imbalance, sparking a sell-off in energy-related assets and putting stress on emerging markets. Fixed income investors piled into U.S. Treasuries as their persistently low yields had become attractive as compared to the even lower yields on international sovereign debt.

Equity markets reversed in early 2015, with international markets outperforming the United States as global risks abated. Investors had held high expectations for the U.S. economy, but a harsh winter and west coast port strike brought disappointing first-quarter data and high valuations took their toll on U.S. stocks, while bond yields fell to extreme lows. (Bond prices rise as yields fall.) In contrast, economic reports in Europe and Asia easily beat investors' very low expectations, and accommodative policies from central banks in those regions helped international equities rebound. Oil prices stabilized, providing some relief for emerging market stocks, although a stronger U.S. dollar continued to be a headwind for the asset class.

U.S. economic data regained momentum in the second quarter, helping U.S. stocks resume an upward path, although meaningful strength in the labor market underscored the likelihood that the Fed would raise short-term rates before the end of 2015 and bond yields moved swiftly higher. The month of June brought a sharp, but temporary, sell-off across most asset classes as Greece's long-brewing debt troubles came to an impasse and investors feared the consequences should Greece leave the eurozone. Adding to global worries was a massive correction in Chinese equity prices despite policymakers' attempts to stabilize the market. As these concerns abated in the later part of July, developed markets rebounded with the help of solid corporate earnings. Emerging markets, however, continued to slide as Chinese equities remained highly volatile and growth estimates for many emerging economies were revised lower. Bond markets moved back into positive territory as softer estimates for global growth and the return of falling commodity prices caused yields to move lower.

At BlackRock, we believe investors need to think globally, extend their scope across a broad array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit [blackrock.com](http://blackrock.com) for further insight about investing in today's markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

### Total Returns as of July 31, 2015

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	6.55%	11.21%

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U.S. small cap equities (Russell 2000® Index)	6.98	12.03
International equities (MSCI Europe, Australasia, Far East Index)	7.19	(0.28)
Emerging market equities (MSCI Emerging Markets Index)	(4.76)	(13.38)
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.00	0.01
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	(3.64)	5.32
U.S. investment-grade bonds (Barclays U.S. Aggregate Bond Index)	(1.47)	2.82
Tax-exempt municipal bonds (S&P Municipal Bond Index)	(0.97)	3.50
U.S. high yield bonds (Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	1.27	0.37

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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## The Benefits and Risks of Leveraging

The Trust may utilize leverage to seek to enhance the distribution rate on, and net asset value ( NAV ) of, its common shares ( Common Shares ). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by the Trust on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Trust (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Trust's shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume the Trust's capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Trust's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by the Trusts with the proceeds from leverage earn income based on longer-term interest rates. In this case, the Trust's financing cost of leverage is significantly lower than the income earned on the Trust's longer-term investments acquired from such leverage proceeds, and therefore the holders of Common Shares ( Common Shareholders ) are the beneficiaries of the incremental net income.

However, in order to benefit shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Trust's return on assets purchased with leverage proceeds, income to shareholders is lower than if the Trust had not used leverage. Furthermore, the value of the Trust's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Trust's obligations under its leverage arrangement generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Trust's NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Trust's intended leveraging strategy will be successful.

Leverage also generally causes greater changes in the Trust's NAVs, market prices and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the net asset value and market price of a Trust's shares than if the Trust were not leveraged. In addition, the Trust may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Trust to incur losses. The use of leverage may limit the Trust's ability to invest in certain types of securities or use certain types of hedging strategies. The Trust incurs expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income to the shareholders. Moreover, to the extent the calculation of the Trust's investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Trust's investment advisor will be higher than if the Trust did not use leverage.

The Trust may utilize leverage through reverse repurchase agreements as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Trusts is permitted to issue debt up to 33% of its total managed assets. The Trust may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act.

If the Trust segregates or designates on its books and records cash or liquid assets having values not less than the value of the Trust's obligations under the reverse repurchase agreement (including accrued interest) then such transaction is not considered a senior security and is not subject to the foregoing limitations and requirements under the 1940 Act.

## Derivative Financial Instruments

The Trust may invest in various derivative financial instruments. Derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage. Derivative financial

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instruments also involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Trust's ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may limit the amount of appreciation the Trust can realize on an investment and/or may result in lower distributions paid to shareholders. The Trust's investments in these instruments are discussed in detail in the Notes to Financial Statements.



## Build America Bond Overview

### For the Reporting Period Ended July 31, 2015

Build America Bonds (BABs) are taxable municipal securities that typically trade at a spread (or extra yield) to U.S. Treasury bonds with similar maturities. Yields on U.S. Treasury bonds fell rather significantly during the reporting period, especially in the first half. The yield curve continued to flatten with long-term rates falling more than short-term rates, largely due to market movements that occurred in the first half of the period. The changes in the level of rates and the shape of the yield curve contributed to the performance of BABs. The Barclays Aggregate Eligible Build America Bond Index returned 4.05% for the one-year period ended July 31, 2015.

Credit spreads on BABs rose from near record low levels, which negatively impacted the overall performance of the asset class. The pressure on BABs spreads can partly be attributed to the much lower level of interest rates, as buyers were reluctant to make new purchases at such low yields. Further, BAB spreads tend to follow other taxable fixed-income markets, such as corporate bonds, which also experienced rising yield spreads. There was a notable pick-up in secondary trading in BABs, which also may have contributed to widening spreads. Additionally, State of Illinois general obligation bonds, City of Chicago general obligation bonds and New Jersey state-appropriated bonds continued to experience significant spread widening (in addition to the general market widening) largely due to their pension and budget issues.

Notably, the BABs market faces an ongoing headwind from federal sequestration (a series of automatic spending cuts resulting from the fiscal cliff deal). As sequestration was triggered, the federal subsidy used to pay the coupon on BABs (previously 35%) was reduced. Since the federal government now pays a smaller proportion of the coupon, the issuer's cost of borrowing has increased. Additionally, most BABs were issued with an Extraordinary Redemption Provision (ERP) intended to give issuers the ability to call their bonds prior to maturity in the event the federal subsidy was lowered. Some issuers have exercised their ERP and called bonds, although the volume has been small relative to the overall size of the market. However, the longer sequestration continues, the greater the likelihood that additional issuers will consider exercising this provision to call bonds. At present though, most BABs issuers cannot generate cost savings by exercising the ERP. General concerns around the sequestration and the potential for bond calls through ERPs have not materially impacted the overall BABs market thus far.

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

## Trust Summary as of July 31, 2015

### Trust Overview

BlackRock Build America Bond Trust's (BBN) (the Trust) investment objective is to seek high current income, with a secondary objective of capital appreciation. The Trust seeks to achieve its investment objectives by investing primarily in a portfolio of taxable municipal securities known as BABs issued by state and local governments to finance capital projects such as public schools, roads, transportation infrastructure, bridges, ports and public buildings, among others, pursuant to the American Recovery and Reinvestment Act of 2009. Unlike investments in most other municipal securities, interest received on BABs is subject to federal income tax and may be subject to state income tax. Issuers of direct pay BABs, however, are eligible to receive a subsidy from the U.S. Treasury of up to 35% of the interest paid on the bonds, which allows such issuers to issue bonds that pay interest rates that are expected to be competitive with the rates typically paid by private bond issuers in the taxable fixed income market. Under normal market conditions, the Trust invests at least 80% of its managed assets in BABs and invests 80% of its managed assets in securities that at the time of investment are investment grade quality. While the U.S. Treasury subsidizes the interest paid on BABs, it does not guarantee the principal or interest payments on BABs, and there is no guarantee that the U.S. Treasury will not reduce or eliminate the subsidies for BABs in the future. As of the date of this report, the subsidy that issuers of direct payment BABs receive from the U.S. Treasury has been reduced as the result of budgetary sequestration, which may result in early redemptions of BABs at par value. See Build America Bond Overview above.

**Trust Overview (concluded)**

The BABs program expired on December 31, 2010 and was not renewed. Accordingly, there have been no new issuances of BABs since that date. The Trust has a contingent term provision stating that if there are no new issuances of BABs or similar U.S. government subsidized taxable municipal bonds for any 24-month period ending on or before December 31, 2014, the Board of Trustees (the Board) of the Trust would undertake an evaluation of potential actions with respect to the Trust, which may include, among other things, changes to the non-fundamental investment policies of the Trust to broaden its primary investment policies to taxable municipal securities generally or the termination of the Trust (the Contingent Review Provision). In November 2013, the Board approved an extension of the Contingent Review Provision until on or before December 31, 2016, during which time the Board would continue to monitor the Trust on an ongoing basis and evaluate potential actions with respect to the Trust. See Note 9 of Notes to Financial Statements for additional information.

Pursuant to the Contingent Review Provision, on June 12, 2015, the Board of Trustees approved a proposal to amend the Trust's investment policy from Under normal market conditions, the Trust invests at least 80% of its managed assets in BABs to Under normal market conditions, the Trust invests at least 80% of its managed assets in taxable municipal securities, which include BABs, and to change the name of the Trust from BlackRock Build America Bond Trust to BlackRock Taxable Municipal Bond Trust. These changes became effective on August 25, 2015.

The Trust continues to maintain its other investment policies, including its ability to invest up to 20% of its managed assets in securities other than taxable municipal securities. Such other securities include tax-exempt securities, U.S. Treasury securities, obligations of the U.S. Government, its agencies and instrumentalities and corporate bonds issued by issuers that have, in the Manager's view, typically been associated with or sold in the municipal market, such as bonds issued by private universities and hospitals, or bonds sold to finance military housing developments.

As used herein, managed assets means the total assets of the Trust (including any assets attributable to money borrowed for investment purposes) minus the sum of the Trust's accrued liabilities (other than money borrowed for investment purposes).

No assurance can be given that the Trust's investment objectives will be achieved.

**Trust Information**

Symbol on New York Stock Exchange ( NYSE )	BBN
Initial Offering Date	August 27, 2010
Current Distribution Rate on Closing Market Price as of July 31, 2015 (\$20.36) <sup>1</sup>	7.77%
Current Monthly Distribution per Common Share <sup>2</sup>	\$0.1318
Current Annualized Distribution per Common Share <sup>2</sup>	\$1.5816
Economic Leverage as of July 31, 2015 <sup>3</sup>	36%

<sup>1</sup> Current Distribution Rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a return of capital. See the Additional Information Section 19(a) Notice for estimated sources and character of distributions. Past performance does not guarantee future results.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to reverse repurchase agreements, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 4.

**Performance**

Returns for the 12 months ended July 31, 2015 were as follows:

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	Returns Based On	
	Market Price	NAV <sup>6</sup>
BBN <sup>4</sup>	1.95%	5.26%
Lipper General Bond Funds <sup>5</sup>	(0.88)%	1.83%
Barclays Aggregate Eligible Build America Bond Index <sup>7</sup>		4.05%

<sup>4</sup> All returns reflect reinvestment of dividends and/or distributions.

<sup>5</sup> Average return.

<sup>6</sup> The Trust's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV.

<sup>7</sup> An unleveraged index of Build America Bonds

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JULY 31, 2015

**Performance (concluded)**

The following discussion relates to the Trust's absolute performance based on NAV:

Income in the form of coupon payments made a significant contribution to the Trust's total return for the period. The Trust's duration positioning also made a positive contribution to performance, as yields decreased during the period (Bond prices rise as yields fall). The Trust's exposure to the long end of the yield curve further helped performance, as the yield curve flattened substantially (with long-term rates falling more than intermediate- and short-term rates).

The widening credit spreads of BABs detracted from performance, as did the Trust's use of interest rate futures to help manage the risk of rising rates. The Trust's performance was also negatively affected by its positions in the city of Chicago general obligation and related securities, as well as New Jersey state-appropriated credits. The yield spreads on these securities rose significantly, as prices fell, due to concerns about pensions and credit rating downgrades.

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

**Market Price and Net Asset Value Per Share Summary**

	7/31/15	7/31/14	Change	High	Low
Market Price	\$ 20.36	\$ 21.49	(5.26)%	\$ 23.45	\$ 19.60
Net Asset Value	\$ 22.48	\$ 22.98	(2.18)%	\$ 24.90	\$ 21.72

**Market Price and Net Asset Value History Since Inception**

<sup>1</sup> Commencement of operations.

**Overview of the Trust's Total Investments\***

Sector Allocation	7/31/15	7/31/14
Utilities	29%	30%
County/City/Special District/School District	23	24
Transportation	21	21
State	11	11
Education	10	10
Tobacco	3	1
Housing	2	2
Corporate	1	1

For Trust compliance purposes, the Trust's sector classifications refer to any one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment advisor. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting use.

Credit Quality Allocation <sup>1</sup>	7/31/15	7/31/14
AAA/Aaa	5%	5%
AA/Aa	57	54
A	33	37
BBB/Baa	4	3
BB/Ba	1	
B		1

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

**Call/Maturity Schedule<sup>2</sup>**

Calendar Year Ended December 31,	
2015	
2016	1%
2017	
2018	
2019	4

<sup>2</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

\* Excludes short-term securities.

## Schedule of Investments July 31, 2015

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
<b>Municipal Bonds</b>		
<b>Arizona 3.1%</b>		
City of Phoenix Arizona Civic Improvement Corp., RB, Sub-Series C (NPFGC), 6.00%, 7/01/16 (a)	\$ 10,000	\$ 10,499,500
Salt River Project Agricultural Improvement & Power District, RB, Build America Bonds, Series A, 4.84%, 1/01/41 (b)	25,000	28,950,000
		39,449,500
<b>California 35.3%</b>		
Bay Area Toll Authority, RB, Build America Bonds, San Francisco Toll Bridge: Series S-1, 6.92%, 4/01/40	13,700	18,188,805
Series S-1, 7.04%, 4/01/50	13,200	18,166,368
Series S-3, 6.91%, 10/01/50	14,000	19,108,320
California Infrastructure & Economic Development Bank, RB, Build America Bonds, 6.49%, 5/15/49	3,790	4,630,698
City of San Francisco Public Utilities Commission, RB, Build America Bonds, Sub-Series E, 6.00%, 11/01/40 (b)	21,255	25,940,027
City of San Jose California, Refunding ARB, Series B (AGM), 6.60%, 3/01/41	10,000	11,273,100
County of Alameda California Joint Powers Authority, RB, Build America Bonds, Recovery Zone, Series A, 7.05%, 12/01/44 (b)	13,300	17,810,828
County of Orange California Local Transportation Authority, Refunding RB, Build America Bonds, Series A, 6.91%, 2/15/41	5,000	6,802,900
County of Sonoma California, Refunding RB, Series A, 6.00%, 12/01/29	14,345	16,796,704
Los Angeles Community College District California, GO, Build America Bonds, 6.60%, 8/01/42 (b)	10,000	13,784,100
Los Angeles Department of Water & Power, RB, Build America Bonds (b): 6.17%, 7/01/40	37,500	42,613,125
7.00%, 7/01/41	17,225	20,063,336
Metropolitan Water District of Southern California, RB, Build America Bonds, Series A, 6.95%, 7/01/40	12,000	14,110,320
Palomar Community College District, GO, Build America Bonds, Series B-1, 7.19%, 8/01/45	7,500	8,820,900
Rancho Water District Financing Authority, RB, Build America Bonds, Series A, 6.34%, 8/01/40 (b)	20,000	22,782,800
	<b>Par</b>	
	<b>(000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>California (concluded)</b>		
Riverside Community College District, GO, Build America Bonds, Series D-1, 7.02%, 8/01/40 (b)	\$ 11,000	\$ 12,880,340
San Diego County Regional Airport Authority, RB, Series B, 5.59%, 7/01/43	4,000	4,362,440
San Diego County Regional Airport Authority, Refunding RB, Build America Bonds, Sub-Series C, 6.63%, 7/01/40	32,100	36,473,946
San Diego Tobacco Settlement Revenue Funding Corp., RB, Asset-Backed, 7.13%, 6/01/32	2,320	2,305,546
State of California, GO, Build America Bonds, Various Purpose (b): 7.55%, 4/01/39	9,035	13,332,859
7.63%, 3/01/40	8,950	13,211,543
7.60%, 11/01/40	15,000	22,547,400
State of California Public Works Board, RB, Build America Bonds, Series G-2, 8.36%, 10/01/34 (b)	18,145	25,962,229
University of California, RB, Build America Bonds (b): 5.95%, 5/15/45	24,000	29,144,640
6.30%, 5/15/50	27,010	31,723,785
		452,837,059
<b>Colorado 3.9%</b>		
City & County of Denver Colorado School District No. 1, COP, Refunding, Series B, 7.02%, 12/15/37 (b)	6,000	7,951,320
	28,000	35,636,440

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<b>Regional Transportation District, COP, Build America Bonds, Series B, 7.67%, 6/01/40 (b)</b>		
State of Colorado, COP, Build America Bonds, Series E, 7.02%, 3/15/31	5,000	5,980,350
		49,568,110
<b>Connecticut 1.1%</b>		
Town of Stratford Connecticut, GO, 6.00%, 8/15/38	12,000	13,993,080
<b>District of Columbia 2.9%</b>		
<b>Metropolitan Washington Airports Authority, RB, Build America Bonds:</b>		
7.46%, 10/01/46	5,000	6,545,350
Series D, 8.00%, 10/01/47	10,750	13,566,285
Washington Convention & Sports Authority, Refunding RB, Series C, 7.00%, 10/01/40	15,000	16,652,100
		36,763,735

### Portfolio Abbreviations

<b>AGM</b>	Assured Guaranty Municipal Corp.	<b>ISD</b>	Independent School District
<b>AMT</b>	Alternative Minimum Tax (subject to)	<b>M/F</b>	Multi-Family
<b>ARB</b>	Airport Revenue Bonds	<b>NPFGC</b>	National Public Finance Guarantee Corp.
<b>COP</b>	Certificates of Participation	<b>PSF-GTD</b>	Permanent School Fund Guaranteed
<b>EDA</b>	Economic Development Authority	<b>Q-SBLF</b>	Qualified School Bond Loan Fund
<b>GO</b>	General Obligation Bonds	<b>RB</b>	Revenue Bonds
<b>HFA</b>	Housing Finance Agency		

See Notes to Financial Statements.

BLACKROCK BUILD AMERICA BOND TRUST

JULY 31, 2015

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## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
<b>Municipal Bonds</b>		
<b>Florida 4.3%</b>		
City of Sunrise Florida Utility System, RB, Build America Bonds, Series B, 5.91%, 10/01/35 (b)	\$ 25,000	\$ 27,902,250
County of Pasco Florida Water & Sewer, RB, Build America Bonds, Series B, 6.76%, 10/01/39	1,500	1,689,165
Town of Davie Florida Water & Sewer, RB, Build America Bonds, Series B (AGM), 6.85%, 10/01/40	2,500	2,944,000
Village Center Community Development District, Refunding RB (c):		
4.76%, 11/01/29	5,155	5,389,965
5.02%, 11/01/36	13,500	13,852,080
Village Center Community Development District, Refunding RB, Little Sumter Service Area, 5.02%, 10/01/36 (c)	2,625	2,762,261
		54,539,721
<b>Georgia 5.3%</b>		
Municipal Electric Authority of Georgia Plant Vogtle Units 3 & 4, Refunding RB, Build America Bonds, Series A:		
6.64%, 4/01/57	26,084	31,761,704
6.66%, 4/01/57	20,665	24,689,922
7.06%, 4/01/57	10,000	11,155,300
		67,606,926
<b>Hawaii 2.6%</b>		
University of Hawaii, RB, Build America Bonds, Series B-1, 6.03%, 10/01/40 (b)	30,500	33,878,790
<b>Illinois 20.6%</b>		
Chicago Transit Authority, RB:		
Build America Bonds, Series B, 6.20%, 12/01/40 (b)	16,015	17,325,668
Series A, 6.90%, 12/01/40 (b)	4,075	4,799,739
Series B, 6.90%, 12/01/40	4,900	5,771,465
City of Chicago Illinois, GO:		
Build America Bonds, Series B, 7.52%, 1/01/40	14,265	14,153,162
Taxable Project, Recovery Zone, Series D, 6.26%, 1/01/40	31,625	27,412,866
City of Chicago Illinois, Refunding ARB, O Hare International Airport, General 3rd Lien, Build America Bonds, Series B:		
6.85%, 1/01/38 (b)	30,110	33,232,708
6.40%, 1/01/40	1,500	1,866,765
City of Chicago Illinois Wastewater Transmission, RB, Build America Bonds, Series B, 6.90%, 1/01/40 (b)	36,000	41,675,040
City of Chicago Illinois Waterworks Transmission, RB, Build America Bonds, 2nd Lien, Series B, 6.74%, 11/01/40	15,250	17,584,775
County of Cook Illinois, GO, Build America Bonds, Series D, 6.23%, 11/15/34 (b)	19,900	20,111,935
Illinois Finance Authority, RB, Carle Foundation, Series A, 5.75%, 8/15/34	5,000	5,790,150
Illinois Municipal Electric Agency, RB, Build America Bonds, Series A, 7.29%, 2/01/35 (b)	15,000	18,108,450
	<b>Par</b>	
	<b>(000)</b>	<b>Value</b>
<b>Municipal Bonds</b>		
<b>Illinois (concluded)</b>		
Northern Illinois Municipal Power Agency, RB, Build America Bonds, Prairie State Project, Series A, 7.82%, 1/01/40	\$ 5,000	\$ 6,377,450
State of Illinois, GO, Build America Bonds:		
6.63%, 2/01/35	4,000	4,144,640
6.73%, 4/01/35	6,320	6,580,637
7.35%, 7/01/35	35,855	39,262,301
		264,197,751
<b>Indiana 2.7%</b>		
Indiana Finance Authority, RB, Build America Bonds, Series B, 6.60%, 2/01/39	7,900	10,294,569
Indiana Municipal Power Agency, RB, Build America Bonds, Direct Payment, Series A, 5.59%, 1/01/42	22,290	24,970,818
		35,265,387
<b>Kentucky 1.7%</b>		
City of Wickliffe Kentucky, RB, MeadWestvaco Corp., 7.67%, 1/15/27 (c)	9,400	10,529,983
Kentucky State Property & Building Commission, RB, Build America Bonds, Series C, 5.92%, 11/01/30 (b)	10,000	11,498,900



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		22,028,883
<b>Maryland 0.1%</b>		
Maryland Community Development Administration, RB, Residential, Series I, 6.50%, 3/01/43	805	841,217
<b>Massachusetts 1.5%</b>		
Commonwealth of Massachusetts, RB, Build America Bonds, Recovery Zone, Series A, 5.73%, 6/01/40	5,000	6,149,050
Massachusetts HFA, Refunding RB, Series D, 7.02%, 12/01/42 (b)	12,000	13,326,000
		19,475,050
<b>Michigan 1.9%</b>		
Detroit City School District, GO, Build America Bonds (Q-SBLF), 6.85%, 5/01/40 (b)	10,000	10,427,300
Michigan State University, RB, Build America Bonds, General, Series A, 6.17%, 2/15/50	5,500	6,439,290
Michigan Tobacco Settlement Finance Authority, RB, Series A, 7.31%, 6/01/34	6,330	5,469,247
State of Michigan, RB, Build America Bonds, Series B, 7.63%, 9/15/27	2,000	2,312,740
		24,648,577
<b>Minnesota 1.2%</b>		
Southern Minnesota Municipal Power Agency, Refunding RB, Build America Bonds, Series A, 5.93%, 1/01/43	8,000	9,438,480
Western Minnesota Municipal Power Agency, RB, Build America Bonds, Series C, 6.77%, 1/01/46	5,000	6,580,550
		16,019,030
<b>Mississippi 0.5%</b>		
Mississippi Development Bank, RB, Build America Bonds, Desoto County Highway Construction Project, Series B, 6.41%, 1/01/40	5,000	5,950,500

See Notes to Financial Statements.

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
<b>Municipal Bonds</b>		
<b>Missouri 1.8%</b>		
Missouri Joint Municipal Electric Utility Commission, RB, Build America Bonds, Plum Point Project, Series A, 7.73%, 1/01/39	\$ 11,000	\$ 14,068,340
University of Missouri, RB, Build America Bonds, Series A, 5.79%, 11/01/41 (b)	7,000	8,968,750
		23,037,090
<b>Nevada 1.1%</b>		
County of Clark Nevada, ARB, Build America Bonds:		
Series B, 6.88%, 7/01/42 (b)	10,000	11,384,100
Series C, 6.82%, 7/01/45	2,000	2,784,780
		14,168,880
<b>New Jersey 13.9%</b>		
County of Camden New Jersey Improvement Authority, RB, Build America Bonds, Cooper Medical School of Rowan University Project, Series A, 7.75%, 7/01/34		
	5,000	5,857,700
New Jersey EDA, RB:		
Build America Bonds, Series CC-1, 6.43%, 12/15/35	15,000	15,899,850
Series A (NPFGC), 7.43%, 2/15/29 (b)	20,974	23,967,829
New Jersey State Housing & Mortgage Finance Agency, RB, M/F Housing, Series C (AGM), 6.65%, 11/01/44	14,360	15,202,932
New Jersey State Turnpike Authority, RB, Build America Bonds:		
Series A, 7.10%, 1/01/41 (b)	34,000	46,002,680
Series F, 7.41%, 1/01/40	6,790	9,484,679
New Jersey Transportation Trust Fund Authority, RB, Build America Bonds:		
Series B, 6.88%, 12/15/39	8,500	8,926,105
Series C, 5.75%, 12/15/28	5,000	5,256,350
Series C, 6.10%, 12/15/28 (b)	42,500	44,622,450
South Jersey Port Corp., RB, Build America Bonds, Marine Terminal, Series P-3, 7.37%, 1/01/40	3,215	3,477,344
		178,697,919
<b>New York 16.3%</b>		
City of New York New York, GO, Build America Bonds, Sub-Series C-1, 5.82%, 10/01/31 (b)		
	15,000	16,726,350
City of New York New York Municipal Water Finance Authority, RB, Build America Bonds, 2nd General Resolution, Series DD, 6.45%, 6/15/41		
	6,300	7,180,614
City of New York New York Municipal Water Finance Authority, Refunding RB, Build America Bonds, 2nd General Resolution:		
Series AA, 5.79%, 6/15/41 (b)	25,000	27,637,250
Series CC, 6.28%, 6/15/42 (b)	20,000	22,839,200
Series EE, 6.49%, 6/15/42	2,000	2,285,940
Series GG, 6.12%, 6/15/42	2,445	2,754,488
City of New York New York Transitional Finance Authority, RB, Build America Bonds, Future Tax Secured:		
Sub-Series B-1, 5.57%, 11/01/38	19,000	22,967,390
Sub-Series C-2, 6.27%, 8/01/39	14,795	16,605,021
	<b>Par</b>	
<b>Municipal Bonds</b>		
<b>New York (concluded)</b>		
Metropolitan Transportation Authority, RB, Build America Bonds:		
Series A, 6.67%, 11/15/39	\$ 2,220	\$ 2,892,460
Series C, 7.34%, 11/15/39	13,245	19,300,349
Series C-1, 6.69%, 11/15/40	13,000	16,976,830
Nassau County Tobacco Settlement Corp., Refunding RB, Series A1, 6.83%, 6/01/21	23,003	22,725,008
State of New York Dormitory Authority, RB, Build America Bonds, General Purpose, Series H, 5.39%, 3/15/40	15,000	18,056,700
State of New York Dormitory Authority, Refunding RB, Touro College & University, Series B, 5.75%, 1/01/29	10,300	10,261,375

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		209,208,975
<b>Ohio 6.4%</b>		
American Municipal Power, Inc., RB, Build America Bonds, Combined Hydroelectric Projects, Series B, 7.83%, 2/15/41 (b)	10,000	14,094,900
County of Franklin Ohio Convention Facilities Authority, RB, Build America Bonds, 6.64%, 12/01/42 (b)	30,575	38,428,800
County of Hamilton Ohio, RB, Sewer System, Build America Bonds, Series B, 6.50%, 12/01/34 (b)	7,000	7,943,320
Mariemont City School District, GO, Refunding, Build America Bonds, Series B, 6.55%, 12/01/47	10,055	11,305,842
Ohio University, RB, 5.59%, 12/01/14	10,100	10,471,983
		82,244,845
<b>Oklahoma 0.3%</b>		
Oklahoma Municipal Power Authority, RB, Build America Bonds, Series B, 6.44%, 1/01/45	3,500	4,131,190
<b>Pennsylvania 2.4%</b>		
Pennsylvania Economic Development Financing Authority, RB, Build America Bonds, Series B, 6.53%, 6/15/39	23,050	25,520,038
Pennsylvania Higher Educational Facilities Authority, RB, Build America Bonds, Temple University, 6.14%, 4/01/30	5,000	5,757,250
		31,277,288
<b>South Carolina 1.0%</b>		
South Carolina State Public Service Authority, RB, Build America Bonds, Series C, 6.45%, 1/01/50	10,000	12,628,800
<b>Tennessee 3.8%</b>		
Metropolitan Government of Nashville & Davidson County Convention Center Authority, RB, Build America Bonds:		
Series A2, 7.43%, 7/01/43	35,105	45,496,782
Series B, 6.73%, 7/01/43	2,500	3,152,950
		48,649,732
<b>Texas 10.6%</b>		
City of Austin Texas, RB, Travis, Williams and Hays Counties, Rental Car Specialty Facilities, 5.75%, 11/15/42	10,000	10,465,000

See Notes to Financial Statements.

## Schedule of Investments (continued)

(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
<b>Municipal Bonds</b>		
<b>Texas (concluded)</b>		
City of San Antonio Texas, RB, Build America Bonds, Series A, 6.17%, 2/01/41 (b)	\$ 19,000	\$ 21,351,630
City of San Antonio Texas, Refunding RB, Build America Bonds, Junior Lien, Series B, 6.31%, 2/01/37 (b)	35,000	39,569,600
City of San Antonio Texas Customer Facility Charge Revenue, RB, 5.87%, 7/01/45	7,500	7,731,750
County of Bexar Texas Hospital District, GO, Build America Bonds, Series B, 5.41%, 2/15/40 (b)	20,000	21,534,200
Cypress-Fairbanks ISD, GO, Build America Bonds, Schoolhouse, Series B, 6.63%, 2/15/38	14,000	15,763,720
Dallas Area Rapid Transit, RB, Build America Bonds, Senior Lien, Series B, 5.02%, 12/01/48	2,500	2,908,525
Katy ISD Texas, GO, Build America Bonds, School Building, Series D (PSF-GTD), 6.35%, 2/15/41 (b)	5,000	5,553,050
North Texas Municipal Water District, RB, Build America Bonds, Series A, 6.01%, 9/01/40	10,000	11,235,100
		136,112,575
<b>Utah 3.4%</b>		
County of Utah, Utah, RB, Build America Bonds, Recovery Zone, Series C, 7.13%, 12/01/39	11,800	13,718,916
Utah Transit Authority, RB, Build America Bonds, Subordinated, 5.71%, 6/15/40	26,405	29,924,259
		43,643,175
<b>Municipal Bonds</b>		
<b>Virginia 0.5%</b>		
Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings OpCo LLC Project, AMT, 6.00%, 1/01/37	\$ 5,865	\$ 6,698,651
<b>Washington 2.0%</b>		
Port of Seattle Washington, RB, Series B1, 7.00%, 5/01/36	5,000	5,723,150
Washington State Convention Center Public Facilities District, RB, Build America Bonds, Series B, 6.79%, 7/01/40	16,100	20,021,799
		25,744,949
<b>West Virginia 1.4%</b>		
West Virginia Tobacco Settlement Finance Authority, RB, Series A, 7.47%, 6/01/47	21,140	18,048,275
<b>Total Long-Term Investments</b>		
<b>(Cost \$1,739,744,968) 153.6%</b>		1,971,355,660
<b>Short-Term Securities</b>		
BlackRock Liquidity Funds, TempFund, Institutional Class, 0.08% (d)(e)	8,076,047	8,076,047
<b>Total Short-Term Securities</b>		
<b>(Cost \$8,076,047) 0.6%</b>		8,076,047
<b>Total Investments (Cost \$1,747,821,015) 154.2%</b>		1,979,431,707
<b>Liabilities in Excess of Other Assets (54.2)%</b>		(695,770,827)
<b>Net Assets 100.0%</b>		\$ 1,283,660,880

Notes to Schedule of Investments

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- (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) All or a portion of security has been pledged as collateral in connection with outstanding reverse repurchase agreements.
- (c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) During the year ended July 31, 2015, investments in issuers considered to be an affiliate of the Trust for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at July 31, 2014	Net Activity	Shares Held at July 31, 2015	Income
BlackRock Liquidity Funds, TempFund, Institutional Class	3,333,851	4,742,196	8,076,047	\$ 9,702

- (e) Represents the current yield as of report date.  
Reverse Repurchase Agreements:

Counterparty	Interest Rate	Trade Date	Maturity Date <sup>1</sup>	Face Value	Face Value Including Accrued Interest
Barclays Capital, Inc.	0.50%	4/17/14	Open	\$ 14,334,000	\$ 14,426,972
Barclays Capital, Inc.	0.55%	4/17/14	Open	24,131,000	24,303,168
Barclays Capital, Inc.	0.50%	5/14/14	Open	5,074,000	5,102,097
Barclays Capital, Inc.	0.50%	5/14/14	Open	17,483,000	17,590,569
Barclays Capital, Inc.	0.50%	5/14/14	Open	12,015,000	12,096,318
Barclays Capital, Inc.	0.65%	5/14/14	Open	9,405,000	9,468,654

See Notes to Financial Statements.

## Schedule of Investments (continued)

Reverse Repurchase Agreements (concluded):

Counterparty	Interest Rate	Trade Date	Maturity Date <sup>1</sup>	Face Value	Face Value Including Accrued Interest
Barclays Capital, Inc.	0.50%	5/14/14	Open	\$ 19,710,000	\$ 19,843,398
Barclays Capital, Inc.	0.50%	5/14/14	Open	24,188,000	24,351,706
Barclays Capital, Inc.	0.50%	5/14/14	Open	26,343,000	26,505,083
Barclays Capital, Inc.	0.50%	5/14/14	Open	7,954,000	8,007,833
Deutsche Bank Securities, Inc.	0.60%	12/18/14	Open	40,026,000	40,176,097
Deutsche Bank Securities, Inc.	0.60%	12/18/14	Open	4,658,000	4,675,467
Deutsche Bank Securities, Inc.	0.60%	12/18/14	Open	29,381,000	29,491,179
RBC Capital Markets LLC	0.50%	3/10/15	Open	11,940,000	11,963,880
RBC Capital Markets LLC	0.50%	3/12/15	Open	11,660,000	11,682,996
RBC Capital Markets LLC	0.50%	3/31/15	Open	17,175,000	17,204,341
RBC Capital Markets LLC	0.50%	5/7/15	Open	19,760,000	19,783,602
RBC Capital Markets LLC	0.50%	5/7/15	Open	15,000,000	15,017,917
RBC Capital Markets LLC	0.50%	5/28/15	Open	20,550,000	20,568,267
RBC Capital Markets LLC	0.50%	6/2/15	Open	39,000,000	39,031,958
RBC Capital Markets LLC	0.50%	6/2/15	Open	23,486,775	23,506,021
RBC Capital Markets LLC	0.50%	6/2/15	Open	36,225,000	36,254,684
RBC Capital Markets LLC	0.50%	6/2/15	Open	26,640,000	26,661,830
Merrill Lynch, Pierce, Fenner & Smith Inc.	0.68%	6/3/15	Open	27,389,000	27,419,006
Merrill Lynch, Pierce, Fenner & Smith Inc.	0.68%	6/3/15	Open	28,504,000	28,535,228
RBC Capital Markets LLC	0.50%	6/10/15	Open	156,511,000	156,621,862
Merrill Lynch, Pierce, Fenner & Smith Inc.	0.69%	6/16/15	Open	19,353,633	19,370,326
Merrill Lynch, Pierce, Fenner & Smith Inc.	0.69%	6/16/15	Open	23,398,835	23,419,017
RBC Capital Markets LLC	0.50%	7/31/15	Open	10,500,000	10,500,146
<b>Total</b>				\$ 721,795,243	\$ 723,579,622

<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

## Derivative Financial Instruments Outstanding as of July 31, 2015

Financial Futures Contracts:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
Short (1,045)	10-Year U.S. Treasury Note	Chicago Board of Trade	September 2015	\$ 133,172,188	\$ (413,047)
(1,238)	Long U.S. Treasury Bond	Chicago Board of Trade	September 2015	\$ 193,050,625	(1,855,251)
(920)	5-Year U.S. Treasury Note	Chicago Board of Trade	September 2015	\$ 110,256,250	(583,522)
<b>Total</b>					\$ (2,851,820)

## Derivative Financial Instruments Categorized by Risk Exposure

The following is a summary of the Trust's derivative financial instruments categorized by risk exposure. For information about the Trust's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

As of July, 31, 2015, the fair values of derivative financial instruments were as follows:

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		Foreign				Total
		Commodity	Equity	Exchange	Interest	
Statement of Assets and Liabilities	Location	Contracts	Contracts	Contracts	Contracts	
Derivative Financial Instruments						
Liabilities						
Financial futures contracts	Net unrealized depreciation <sup>2</sup>				\$ 2,851,820	\$ 2,851,820

<sup>2</sup> Includes cumulative appreciation (depreciation) on financial futures contracts, if any, as reported in the Schedule of Investments. Only current day s variation margin is reported within the Statement of Assets and Liabilities.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

For the year ended July 31, 2015, the effect of derivative financial instruments in the Statement of Operations was as follows:

	Foreign					
				Currency	Interest	
	Commodity	Credit	Equity	Exchange	Rate	
Net Realized Loss from:	Contracts	Contracts	Contracts	Contracts	Contracts	Total
Financial futures contracts					\$ 18,786,201	\$ 18,786,201

  

	Foreign					
				Currency	Interest	
	Commodity	Credit	Equity	Exchange	Rate	
Net Change in Unrealized Depreciation on:	Contracts	Contracts	Contracts	Contracts	Contracts	Total
Financial futures contracts					\$ 1,331,684	\$ 1,331,684

For the year ended July 31, 2015, the average quarterly balances of outstanding derivative financial instruments were as follows:

Financial futures contracts:	
Average notional value of contracts short	\$435,126,574

## Fair Value Hierarchy as of July 31, 2015

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, refer to Note 3 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Long-Term Investments <sup>1</sup>		\$ 1,971,355,660		\$ 1,971,355,660
Short-Term Securities	\$ 8,076,047			8,076,047
<b>Total</b>	\$ 8,076,047	\$ 1,971,355,660		\$ 1,979,431,707

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments <sup>2</sup>				
<b>Liabilities:</b>				
Interest rate contracts	\$ (2,851,820)			\$ (2,851,820)

<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation (depreciation) on the instrument.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount or face value, including accrued interest, for financial statement purposes. As of July 31, 2015, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash pledged for financial futures contracts	\$ 6,177,950			\$ 6,177,950



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**Liabilities:**

Cash received as collateral for reverse repurchase agreements	\$	(891,000)	(891,000)	
Reverse repurchase agreements		(723,579,622)	(723,579,622)	
<b>Total</b>	\$	6,177,950	\$ (724,470,622)	\$ (718,292,672)

During the year ended July 31, 2015, there were no transfers between levels.

See Notes to Financial Statements.

## Statement of Assets and Liabilities

July 31, 2015

<b>Assets</b>	
Investments at value unaffiliated (cost \$1,739,744,968)	\$ 1,971,355,660
Investments at value affiliated (cost \$8,076,047)	8,076,047
Cash pledged for financial futures contracts	6,177,950
Receivables:	
Interest	24,870,452
Investments sold	1,090,148
Variation margin receivable on financial futures contracts	12,260
Prepaid expenses	22,874
<b>Total assets</b>	<b>2,011,605,391</b>
<b>Liabilities</b>	
Reverse repurchase agreements	723,579,622
Variation margin payable on financial futures contracts	1,813,906
Cash received as collateral for reverse repurchase agreements	891,000
Payables:	
Income dividends	249,482
Investment advisory fees	921,334
Officers and Trustees fees	297,172
Other accrued expenses	191,995
<b>Total liabilities</b>	<b>727,944,511</b>
<b>Net Assets</b>	<b>\$ 1,283,660,880</b>
<b>Net Assets Consist of</b>	
Paid-in capital	\$ 1,088,757,045
Undistributed net investment income	3,546,217
Accumulated net realized loss	(37,401,254)
Net unrealized appreciation (depreciation)	228,758,872
<b>Net Assets</b>	<b>\$ 1,283,660,880</b>
<b>Net Asset Value</b>	
Based on net assets of \$1,283,660,880 and 57,103,349 shares outstanding, unlimited shares authorized, \$0.001 par value	\$ 22.48

See Notes to Financial Statements.

## Statement of Operations

Year Ended July 31, 2015

<b>Investment Income</b>	
Interest	\$ 109,136,215
Income affiliated	9,702
<b>Total income</b>	<b>109,145,917</b>
<b>Expenses</b>	
Investment advisory	11,213,444
Professional	218,405
Accounting services	153,912
Custodian	115,844
Officer and Trustees	110,482
Transfer agent	87,683
Printing	27,707
Registration	20,577
Miscellaneous	82,860
<b>Total expenses excluding interest expense</b>	<b>12,030,914</b>
Interest expense	3,791,631
<b>Total expenses</b>	<b>15,822,545</b>
Less fees waived by the Manager	(8,969)
Less fees paid indirectly	(125)
<b>Total expenses after fees waived and paid indirectly</b>	<b>15,813,451</b>
<b>Net investment income</b>	<b>93,332,466</b>
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized gain (loss) from:	
Investments	2,129,365
Financial futures contracts	(18,786,201)
	(16,656,836)
Net change in unrealized appreciation (depreciation) on:	
Investments	(13,411,806)
Financial futures contracts	(1,331,684)
	(14,743,490)
<b>Net realized and unrealized loss</b>	<b>(31,400,326)</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 61,932,140</b>

See Notes to Financial Statements.

## Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:	Year Ended July 31,	
	2015	2014
<b>Operations</b>		
Net investment income	\$ 93,332,466	\$ 90,841,521
Net realized loss	(16,656,836)	(7,471,049)
Net change in unrealized appreciation (depreciation)	(14,743,490)	103,475,151
Net increase in net assets resulting from operations	61,932,140	186,845,623
<b>Distributions to Shareholders From<sup>1</sup></b>		
Net investment income	(90,314,657)	(90,314,657)
<b>Net Assets</b>		
Total increase (decrease) in net assets	(28,382,517)	96,530,966
Beginning of year	1,312,043,397	1,215,512,431
End of year	\$ 1,283,660,880	\$ 1,312,043,397
Undistributed net investment income, end of year	\$ 3,546,217	\$ 528,408

<sup>1</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

See Notes to Financial Statements.

## Statement of Cash Flows

Year Ended July 31, 2015

### Cash Used for Operating Activities

Net increase in net assets resulting from operations	\$ 61,932,140
Proceeds from sales of long-term investments	98,234,230
Purchases of long-term investments	(185,698,795)
Net purchases of short-term securities	(4,742,196)
(Increase) decrease in assets:	
Cash Pledged:	
Financial futures contracts	(1,609,950)
Receivables:	
Interest	(942,962)
Variation margin receivable on financial futures contracts	179,457
Prepaid expenses	19
Increase (decrease) in liabilities:	
Collateral reverse repurchase agreements	891,000
Payables:	
Interest expense	334,742
Investment advisory fees	24,043
Officers and Trustees fees	47,288
Other accrued expenses payable	(23,164)
Variation margin payable on financial futures contracts	1,813,906
Net realized gain on investments	(2,129,365)
Net unrealized loss on investments	13,411,806
Amortization of premium and accretion of discount on investments	855,294
 Net cash used for operating activities	 (17,422,507)

### Cash Provided by Financing Activities

Net borrowing of reverse repurchase agreements	107,759,568
Cash dividends paid to Shareholders	(90,320,877)
Decrease in bank overdraft	(16,184)
 Net cash provided by financing activities	 17,422,507

### Cash

Net increase in cash	
Cash at beginning of year	
 Cash at end of year	

### Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest	\$ 3,456,889
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See Notes to Financial Statements.

## Financial Highlights

	Year Ended July 31,				Period
	2015	2014	2013	2012	August 27, 2010 <sup>1</sup> to July 31, 2011
<b>Per Share Operating Performance</b>					
Net asset value, beginning of period	\$ 22.98	\$ 21.29	\$ 23.95	\$ 20.38	\$ 19.10 <sup>2</sup>
Net investment income <sup>3</sup>	1.63	1.59	1.58	1.54	1.20
Net realized and unrealized gain (loss)	(0.55)	1.68	(2.66)	3.57	1.30
Net increase (decrease) from investment operations	1.08	3.27	(1.08)	5.11	2.50
Distributions from: <sup>4</sup>					
Net investment income	(1.58)	(1.58)	(1.58)	(1.54)	(1.18)
Net realized gain					(0.00) <sup>5</sup>
Total distributions	(1.58)	(1.58)	(1.58)	(1.54)	(1.18)
Capital changes with respect to issuance of shares					(0.04)
Net asset value, end of period	\$ 22.48	\$ 22.98	\$ 21.29	\$ 23.95	\$ 20.38
Market price, end of period	\$ 20.36	\$ 21.49	\$ 19.26	\$ 23.89	\$ 18.41
<b>Total Return<sup>6</sup></b>					
Based on net asset value	5.26%	16.85%	(4.57)%	26.22%	13.84% <sup>7</sup>
Based on market price	1.95%	20.79%	(13.45)%	39.37%	(1.79)% <sup>7</sup>
<b>Ratios to Average Net Assets</b>					
Total expenses	1.18%	1.13%	1.10%	1.09%	1.06% <sup>8</sup>
Total expenses after fees waived and/or paid indirectly	1.18%	1.13%	1.10%	1.09%	1.06% <sup>8</sup>
Total expenses after fees waived and/or paid indirectly and excluding interest expense and fees <sup>9</sup>	0.90%	0.88%	0.86%	0.85%	0.81% <sup>8</sup>
Net investment income	6.98%	7.39%	6.75%	6.88%	6.99% <sup>8</sup>
<b>Supplemental Data</b>					
Net assets, end of period (000)	\$ 1,283,661	\$ 1,312,043	\$ 1,215,512	\$ 1,367,832	\$ 1,164,019
Borrowings outstanding, end of period (000)	\$ 723,580	\$ 615,485	\$ 603,730	\$ 584,223	\$ 515,229
Portfolio turnover rate	5%	6%	4%	7%	13%

<sup>1</sup> Commencement of operations.

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- <sup>2</sup> Net asset value, beginning of period, reflects a deduction of \$0.90 per share sales charge from the initial offering price of \$20.00 per share.
- <sup>3</sup> Based on average shares outstanding.
- <sup>4</sup> Distributions for annual periods determined in accordance with federal income tax regulations.
- <sup>5</sup> Amount is greater than \$(0.005) per share.
- <sup>6</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
- <sup>7</sup> Aggregate total return.
- <sup>8</sup> Annualized.
- <sup>9</sup> Interest expense related to reverse repurchase agreements for the years ended, July 31, 2015, July 31, 2014 and July 31, 2013 and interest expense and fees related to tender option bond trusts and reverse repurchase agreements for the year ended July 31, 2012 and the period ended July 31, 2011.

See Notes to Financial Statements.

BLACKROCK BUILD AMERICA BOND TRUST

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## Notes to Financial Statements

### 1. Organization:

BlackRock Build America Bond Trust (the Trust) is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a non-diversified, closed-end management investment company. The Trust is organized as a Delaware statutory trust. The Trust determines and makes available for publication the NAV of its Common Shares on a daily basis.

The Trust, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the Manager) or its affiliates, is included in a complex of closed-end funds referred to as the Closed-End Complex.

### 2. Significant Accounting Policies:

The Trust's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Trust is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. The following is a summary of significant accounting policies followed by the Trust:

**Segregation and Collateralization:** In cases where the Trust enters into certain investments (e.g., financial futures contracts), or certain borrowings (e.g., reverse repurchase transactions) that would be treated as senior securities for 1940 Act purposes, the Trust may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of the Trust's future obligations under such investments or borrowings. Doing so allows the investment or borrowing to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, the Trust may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

**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 date. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

**Distributions:** Distributions from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend date. The character and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

**Deferred Compensation Plan:** Under the Deferred Compensation Plan (the Plan) approved by the Trust's Board, the Independent Trustees (Independent Trustees) 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 certain other BlackRock Closed-End Funds selected by the Independent Trustees. This has the same economic effect for the Independent Trustees as if the Independent Trustees had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Trust, if applicable. Deferred compensation liabilities are included in officer's and trustee's fees payable in the Statement of Assets and Liabilities and will remain as a liability of the Trust until such amounts are distributed in accordance with the Plan.

**Recent Accounting Standard:** In June 2014, the Financial Accounting Standards Board issued guidance to improve the financial reporting of reverse repurchase agreements and other similar transactions. The guidance will require expanded disclosure for entities that enter into reverse repurchase agreements and similar transactions accounted for as secured borrowings. It is effective for financial statements with fiscal years beginning on or after December 15, 2014 and for interim periods beginning after March 15, 2015. Management is evaluating the impact, if any, of this guidance on the Trust's financial statement disclosures.

**Other:** Expenses directly related to the Trust are charged to the Trust. Other operating expenses shared by several funds are prorated among those funds on the basis of relative net assets or other appropriate methods.



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The Trust has an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which, if applicable, are shown as fees paid indirectly in the Statement of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

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## Notes to Financial Statements (continued)

### 3. Investment Valuation and Fair Value Measurements:

**Investment Valuation Policies:** The Trust's investments are valued at fair value (also referred to as "market value" within the financial statements) as of the close of trading on the New York Stock Exchange ("NYSE") (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Trust would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Trust determines the fair values of its financial instruments using independent dealers or pricing services under policies approved by the Board. The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to provide oversight of the pricing function for the Trust for all financial instruments.

**Fair Value Inputs and Methodologies:** The following methods (or "techniques") and inputs are used to establish the fair value of the Trust's assets and liabilities:

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. 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.

Investments in open-end registered investment companies are valued at NAV each business day.

Financial futures contracts traded on exchanges are valued at their last sale price.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such instruments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ("Fair Valued Investments"). When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that the Trust might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant consistent with the principles of fair value measurement. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

**Fair Value Hierarchy:** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

**Level 1** — unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

**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, prepayment 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 Trust's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value

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is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments are typically categorized as level 3. The fair value hierarchy for the Trust's investments and derivative instruments have been included in the Schedule of Investments.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

BLACKROCK BUILD AMERICA BOND TRUST

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## Notes to Financial Statements (continued)

**4. Securities and Other Investments:**

**Forward Commitments and When-Issued Delayed Delivery Securities:** The Trust 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 Trust 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 Trust may be required to pay more at settlement than the security is worth. In addition, the Trust is not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Trust assumes 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 Trust's maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions, which is shown in the Schedule of Investments.

**Reverse Repurchase Agreements:** The Trust may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Trust sells securities to a bank or broker-dealer and agrees to repurchase the same securities at a mutually agreed upon date and price. The Trust receives cash from the sale to use for other investment purposes. During the term of the reverse repurchase agreement, the Trust continues to receive the principal and interest payments on the securities sold. Certain agreements have no stated maturity and can be terminated by either party at any time. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon competitive market rates determined at the time of issuance. The Trust may utilize reverse repurchase agreements when it is anticipated that the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction. Reverse repurchase agreements involve leverage risk. If the Trust suffers a loss on its investment of the transaction proceeds from a reverse repurchase agreement, the Trust would still be required to pay the full repurchase price. Further, the Trust remains subject to the risk that the market value of the securities repurchased declines below the repurchase price. In such cases, the Trust would be required to return a portion of the cash received from the transaction or provide additional securities to the counterparty.

For financial reporting purposes, cash received in exchange for securities delivered plus accrued interest due to the counterparty is recorded as a liability in the Statement of Assets and Liabilities at face value including accrued interest. Due to the short-term nature of the reverse repurchase agreements, face value approximates fair value. Interest payments made by the Trust to the counterparties are recorded as a component of interest expense in the Statement of Operations. In periods of increased demand for the security, the Trust may receive a fee for use of the security by the counterparty, which may result in interest income to the Trust.

For the year ended July 31, 2015, the average amount of reverse repurchase agreements outstanding and the daily weighted average interest rate for the Trust were \$703,160,140 and 0.54%, respectively.

Reverse repurchase transactions are entered into by the Trust under Master Repurchase Agreements (each, an "MRA"), which permit the Trust, under certain circumstances, including an event of default (such as bankruptcy or insolvency), to offset payables and/or receivables under the MRA with collateral held and/or posted to the counterparty and create one single net payment due to or from the Trust. With reverse repurchase transactions, typically the Trust and the counterparties are permitted to sell, re-pledge, or use the collateral associated with the transaction. Bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of the MRA counterparty's bankruptcy or insolvency. Pursuant to the terms of the MRA, the Trust receives or posts securities as collateral with a market value in excess of the repurchase price to be paid or received by the Trust upon the maturity of the transaction. Upon a bankruptcy or insolvency of the MRA counterparty, the Trust is considered an unsecured creditor with respect to excess collateral and, as such, the return of excess collateral may be delayed.

As of July 31, 2015, the following table is a summary of the Trust's open reverse repurchase agreements by counterparty which are subject to offset under an MRA on a net basis:

Counterparty	Fair Value of Non-cash				
	Reverse Repurchase Agreements	Collateral Pledged		Cash	
		Including Accrued Interest <sup>1</sup>	Collateral Pledged		
				Net Amount	
Barclays Capital, Inc.	\$ 161,695,798	\$	(161,695,798)		

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Deutsche Bank Securities, Inc.	74,342,743	(74,342,743)
Merrill Lynch, Pierce, Fenner & Smith, Inc.	98,743,577	(98,743,577)
RBC Capital Markets LLC	388,797,504	(388,797,504)
<b>Total</b>	<b>\$ 723,579,622</b>	<b>\$ (723,579,622)</b>

<sup>1</sup> Net collateral with a value of \$824,224,260 has been pledged in connection with open reverse repurchase agreements. Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

## Notes to Financial Statements (continued)

In the event the counterparty of securities under an MRA files for bankruptcy or becomes insolvent, the Trust's use of the proceeds from the agreement may be restricted while the counterparty, or its trustee or receiver, determines whether or not to enforce the Trust's obligation to repurchase the securities.

### 5. Derivative Financial Instruments:

The Trust engages in various portfolio investment strategies using derivative contracts both to increase the returns of the Trust and/or to manage economically its exposure to certain risks such as interest rate risk. These contracts may be transacted on an exchange.

**Financial Futures Contracts:** The Trust invests in long and/or short positions in 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 agreements between the Trust and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, financial futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date.

Upon entering into a financial futures contract, the Trust is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Securities deposited as initial margin are designated on the Schedule of Investments and cash deposited, if any, is recorded on the Statement of Assets and Liabilities as cash pledged for financial futures contracts. Pursuant to the contract, the Trust agrees 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 variation margin. Variation margin is recorded by the Trust as unrealized appreciation (depreciation) and, if applicable, as a receivable or payable for variation margin in the Statement of Assets and Liabilities.

When the contract is closed, the Trust records 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 contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest or foreign currency exchange rates and the underlying assets.

**Counterparty Credit Risk:** A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With exchange-traded futures, there is less counterparty credit risk to the Trust since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Trust does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency) of the clearing broker or clearinghouse. Additionally, credit risk exists in exchange-traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Trust.

### 6. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. (BlackRock) for 1940 Act purposes.

The Trust entered into an Investment Advisory Agreement with the Manager, the Trust's investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of the Trust's portfolio and provides the necessary personnel, facilities, equipment and certain other services to the operations of the Trust. For such services, the Trust pays the Manager a monthly fee at an annual rate of 0.55% of the Trust's average daily managed assets.

Managed assets means the total assets of the Trust (including any assets attributable to money borrowed for investment purposes) minus the sum of the Trust's accrued liabilities (other than money borrowed for investment purposes).

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Trust pays to the Manager indirectly through its investment in affiliated money market funds. This amount is included in fees waived by the Manager in the Statement of

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Operations. However, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with the Trust's investments in other affiliated investment companies, if any.

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## Notes to Financial Statements (continued)

Certain officers and/or Trustees of the Trust are officers and/or trustees of BlackRock or its affiliates. The Trust reimburses the Manager for a portion of the compensation paid to the Trust's Chief Compliance Officer, which is included in officer and trustees in the Statement of Operations.

**7. Purchases and Sales:**

For the year ended July 31, 2015, purchases and sales of investments excluding short-term securities, were \$180,259,586 and \$99,324,378, respectively.

**8. Income Tax Information:**

It is the Trust's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of Trust's taxable income to its shareholders. Therefore, no federal income tax provision is required.

The Trust files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Trust's U.S. federal tax returns remains open for each of the four years ended July 31, 2015. The statutes of limitations on the Trust's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Trust as of July 31, 2015, inclusive of the open tax return years, and does not believe there are any uncertain tax positions that require recognition of a tax liability in the Trust's financial statements.

The tax character of distributions paid was as follows:

	7/31/15	7/31/14
Ordinary Income	\$ 90,314,657	\$ 90,314,657

As of July 31, 2015, the tax components of accumulated net earnings were as follows:

Undistributed ordinary income	\$ 3,830,299
Capital loss carryforwards	(40,146,569)
Net unrealized gains <sup>1</sup>	231,220,105
<b>Total</b>	<b>\$ 194,903,835</b>

<sup>1</sup> The difference between book-basis and tax-basis net unrealized gains was attributable primarily to the realization for tax purposes of unrealized gains/losses on certain futures contracts and the deferral of compensation to Trustees.

As of July 31, 2015, the Trust had a capital loss carryforward, with no expiration dates, available to offset future realized capital gains of \$40,146,569.

As of July 31, 2015, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

Tax cost	\$ 1,747,927,520
Gross unrealized appreciation	\$ 244,435,706
Gross unrealized depreciation	(12,931,519)



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Net unrealized appreciation

\$ 231,504,187

### **9. Principal Risks:**

The Trust invests a substantial amount of its assets in issuers located in a single state or limited number of states. This may subject the Trust to the risk that economic, political or social issues impacting a particular state or group of states could have an adverse and disproportionate impact on the income from, or the value or liquidity of, the Trust's portfolio. Investment percentages in specific states or U.S. territories are presented in the Schedule of Investments.

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.

Inventories of municipal bonds held by brokers and dealers may decrease, which would lessen their ability to make a market in these securities. Such a reduction in market making capacity could potentially decrease the Trust's ability to buy or sell bonds. As a result, the Trust may sell a security at a

## Notes to Financial Statements (continued)

lower price, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative impact on performance. If the Trust needed to sell large blocks of bonds, those sales could further reduce the bonds' prices and impact performance.

In the normal course of business, the Trust invests in securities and enters 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, including to pay principal and interest when due (issuer credit risk). The value of securities held by the Trust may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Trust; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and price fluctuations. Similar to issuer credit risk, the Trust may be exposed to counterparty credit risk, or the risk that an entity with which the Trust has unsettled or open transactions may fail to or be unable to perform on its commitments. The Trust manages counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Trust to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Trust's exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Statement of Assets and Liabilities, less any collateral held by the Trust.

The Trust may invest in municipal bonds below investment grade quality (sometimes called "junk bonds"), which are predominantly speculative, have greater credit risk and generally are less liquid and have more volatile prices than higher quality securities.

The Trust invests a significant portion of its assets in fixed-income securities and/or uses derivatives tied to the fixed-income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Trust may be subject to a greater risk of rising interest rates due to the current period of historically low rates.

As of July 31, 2015, the Trust invested a significant portion of its assets in securities in the county/city/special district/school district, transportation and utilities sectors. Changes in economic conditions affecting such sectors would have a greater impact on the Trust and could affect the value, income and/or liquidity of positions in such securities.

The BAB market is smaller, less diverse and less liquid than other types of municipal securities. Since the BAB program expired on December 31, 2010 and was not extended, BABs may be less actively traded, which may negatively affect the value of BABs held by the Trust.

The Trust has a contingent term provision stating that if there are no new issuances of BABs or similar U.S. government subsidized taxable municipal bonds for any 24-month period ending on or before December 31, 2014, the Board would undertake an evaluation of potential actions with respect to the Trust, which may include, among other things, changes to the non-fundamental investment policies of the Trust to broaden its primary investment policies to taxable municipal securities generally or the termination of the Trust (the "Contingent Review Provision"). On November 12, 2013, the Board approved an extension of the Contingent Review Provision until on or before December 31, 2016, during which time the Board will continue to monitor for the Trust on an ongoing basis and evaluate potential actions with respect to the Trust. In order to facilitate the Trust's termination or change in investment policy, the Trust may be required to purchase or sell portfolio securities when it otherwise would not, including at times when interest rate or market conditions are not favorable. Changes in the Trust's portfolio composition to facilitate its termination or change in investment policy may result in a reduction in the Trust's net asset value, net investment income and/or monthly dividend distribution or subject the Trust to additional risks not inherent in the Trust's current investments. If a decision is made to terminate the Trust, the Trust would distribute all of its net assets to shareholders of record as of the date of termination after providing for all obligations of the Trust. No assurance can be given as to how long it would take to liquidate the Trust's portfolio and make a final liquidating distribution.

On June 12, 2015, the Board approved an investment policy change and a change in the Trust's name pursuant to the Contingent Review Provisions. See Note 11 to the Notes to Financial Statements.

Issuers of direct pay BABs held in the Trust's portfolio receive a subsidy from the U.S. Treasury with respect to interest payment on bonds. There is no assurance that an issuer will comply with the requirements to receive such subsidy or that such subsidy will not be reduced or terminated altogether in the future. As of date of this report, the subsidy that issuers of direct payment BABs receive from the U.S. Treasury has been reduced as the result of budgetary sequestration, which may result in early redemptions of BABs at par value. See Build America Bond Overview on page 5. The early redemption of BABs at par value may result in a potential loss in value for investors of such BABs, including the Trust, who may have purchased the securities at prices above par. Moreover, the elimination or reduction in subsidy from the federal government may adversely affect an issuer's ability to repay or refinance BABs and the BABs' credit ratings, which, in turn, may adversely affect the value of the BABs held by the Trust and the Trust's net asset value.



## Notes to Financial Statements (concluded)

### 10. Capital Share Transactions:

The Trust is authorized to issue an unlimited number of shares, all of which were initially classified as Common Shares. The par value for the Trust's Common Shares is \$0.001. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

Shares issued and outstanding remained constant for the Trust for the years ended July 31, 2015 and July 31, 2014, respectively.

### 11. Subsequent Events:

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

The Trust paid a distribution of \$0.1318 per share on August 31, 2015 to shareholders of record on August 14, 2015.

Additionally, the Trust declared a net investment income dividend on September 1, 2015 payable to Common Shareholders of record on September 15, 2015 for the same amounts noted above.

On June 12, 2015, the Board approved a proposal to amend the Trust's investment policy from "Under normal market conditions, the Trust invests at least 80% of its managed assets in BABs" to "Under normal market conditions, the Trust invests at least 80% of its managed assets in taxable municipal securities, which include BABs", and to change the name of the Trust from "BlackRock Build America Bond Trust" to "BlackRock Taxable Municipal Bond Trust". These changes became effective on August 25, 2015.

The Trust continues to maintain its other investment policies, including its ability to invest up to 20% of its managed assets in securities other than taxable municipal securities. Such other securities include tax-exempt securities, U.S. Treasury securities, obligations of the U.S. Government, its agencies and instrumentalities and corporate bonds issued by issuers that have, in the Manager's view, typically been associated with or sold in the municipal market, such as bonds issued by private universities and hospitals, or bonds sold to finance military housing developments.

As used herein, "managed assets" means the total assets of the Trust (including any assets attributable to money borrowed for investment purposes) minus the sum of the Trust's accrued liabilities (other than money borrowed for investment purposes).

## Report of Independent Registered Public Accounting Firm

### To the Shareholders and Trustees of BlackRock Build America Bond Trust:

We have audited the accompanying statement of assets and liabilities of BlackRock Build America Bond Trust (the Trust), including the schedule of investments, as of July 31, 2015, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of July 31, 2015, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material aspects, the financial position of BlackRock Build America Bond Trust, as of July 31, 2015, and the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Boston, Massachusetts

September 22, 2015

### Important Tax Information (Unaudited)

During the fiscal year ended July 31, 2015, the following information is provided with respect to the ordinary income distributions paid by BlackRock Build America Bond Trust.

	Payable Date		Percentage
Interest-Related Dividends for Non-U.S. Residents <sup>1</sup>	August 2014	January 2015	100.00%
	February 2015	July 2015	98.36%

<sup>1</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

## Disclosure of Investment Advisory Agreement

The Board of Trustees (the Board, the members of which are referred to as Board Members) of BlackRock Taxable Municipal Bond Trust (the Trust) met in person on April 30, 2015 (the April Meeting) and June 11-12, 2015 (the June Meeting) to consider the approval of the Trust's investment advisory agreement (the Advisory Agreement) with BlackRock Advisors, LLC (the Manager), the Trust's investment advisor. The Manager is referred to herein as BlackRock. The Advisory Agreement is also referred to herein as the Agreement.

### Activities and Composition of the Board

On the date of the April and June Meetings, the Board consisted of eleven individuals, nine of whom were not interested persons of the Trust as defined in the Investment Company Act of 1940 (the 1940 Act) (the Independent Board Members). The Board Members are responsible for the oversight of the operations of the Trust and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Board is an Independent Board Member. The Board has established six standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee, an Executive Committee, and a Leverage Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee and the Leverage Committee, each of which also has one interested Board Member).

### The Agreement

Pursuant to the 1940 Act, the Board is required to consider the continuation of the Agreement on an annual basis. The Board has four quarterly meetings per year, each extending over two days, a fifth one-day meeting to consider specific information surrounding the consideration of renewing the Agreement and additional in-person and telephonic meetings as needed. In connection with this year-long deliberative process, the Board assessed, among other things, the nature, extent and quality of the services provided to the Trust by BlackRock, BlackRock's personnel and affiliates, including, as applicable; investment management services, administrative, and shareholder services; the oversight of fund service providers; marketing services; risk oversight; compliance; and ability to meet applicable legal and regulatory requirements.

The Board, acting directly and through its committees, considers at each of its meetings, and from time to time as appropriate, factors that are relevant to its annual consideration of the renewal of the Agreement, including the services and support provided by BlackRock to the Trust and its shareholders. Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year and/or since inception periods, as applicable, against peer funds, applicable benchmarks, and performance metrics, as applicable, as well as senior management's and portfolio managers' analysis of the reasons for any over-performance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Trust for services such as call center; (c) Trust operating expenses and how BlackRock allocates expenses to the Trust; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Trust's investment objective, policies and restrictions, and meeting new regulatory requirements; (e) the Trust's compliance with its compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Board; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of the Trust's valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment mandates across the open-end fund, closed-end fund and institutional account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to the Trust; (l) BlackRock's compensation methodology for its investment professionals and the incentives it creates, along with investment professionals' investments in the fund(s) they manage; and (m) periodic updates on BlackRock's business.

The Board has engaged in an ongoing strategic review with BlackRock of opportunities to consolidate funds and of BlackRock's commitment to investment performance. BlackRock also furnished information to the Board in response to specific questions. These questions covered issues such as: BlackRock's profitability; investment performance; funds trading at a discount; subadvisory and advisory relationships with other clients (including mutual funds sponsored by third parties); fund size; portfolio manager's investments in the funds they manage; and management fee levels and breakpoints. The Board further discussed with BlackRock: BlackRock's management structure; portfolio turnover; BlackRock's portfolio manager compensation and performance accountability; marketing support for the funds; services provided to the funds by BlackRock affiliates; and BlackRock's oversight of relationships with third party service providers.

### Board Considerations in Approving the Agreement

The Approval Process: Prior to the April Meeting, the Board requested and received materials specifically relating to the Agreement. The Board is continuously engaged in a process with its independent legal counsel and BlackRock to review the nature and scope of the information provided to



## Disclosure of Investment Advisory Agreement (continued)

better assist its deliberations. The materials provided in connection with the April Meeting included (a) information independently compiled and prepared by Lipper, Inc. ( Lipper ) on Trust fees and expenses as compared with a peer group of funds as determined by Lipper ( Expense Peers ) and the investment performance of the Trust as compared with a peer group of funds as determined by Lipper<sup>1</sup> and a customized peer group selected by BlackRock; (b) information on the profits realized by BlackRock and its affiliates pursuant to the Agreement and a discussion of fall-out benefits to BlackRock and its affiliates; (c) a general analysis provided by BlackRock concerning investment management fees charged to other clients, such as institutional clients, sub-advised mutual funds, and open-end funds, under similar investment mandates, as applicable; (d) review of non-management fees; (e) the existence, impact and sharing of potential economies of scale; (f) a summary of aggregate amounts paid by the Trust to BlackRock and (g) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

At the April Meeting, the Board reviewed materials relating to its consideration of the Agreement. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Board's year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the June Meeting.

At the June Meeting, the Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and the Trust for a one-year term ending June 30, 2016. In approving the continuation of the Agreement, the Board considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Trust and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Trust; (d) the Trust's costs to investors compared to the costs of Expense Peers and performance compared to the relevant performance comparison as previously discussed; (e) the sharing of potential economies of scale; (f) fall-out benefits to BlackRock and its affiliates as a result of its relationship with the Trust; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as payments made to BlackRock or its affiliates relating to securities lending and cash management, services related to the valuation and pricing of Trust portfolio holdings, direct and indirect benefits to BlackRock and its affiliates from their relationship with the Trust and advice from independent legal counsel with respect to the review process and materials submitted for the Board's review. The Board noted the willingness of BlackRock personnel to engage in open, candid discussions with the Board. The Board did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of the Trust. Throughout the year, the Board compared the Trust's performance to the performance of a comparable group of closed-end funds, relevant benchmark, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by the Trust's portfolio management team discussing the Trust's performance and the Trust's investment objective(s), strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and the Trust's portfolio management team; BlackRock's research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board engaged in a review of BlackRock's compensation structure with respect to the Trust's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to advisory services, the Board considered the quality of the administrative and other non-investment advisory services provided to the Trust. BlackRock and its affiliates provide the Trust with certain services (in addition to any such services provided to the Trust by third parties) and officers and other personnel as are necessary for the operations of the Trust. In particular, BlackRock and its affiliates provide the Trust with the following administrative services including, among others: (i) preparing disclosure documents, such as the prospectus and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of the Trust; (iii) oversight of daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for



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<sup>1</sup> Funds are ranked by Lipper in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable.

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## Disclosure of Investment Advisory Agreement (continued)

such Board meetings; (vii) providing legal and compliance support; (viii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain closed-end funds; and (ix) performing other administrative functions necessary for the operation of the Trust, such as tax reporting, fulfilling regulatory filing requirements and call center services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Trust and BlackRock: The Board, including the Independent Board Members, also reviewed and considered the performance history of the Trust. In preparation for the April Meeting, the Board worked with its independent legal counsel, BlackRock and Lipper to develop a template for, and was provided with reports independently prepared by Lipper, which included a comprehensive analysis of the Trust's performance. The Board also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock. In connection with its review, the Board received and reviewed information regarding the investment performance, based on net asset value (NAV), of the Trust as compared to other funds in its applicable Lipper category and the customized peer group selected by BlackRock. The Board was provided with a description of the methodology used by Lipper to select peer funds and periodically meets with Lipper representatives to review its methodology. The Board and its Performance Oversight Committee regularly review, and meet with Trust management to discuss, the performance of the Trust throughout the year.

In evaluating performance, the Board recognized that the performance data reflects a snapshot of a period or as of a particular date and that selecting a different performance period could produce significantly different results. Further, the Board recognized that it is possible that long-term performance can be adversely affected by even one period of significant underperformance so that a single investment decision or theme has the ability to affect long-term performance disproportionately.

The Board noted that for the one-year, three-year and since-inception periods reported, the Trust ranked first out of four funds, first out of four funds and first out of two funds, respectively, against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for the Trust in that it ranks the Trust's performance on a blend of total return and yield. The Board noted that effective on August 25, 2015, the Trust made certain changes to its non-fundamental investment policies. In connection with these investment policy changes, the Trust changed its name from BlackRock Build America Bond Trust to BlackRock Taxable Municipal Bond Trust.

C. Consideration of the Advisory/Management Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Trust: The Board, including the Independent Board Members, reviewed the Trust's contractual management fee rate compared with the other funds in its Lipper category. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared the Trust's total expense ratio, as well as its actual management fee rate as a percentage of total assets, to those of other funds in its Lipper category. The total expense ratio represents a fund's total net operating expenses, excluding any investment related expenses. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds.

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Trust. The Board reviewed BlackRock's profitability with respect to the Trust and other funds the Board currently oversees for the year ended December 31, 2014 compared to available aggregate profitability data provided for the prior two years. The Board reviewed BlackRock's profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. As a result, calculating and comparing profitability at individual fund levels is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Board considered the cost of the services provided to the Trust by BlackRock, and BlackRock's and its affiliates' profits relating to the management of the Trust and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Board reviewed

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BlackRock's methodology in

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## Disclosure of Investment Advisory Agreement (continued)

allocating its costs to the management of the Trust. The Board may periodically receive and review information from independent third parties as part of its annual evaluation. BlackRock retained an independent third party to evaluate its cost allocation methodologies in the context of BlackRock's 1940 Act Fund business. The Board considered the results of that evaluation in connection with BlackRock's profitability reporting. The Board also considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreement and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk and liability profile in servicing the Trust in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund and institutional account product channels, as applicable.

The Board noted that the Trust's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Trust's Expense Peers.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of the Trust increase. The Board also considered the extent to which the Trust benefits from such economies and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Trust to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of the Trust.

Based on the Board's review and consideration of the issue, the Board concluded that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering. They are typically priced at scale at a fund's inception.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from their respective relationships with the Trust, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Trust, including securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts. The Board further noted that it had considered the investment by BlackRock's funds in exchange traded funds (i.e., ETFs) without any offset against the management fees payable by the funds to BlackRock.

In connection with its consideration of the Agreement, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the closed-end fund marketplace, and that shareholders are able to sell their Trust shares in the secondary market if they believe that the Trust's fees and expenses are too high or if they are dissatisfied with the performance of the Trust.

The Board also considered the various notable initiatives and projects BlackRock performed in connection with its closed-end fund product line. These initiatives included the redemption of AMPS for the BlackRock closed-end funds with AMPS outstanding; developing equity shelf programs; efforts to eliminate product overlap with fund mergers; ongoing services to manage leverage that has become increasingly complex; share repurchases and other support initiatives for certain BlackRock funds; and continued communications efforts with shareholders, fund analysts and financial advisers. With respect to the latter, the Independent Board Members noted BlackRock's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a comprehensive secondary market communication program designed to raise investor and analyst awareness and understanding of closed-end funds. BlackRock's support services included, among other things: continuing communications concerning the redemption efforts related to AMPS; sponsoring and participating in conferences; communicating with closed-end fund analysts covering the BlackRock funds throughout the year; providing marketing and product updates for the closed-end funds; and maintaining and enhancing its closed-end fund website.

### Conclusion

The Board, including the Independent Board Members, unanimously approved the continuation of the Agreement between the Manager and the Trust for a one-year term ending June 30, 2016. Based upon its evaluation of all of the aforementioned factors in their totality, the Board, including the Independent Board Members, was satisfied that the terms of the Agreement were fair and reasonable and in the best interest of the Trust and its shareholders. In arriving at its decision to approve the Agreement, the Board did not identify any single factor or group of factors

as, all-important or

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## Disclosure of Investment Advisory Agreement (concluded)

controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination. The contractual fee arrangements for the Trust reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. As a result, the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.

## Automatic Dividend Reinvestment Plan

Pursuant to the Trust's Dividend Reinvestment Plan (the "Reinvestment Plan"), Common Shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by Computershare Trust Company, N.A. (the "Reinvestment Plan Agent") in the Trust's shares pursuant to the Reinvestment Plan. Shareholders who do not participate in the Reinvestment Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the Reinvestment Plan Agent, which serves as agent for the shareholders in administering the Reinvestment Plan.

After the Trust declares a dividend or determines to make a capital gain distribution, the Reinvestment Plan Agent will acquire shares for the participants' account, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Trust ("newly issued shares") or (ii) by purchase of outstanding shares on the open market or on the Trust's primary exchange ("open-market purchases"). If, on the dividend payment date, the net asset value per share ("NAV") is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market premium"), the Reinvestment Plan Agent will invest the dividend amount in newly issued shares acquired on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the dividend payment date, the dollar amount of the dividend will be divided by 95% of the market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market discount"), the Reinvestment Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Reinvestment Plan Agent is unable to invest the full dividend amount in open-market purchases, or if the market discount shifts to a market premium during the purchase period, the Reinvestment Plan Agent will invest any un-invested portion in newly issued shares. Investments in newly issued shares made in this manner would be made pursuant to the same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

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

The Trust reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan. However, the Trust reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants that request a sale of shares are subject to a \$2.50 sales fee and a \$0.15 per share fee. Per share fees include any applicable brokerage commissions the Reinvestment Plan Agent is required to pay. All correspondence concerning the Reinvestment Plan should be directed to Computershare Trust Company, N.A. through the internet at <http://www.computershare.com/blackrock>, or in writing to Computershare, P.O. Box 30170, College Station, TX 77842-3170, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at Computershare, 211 Quality Circle, Suite 210, College Station, TX 77845.

## Officers and Trustees

Name, Address <sup>1</sup> and Year of Birth	Position(s) Held with Trusts	Length of Time Served as a Trustee	Principal Occupation(s) During Past Five Years	Number of BlackRock- Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) Overseen	Public Directorships
<b>Independent Trustees<sup>2</sup></b>					
<b>Richard E. Cavanagh</b>	Chair of the Board and Trustee	Since 2010	Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Faculty Member/Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007.	76 RICs consisting of  76 Portfolios	None
1946					
<b>Karen P. Robards</b>	Vice Chairperson of the Board, Chairperson of the Audit Committee and Trustee	Since 2010	Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Investment Banker at Morgan Stanley from 1976 to 1987.	76 RICs consisting of  76 Portfolios	AtriCure, Inc. (medical devices); Greenhill & Co., Inc.
1950					
<b>Michael J. Castellano</b>	Trustee and Member of the Audit Committee	Since 2011	Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religious (non-profit) from 2009 to June 2015; Director, National Advisory Board of Church Management at Villanova University since 2010; Trustee, Domestic Church Media Foundation since 2012; Director, CircleBlack Inc. (financial technology company). since 2015.	76 RICs consisting of  76 Portfolios	None
1946					
<b>Frank J. Fabozzi<sup>4</sup></b>	Trustee and Member of the Audit Committee	Since 2010	Editor of and Consultant for The Journal of Portfolio Management since 2006; Professor of Finance, EDHEC Business School since 2011; Visiting Professor, Princeton University from 2013 to 2014; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011.	109 RICs consisting of  234 Portfolios	None
1948					
<b>Kathleen F. Feldstein</b>	Trustee	Since 2010	President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009.	76 RICs consisting of  76 Portfolios	The McClatchy Company (publishing)
1941					
<b>James T. Flynn</b>	Trustee and Member of the Audit Committee	Since 2010	Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.	76 RICs consisting of  76 Portfolios	None
1939					
<b>Jerrold B. Harris</b>	Trustee	Since 2010	Trustee, Ursinus College from 2000 to 2012; Director, Waterfowl Chesapeake (conservation) since 2014; Director, Ducks Unlimited, Inc. (conservation) since 2013; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation from 2010 to 2012; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.	76 RICs consisting of  76 Portfolios	BlackRock Capital Investment Corp. (business development company)
1942					



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<b>R. Glenn Hubbard</b>	Trustee	Since 2010	Dean, Columbia Business School since 2004; Faculty member, Columbia Business School since 1988.	76 RICs consisting of  76 Portfolios	ADP (data and information services); Metropolitan Life Insurance Company (insurance)
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## Officers and Trustees (continued)

Name, Address <sup>1</sup> and Year of Birth	Position(s) Held with Trusts	Length of Time Served as a Trustee	Principal Occupation(s) During Past Five Years	Number of BlackRock- Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) Overseen	Public Directorships
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**Independent Trustees<sup>2</sup> (concluded)**

<b>W. Carl Kester</b>  1951	Trustee and Member of the Audit Committee	Since  2010	George Fisher Baker Jr. Professor of Business Administration, Harvard Business School since 2008, Deputy Dean for Academic Affairs from 2006 to 2010, Chairman of the Finance Unit, from 2005 to 2006, Senior Associate Dean and Chairman of the MBA Program from 1999 to 2005; Member of the faculty of Harvard Business School since 1981.	76 RICs consisting of  76 Portfolios	None
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<sup>1</sup> The address of each Trustee and Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

<sup>2</sup> Independent Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 74. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon finding of good cause thereof. The Board of Trustees has unanimously approved further extending the mandatory retirement age for Mr. James T. Flynn until December 31, 2015, which the Board of Trustees believes is in the best interest of shareholders.

<sup>3</sup> For purposes of this chart, RICs refers to investment companies registered under the 1940 Act and Portfolios refers to the investment programs of the BlackRock-advised funds. The Closed-End Complex is comprised of 76 RICs. Mr. Perlowski, Dr. Fabozzi and Ms. Novick are also board members of a complex of BlackRock registered open-end funds. Mr. Perlowski is also a board member of the BlackRock Equity-Bond Complex, and Ms. Novick and Dr. Fabozzi are also board members of the BlackRock Equity-Liquidity Complex.

**Interested Trustees<sup>4</sup>**

<b>Barbara G. Novick</b>  1960	Trustee	Since  2014	Vice Chairman of BlackRock since 2006; Chair of BlackRock's Government Relations Steering Committee since 2009; Head of the Global Client Group of BlackRock from 1988 to 2008.	109 RICs consisting of 234 Portfolios	None
<b>John M. Perlowski</b>  1964	Trustee	Since  2014	Managing Director of BlackRock since 2009; Head of BlackRock Global Fund Services Administration since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009.	104 RICs consisting of 174 Portfolios	None

<sup>4</sup> Mr. Perlowski and Ms. Novick are both interested persons, as defined in the 1940 Act, of the Trusts based on their positions with BlackRock and its affiliate. Mr. Perlowski and Ms. Novick are also board members of a complex of BlackRock registered open-end funds. Mr. Perlowski is a board member of the BlackRock Equity-Bond Complex and Ms. Novick is a board member of the BlackRock Equity-Liquidity Complex. Interested Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon a finding of good cause thereof.

## Officers and Trustees (concluded)

Name, Address <sup>1</sup> and Year of Birth	Position(s) Held with the Trusts	Length of Time Served	Principal Occupation(s) During Past Five Years
<b>Officers<sup>2</sup></b>			
<b>John M. Perlowski</b>	President and Chief Executive Officer	Since 2011	Managing Director of BlackRock since 2009; Head of BlackRock Global Fund Services Administration since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009.
1964 <b>Robert W. Crothers</b>	Vice President	Since 2012	Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010.
1981 <b>Neal Andrews</b>	Chief Financial Officer	Since 2010	Managing Director of BlackRock since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.
1966 <b>Jay Fife</b>	Treasurer	Since 2010	Managing Director of BlackRock since 2007; Director of BlackRock in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.
1970 <b>Charles Park</b>	Chief Compliance Officer	Since 2014	Anti-Money Laundering Compliance Officer for the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex from 2014 to 2015; Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares <sup>®</sup> Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ( BFA ) since 2006; Chief Compliance Officer for the BFA-advised iShares exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012.
1967 <b>Janey Ahn</b>	Secretary	Since 2012	Director of BlackRock since 2009; Vice President of BlackRock from 2008 to 2009; Assistant Secretary of the Funds from 2008 to 2012.

1975

<sup>1</sup> The address of each Trustee and Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.<sup>2</sup> Officers of the Trusts serve at the pleasure of the Board.

Effective September 18, 2015, Robert W. Crothers resigned as Vice President of the Trust and Jonathan Diorio became a Vice President of the Trust.

Investment Advisor	Custodian and Accounting Agent	Independent Registered Public Accounting Firm	Legal Counsel
BlackRock Advisors, LLC Wilmington, DE 19809	State Street Bank and Trust Company Boston, MA 02110	Deloitte & Touche LLP Boston, MA 02116	Skadden, Arps, Slate, Meagher & Flom LLP Boston, MA 02116

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**Transfer Agent**  
Computershare Trust  
Company, N.A.  
Canton, MA 02021

**Address of the Trust**  
100 Bellevue Parkway  
Wilmington, DE 19809

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BLACKROCK BUILD AMERICA BOND TRUST

JULY 31, 2015

## Additional Information

### Proxy Results

The Annual Meeting of Shareholders was held on July 29, 2015 for shareholders of record on June 1, 2015, to elect trustee nominees for the Trust. There were no broker non-votes with regard to the Trust.

Approved the Trustees as follows:

	Frank J. Fabozzi <sup>1</sup>			James T. Flynn <sup>1</sup>			Barbara G. Novick <sup>2</sup>		
	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain
BBN	47,404,869	3,266,196	0	47,309,041	3,362,024	0	47,347,172	3,323,893	0
	John M. Perlowski <sup>3</sup>			Karen P. Robards <sup>1</sup>					
	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain			
BBN	47,336,177	3,334,888	0	47,446,064	3,225,001	0			

<sup>1</sup> Class II.

<sup>2</sup> Class III.

<sup>3</sup> Class I.

For the Trust listed above, Trustees whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are Michael J. Castellano, Richard E. Cavanagh, Kathleen F. Feldstein, Jerrold B. Harris, R. Glenn Hubbard and W. Carl Kester.

### Trust Certification

The Trust is listed for trading on the NYSE and has filed with the NYSE its annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Trust filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

### Dividend Policy

The Trust's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of distributions, the Trust 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 distributions paid by the Trust for any particular month may be more or less than the amount of net investment income earned by the Trust during such month. The Trust's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets and Liabilities, which comprises part of the financial information included in this report.

## Additional Information (continued)

### General Information

The Trust does not make available copies of its Statement of Additional Information because the Trust's shares are not continuously offered, which means that the Statement of Additional Information of the Trust has not been updated after completion of the Trust's offerings and the information contained in the Trust's Statement of Additional Information may have become outdated.

Other than as noted on page 6, during the period, there were no material changes in the Trust's investment objectives or policies or to the Trust's charters or by-laws that would delay or prevent a change of control of the Trust that were not approved by the shareholders or in the principal risk factors associated with investment in the Trust. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Trust's portfolio.

Quarterly performance, semi-annual and annual reports, current net asset value and other information regarding the Trust may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. This reference to BlackRock's website is intended to allow investors public access to information regarding the Trust and does not, and is not intended to, incorporate BlackRock's website in this report.

### Electronic Delivery

Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports by enrolling in the electronic delivery program. Electronic copies of shareholder reports are available on BlackRock's website.

To enroll in electronic delivery:

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

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

### Householding

The Trust 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 househanded 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 the Trust at (800) 882-0052.

### Availability of Quarterly Schedule of Investments

The Trust 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 Trust's 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, D.C. Information on how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Trust's Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Trust uses to determine how to vote proxies relating to portfolio securities is available upon request and without charge, (1) by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

### Availability of Proxy Voting Record

Information about how the Trust voted proxies relating to securities held in the Trust's portfolio during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 882-0052 and (2) on the SEC's website at <http://www.sec.gov>.

### Availability of Trust Updates

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BlackRock will update performance and certain other data for the Trust on a monthly basis on its website in the Closed-end Funds section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Trust. This reference to BlackRock's website is intended to allow investors public access to information regarding the Trust and does not, and is not intended to, incorporate BlackRock's website in this report.

## Additional Information (concluded)

### Section 19(a) Notice

The Trust's amounts and sources of distributions reported are estimates and are being provided to you pursuant to regulatory requirements and are not being provided for tax reporting purposes. The actual amounts and sources for tax reporting purposes will depend upon the Trust's investment experience during the fiscal year and may be subject to changes based on tax regulations. The Trust will provide a Form 1099-DIV each calendar year that will tell you how to report these distributions for federal income tax purposes.

July 31, 2015

	Total Cumulative Distributions for the Fiscal Year-to-Date			% Breakdown of the Total Cumulative Distributions for the Fiscal Year-to-Date				
	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
BBN	\$ 1.5816			\$ 1.5816	100%			100%

Section 19(a) notices for the Trust, as applicable, are available on the BlackRock website <http://www.blackrock.com>.

### 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 intended for current holders. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Trust has leveraged its 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 short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

BABT-7/15-AR

Item 2 Code of Ethics The registrant (or the Fund ) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at [www.blackrock.com](http://www.blackrock.com).

Item 3 Audit Committee Financial Expert The registrant's board of directors (the board of directors ), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Michael Castellano

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

The registrant's board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester's financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

Item 4 Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP ( D&T ) in each of the last two fiscal years for the services rendered to the Fund:

<u>Entity Name</u>	<u>(a) Audit Fees</u>		<u>(b) Audit-Related Fees<sup>1</sup></u>		<u>(c) Tax Fees<sup>2</sup></u>		<u>(d) All Other Fees<sup>3</sup></u>	
	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>
	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>
	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>	<u>End</u>
BlackRock Taxable Municipal Bond Trust (Formerly BlackRock Build America Bond Trust)	\$35,038	\$35,038	\$0	\$0	\$15,402	\$15,100	\$0	\$0

The following table presents fees billed by D&T that were required to be approved by the registrant's audit committee (the Committee) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC ( Investment Adviser or BlackRock ) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund ( Fund Service Providers ):

	<u>Current Fiscal Year End</u>	<u>Previous Fiscal Year End</u>
<b>(b) Audit-Related Fees<sup>1</sup></b>	\$0	\$0
<b>(c) Tax Fees<sup>2</sup></b>	\$0	\$0
<b>(d) All Other Fees<sup>3</sup></b>	\$2,391,000	\$2,555,000

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services includes tax compliance, tax advice and tax planning.

<sup>3</sup> Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Fund Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are (a) consistent with the SEC's auditor independence rules and (b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case

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basis ( general pre-approval ). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the Committee pursuant to the de minimis exception in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Fund Service Providers were:

<u>Entity Name</u>	<u>Current Fiscal Year End</u>	<u>Previous Fiscal Year End</u>
BlackRock Taxable Municipal Bond Trust (Formerly BlackRock Build America Bond Trust)	\$15,402	\$15,100

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of \$2,391,000 and \$2,555,000, respectively, were billed by D&T to the Investment Adviser.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser, and the Fund Service Providers that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

#### Item 5 Audit Committee of Listed Registrants

- (a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Michael Castellano  
 Frank J. Fabozzi  
 James T. Flynn  
 W. Carl Kester  
 Karen P. Robards

(b) Not Applicable

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

The board of directors has delegated the voting of proxies for the Fund's portfolio securities to the Investment Adviser pursuant to the Investment Adviser's proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund's stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the Oversight Committee) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser's Portfolio Management Group and/or the Investment Adviser's Legal and Compliance Department and concluding that the vote cast is in its client's best interest notwithstanding the conflict. A copy of the Fund's Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at [www.blackrock.com](http://www.blackrock.com) and (ii) on the SEC's website at <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies as of July 31, 2015.

(a)(1) The registrant is managed by a team of investment professionals comprised of Peter J. Hayes, Managing Director at BlackRock, Theodore R. Jaeckel, Jr., CFA, Managing Director at BlackRock, Michael A. Kalinoski, CFA, Managing Director at BlackRock, and James Pruskowski, Managing Director at BlackRock. Each is a member of BlackRock's municipal tax-exempt management group. Each is jointly responsible for the day-to-day management of the registrant's portfolio, which includes setting the registrant's overall investment strategy, overseeing the management of the registrant and/or selection of its investments. Messrs. Hayes, Jaeckel, Kalinoski and Pruskowski have been members of the registrant's portfolio management team since 2010.

<b>Portfolio Manager</b>	<b>Biography</b>
Peter J. Hayes	Managing Director of BlackRock since 2006; Head of Municipal Bonds within BlackRock's Fixed Income Portfolio Management Group since 2006; Managing Director of Merrill Lynch Investment Managers, L.P. ( MLIM ) from 2000 to 2006.
Theodore R. Jaeckel, Jr., CFA	Managing Director of BlackRock since 2006; Managing Director of MLIM from 2005 to 2006; Director of MLIM from 1997 to 2005.

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Michael A. Kalinoski, CFA	Director of BlackRock, Inc. since 2006; Director of MLIM from 1999 to 2006.
James Pruskowski	Managing Director of BlackRock since 2006; Director of BlackRock from 2005 to 2006.



(a)(2) As of July 31, 2015:

(i) Name of Portfolio Manager	(ii) Number of Other Accounts Managed and Assets by Account Type			(iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based		
	Other	Other Pooled		Other	Other Pooled	
	Registered	Investment	Other	Registered	Investment	Other
	Investment Companies	Vehicles	Accounts	Investment Companies	Vehicles	Accounts
Peter J. Hayes	7 \$5.49 Billion	0 \$0	2 \$28.29 Million	0 \$0	0 \$0	0 \$0
Theodore R. Jaeckel, Jr., CFA	62 \$27.88 Billion	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Michael A. Kalinoski, CFA	13 \$9.47 Billion	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
James Pruskowski	3 \$4.30 Billion	3 \$38.19 Million	270 \$58.49 Billion	0 \$0	0 \$0	0 \$0
(iv) Portfolio Manager Potential Material Conflicts of Interest						

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, Inc., its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, Inc., or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock, Inc.'s (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock, Inc. or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment



strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that a portfolio manager may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Such portfolio managers may therefore be entitled to receive a portion of any incentive fees earned on such accounts. Currently, the portfolio managers of this Fund are not entitled to receive a portion of incentive fees of other accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3) As of July 31, 2015:

### **Portfolio Manager Compensation Overview**

The discussion below describes the portfolio managers' compensation as of July 31, 2015.

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

**Base compensation.** Generally, portfolio managers receive base compensation based on their position with the firm.

**Discretionary Incentive Compensation.** Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Funds or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the Funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to these portfolio managers, such benchmarks for the Fund and other accounts are:

**Portfolio Managers**

Peter Hayes

**Applicable Benchmarks**

Lipper Closed-End General Bond Fund classification, a sub-set of the Lipper Short Municipal Debt Fund classification. Due to Portfolio Manager Peter Hayes' unique position (Portfolio Manager and Chief Investment Officer of Tax Exempt Fixed Income) his compensation does not solely reflect his role as PM of the funds managed by him. The performance of his fund(s) are included in consideration of his incentive compensation but given his unique role it is not the sole driver of compensation.

Theodore R. Jaeckel, Jr., CFA

A combination of market-based indices (e.g., Standard & Poor's Municipal Bond Index), certain customized indices and certain fund industry peer groups.

Michael Kalinoski, CFA

James Pruskowski

**Distribution of Discretionary Incentive Compensation.** Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, will be settled in BlackRock, Inc. common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock, Inc. stock puts compensation earned by a portfolio manager for a given year at risk based on BlackRock's ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

*Long-Term Incentive Plan Awards* From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. The portfolio managers of this Fund have unvested long-term incentive awards.

*Deferred Compensation Program* A portion of the compensation paid to eligible United States-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm's investment products. Any portfolio manager who is either a managing director or director at BlackRock with compensation above a specified threshold is eligible to participate in the deferred compensation program.

**Other Compensation Benefits.** In addition to base salary and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

*Incentive Savings Plans* BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit (\$265,000 for 2015). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of July 31, 2015.

Portfolio Manager	Dollar Range of Equity Securities of the Fund Beneficially Owned
Peter J. Hayes	None
Theodore R. Jaeckel, Jr., CFA	\$10,001- \$50,000
Michael A. Kalinoski, CFA	\$10,001- \$50,000
James Pruskowski	None

(b) Not Applicable

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers  
Not Applicable due to no such purchases during the period covered by this report.

Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.



Item 11 Controls and Procedures

(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 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(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

(a)(1) Code of Ethics See Item 2

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(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 Build America Bond Trust

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Taxable Municipal Bond Trust (Formerly BlackRock Build America Bond Trust)

Date: October 1, 2015

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/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Taxable Municipal Bond Trust (Formerly BlackRock Build America Bond Trust)

Date: October 1, 2015

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Taxable Municipal Bond Trust (Formerly BlackRock Build America Bond Trust)

Date: October 1, 2015