

BlackRock Preferred & Equity Advantage Trust  
Form N-Q  
March 29, 2007

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-21972

BlackRock Preferred and Equity Advantage Trust  
(Exact name of registrant as specified in charter)

100 Bellevue Parkway, Wilmington, DE  
(Address of principal executive offices)

19809  
(Zip code)

Robert S. Kapito, President  
**BlackRock Preferred and Equity Advantage Trust**  
40 East 52nd Street, New York, NY 10022

(Name and address of agent for service)

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

Date of fiscal year end: October 31, 2007

Date of reporting period: January 31, 2007

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**Item 1. Schedule of Investments.**

The Registrant's unaudited schedule of investments as of the close of the reporting period pursuant to Rule 30b1-5 under the Investment Company Act of 1940 is as follows:

**PORTFOLIO OF INVESTMENTS (unaudited)**  
**JANUARY 31, 2007**  
**BlackRock Preferred and Equity Advantage Trust (BTZ)**  
**(Percentage of Net Assets)**

| Rating <sup>1</sup> | Principal Amount (000) | Description  | Value         |
|---------------------|------------------------|--|---------------|
|                     |                        | <b>LONG-TERM INVESTMENTS</b>                           | <b>125.0%</b> |
|                     |                        | <b>Corporate Bonds</b>                                 | <b>8.0%</b>   |
|                     |                        | <b>Automotive</b>                                      | <b>1.2%</b>   |
| B-                  | \$ 10,000              | Ford Motor Co., 7.45%, 7/16/31                         | \$ 8,125,000  |
| B-                  | 5,000                  | Lear Corp., Ser. B, 8.75%, 12/01/16                    | 4,987,500     |
|                     |                        | Total Automotive                                       | 13,112,500    |
|                     |                        | <b>Basic Materials</b>                                 | <b>0.4%</b>   |
| B-                  | 5,000                  | Momentive Performance Materials, Inc., 9.75%, 12/01/14 | 5,125,000     |
|                     |                        | <b>Commercial Services</b>                             | <b>0.5%</b>   |
| B+                  | 5,000                  | Quebecor World, Inc., 9.75%, 1/15/15 (Canada)          | 5,218,750     |
|                     |                        | <b>Consumer Products</b>                               | <b>0.9%</b>   |
| Caa1                | 5,000                  | Michaels Stores, Inc., 11.375%, 11/01/16               | 5,375,000     |
| CCC                 | 5,000                  | Spectrum Brands, Inc., 7.375%, 2/01/15                 | 4,362,500     |
|                     |                        | Total Consumer Products                                | 9,737,500     |
|                     |                        | <b>Entertainment &amp; Leisure</b>                     | <b>0.6%</b>   |
| B3                  | 2,500                  | AMC Entertainment, Inc., 11.00%, 2/01/16               | 2,825,000     |
| BB                  | 2,000                  | Harrah's Operating, Inc., 5.75%, 10/01/17              | 1,697,696     |
| B                   | 3,000                  | Station Casinos, Inc., 6.875%, 3/01/16                 | 2,741,250     |
|                     |                        | Total Entertainment & Leisure                          | 7,263,946     |
|                     |                        | <b>Financial Institutions</b>                          | <b>0.6%</b>   |
| Baa2                | 6,500                  | ICICI Bank Ltd., 6.375%, 4/30/22 (India)               | 6,466,720     |
|                     |                        | <b>Health Care</b>                                     | <b>0.4%</b>   |
| B-                  | 4,500                  | Tenet Healthcare Corp., 9.875%, 7/01/14                | 4,556,250     |
|                     |                        | <b>Industrials</b>                                     | <b>0.4%</b>   |
| B-                  | 5,000                  | Aleris Intl., Inc., 10.00%, 12/15/16                   | 5,175,000     |
|                     |                        | <b>Media</b>   | <b>1.1%</b>   |
| B+                  | 5,000                  | Cablevision Systems Corp., Ser. B, 8.00%, 4/15/12      | 5,043,750     |
| B3                  | 1,000                  | Nexstar Finance, Inc., 7.00%, 1/15/14                  | 955,000       |
| B2                  | 5,000                  | Primedia, Inc., 8.00%, 5/15/13                         | 4,812,500     |
| Caa1                | 2,000                  | Vertis, Inc., Ser. B, 10.875%, 6/15/09                 | 2,030,000     |
|                     |                        | Total Media  | 12,841,250    |
|                     |                        | <b>Technology</b>                                      | <b>1.4%</b>   |
| B                   | 5,000                  | Freescall Semiconductor, Inc., 9.125%, 12/15/14        | 4,968,750     |
| B+                  | 5,000                  | NXP BV/NXP Funding LLC, 9.50%, 10/15/15 (Netherlands)  | 5,168,750     |
| B-                  | 5,000                  | Sungard Data Systems, Inc., 10.25%, 8/15/15            | 5,375,000     |
|                     |                        | Total Technology                                       | 15,512,500    |
|                     |                        | <b>Telecommunications</b>                              | <b>0.5%</b>   |
| B                   | 5,000                  | Intelsat Ltd., 11.25%, 6/15/16 (Bermuda)               | 5,650,000     |

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|                                     |                                   |            |
|-------------------------------------|-----------------------------------|------------|
|                                     | Total Corporate Bonds             | 90,659,416 |
| <b>Shares</b>                       |                                   |            |
| <b>Common Stocks</b> 31.5%          |                                   |            |
| <b>Aerospace &amp; Defense</b> 0.3% |                                   |            |
| 7,800                               | L-3 Communications Holdings, Inc. | 642,252    |
| 28,300                              | Lockheed Martin Corp.             | 2,750,477  |
|                                     | Total Aerospace & Defense         | 3,392,729  |
| <b>Automotive</b> 0.6%              |                                   |            |
| 22,100                              | DaimlerChrysler AG                | 1,381,029  |
| 52,300                              | Ford Motor Co.                    | 425,199    |
| 70,000                              | General Motors Corp.              | 2,298,800  |
| 40,400                              | Genuine Parts Co.                 | 1,919,808  |

**BlackRock Preferred and Equity Advantage Trust (BTZ) (continued)**  
**(Percentage of Net Assets)**

| Shares                                 | Description                          | Value      |
|--|--------------------------------------|------------|
| <b>Automotive (cont'd)</b>             |                                      |            |
| 10,600                                 | Paccar, Inc.                         | \$ 708,822 |
|  | Total Automotive                     | 6,733,658  |
| <b>Basic Materials 1.3%</b>            |                                      |            |
| 69,800                                 | Alcoa, Inc.                          | 2,254,540  |
| 2,800                                  | Allegheny Technologies, Inc.         | 289,772    |
| 29,700                                 | Aluminum Corp. of China Ltd. (ADR)   | 669,438    |
| 5,200                                  | BASF AG (ADR)                        | 503,204    |
| 18,700                                 | E.I. du Pont de Nemours & Co.        | 926,772    |
| 24,800                                 | Freeport-McMoRan Copper & Gold, Inc. | 1,426,248  |
| 59,800                                 | MeadWestvaco Corp.                   | 1,802,372  |
| 8,400                                  | Nucor Corp.                          | 542,136    |
| 5,700                                  | Phelps Dodge Corp.                   | 704,520    |
| 24,600                                 | Plum Creek Timber Co., Inc.          | 990,150    |
| 31,000                                 | Temple-Inland, Inc.                  | 1,548,140  |
| 8,200                                  | United States Steel Corp.            | 684,618    |
| 30,700                                 | Weyerhaeuser Co.                     | 2,302,500  |
|  | Total Basic Materials                | 14,644,410 |
| <b>Building &amp; Development 0.4%</b> |                                      |            |
| 45,300                                 | DR Horton, Inc.                      | 1,316,418  |
| 7,300                                  | KB Home                              | 395,806    |
| 24,800                                 | Lennar Corp., Class A                | 1,348,624  |
| 61,200                                 | Masco Corp.                          | 1,957,788  |
|  | Total Building & Development         | 5,018,636  |
| <b>Conglomerates 0.8%</b>              |                                      |            |
| 240,900                                | General Electric Co.                 | 8,684,445  |
| <b>Consumer Products 4.9%</b>          |                                      |            |
| 90,200                                 | Altria Group, Inc.                   | 7,882,578  |
| 8,6004                                 | Amazon.com, Inc.                     | 323,962    |
| 32,3004                                | Amgen, Inc.                          | 2,272,951  |
| 55,900                                 | Anheuser-Busch Cos., Inc.            | 2,849,223  |
| 30,600                                 | Clorox Co.                           | 2,001,852  |
| 10,2004                                | Coach, Inc.                          | 467,772    |
| 113,100                                | Coca-Cola Co.                        | 5,415,228  |
| 46,500                                 | Federated Department Stores, Inc.    | 1,929,285  |
| 21,800                                 | Fortune Brands, Inc.                 | 1,825,096  |
| 67,700                                 | Gap, Inc. (The)                      | 1,297,809  |
| 25,800                                 | Harley-Davidson, Inc.                | 1,761,366  |
| 77,400                                 | Home Depot, Inc.                     | 3,153,276  |
| 6,900                                  | JC Penney Co., Inc.                  | 560,556    |
| 47,700                                 | Limited Brands, Inc.                 | 1,332,738  |
| 107,000                                | Mattel, Inc.                         | 2,606,520  |
| 72,900                                 | McDonald's Corp.                     | 3,233,115  |
| 65,000                                 | Newell Rubbermaid, Inc.              | 1,920,100  |
| 13,700                                 | Nordstrom, Inc.                      | 763,227    |
| 22,900                                 | OfficeMax, Inc.                      | 1,105,841  |
| 18,800                                 | PepsiCo, Inc.                        | 1,226,512  |

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|        |                                |                   |
|--------|--------------------------------|-------------------|
| 86,900 | Procter & Gamble Co.           | 5,637,203         |
| 4,800  | Reynolds American, Inc.        | 309,600           |
| 9,500  | Universal Corp.                | 459,135           |
| 40,800 | UST, Inc.                      | 2,343,552         |
| 4,700  | VF Corp.                       | 356,589           |
| 31,100 | Wal-Mart Stores, Inc.          | 1,483,159         |
| 24,500 | Whole Foods Market, Inc.       | 1,058,155         |
|        | <b>Total Consumer Products</b> | <b>55,576,400</b> |
|        | <b>Energy</b> <b>3.8%</b>      |                   |
| 11,000 | American Electric Power, Inc.  | 478,830           |
| 83,600 | Chevron Corp.                  | 6,092,768         |
| 66,700 | ConocoPhillips                 | 4,429,547         |
| 15,700 | Consol Energy, Inc.            | 540,551           |
| 54,600 | Consolidated Edison, Inc.      | 2,636,088         |
| 40,300 | DTE Energy Co.                 | 1,868,711         |
| 34,800 | Duke Energy Corp.              | 685,212           |

**BlackRock Preferred and Equity Advantage Trust (BTZ) (continued)**  
**(Percentage of Net Assets)**

| Shares                                  | Description                                | Value         |
|---|--|---------------|
| <b>Energy (cont'd)</b>                  |  |               |
| 184,000                                 | Exxon Mobil Corp.                          | \$ 13,634,400 |
| 17,000                                  | Great Plains Energy, Inc.                  | 532,610       |
| 39,000                                  | Halliburton Co.                            | 1,152,060     |
| 6,000                                   | KeySpan Corp.                              | 244,800       |
| 9,400                                   | Nicor, Inc.                                | 427,700       |
| 7,600                                   | NiSource, Inc.                             | 180,880       |
| 7,300                                   | Peabody Energy Corp.                       | 298,059       |
| 17,500                                  | Rowan Cos., Inc.                           | 575,575       |
| 39,000                                  | Royal Dutch Shell Plc (ADR)                | 2,661,750     |
| 21,000                                  | Sasol Ltd. (ADR)                           | 715,260       |
| 6,100                                   | Schlumberger Ltd.                          | 387,289       |
| 13,900                                  | Smith Intl., Inc.                          | 551,552       |
| 21,000                                  | Southern Co.                               | 767,130       |
| 17,4004                                 | Spectra Energy Corp.                       | 454,488       |
| 38,300                                  | Total SA (ADR)                             | 2,606,315     |
| 32,300                                  | Williams Cos., Inc.                        | 871,777       |
|   | Total Energy                               | 42,793,352    |
| <b>Entertainment &amp; Leisure 0.1%</b> |  |               |
| 39,200                                  | Brunswick Corp.                            | 1,337,112     |
| <b>Financial Institutions 5.8%</b>      |  |               |
| 43,300                                  | Allstate Corp.                             | 2,604,928     |
| 7,200                                   | American Express Co.                       | 419,184       |
| 48,5005                                 | American Intl. Group, Inc.                 | 3,319,825     |
| 34,900                                  | Apollo Investment Corp.                    | 774,780       |
| 18,300                                  | Arthur J. Gallagher & Co.                  | 524,661       |
| 92,800                                  | Bank of America Corp.                      | 4,879,424     |
| 55,100                                  | BB&T Corp.                                 | 2,328,526     |
| 1,000                                   | Chicago Mercantile Exchange Holdings, Inc. | 563,300       |
| 2,800                                   | Cigna Corp.                                | 370,720       |
| 186,500                                 | Citigroup, Inc.                            | 10,281,745    |
| 6,400                                   | Comerica, Inc.                             | 379,520       |
| 30,600                                  | Corus Bancshares, Inc.                     | 651,780       |
| 5,200                                   | Fannie Mae                                 | 293,956       |
| 27,800                                  | First Horizon National Corp.               | 1,212,080     |
| 13,600                                  | Goldman Sachs Group, Inc.                  | 2,885,376     |
| 30,300                                  | HSBC Holdings Plc (ADR)                    | 2,782,449     |
| 61,300                                  | JPMorgan Chase & Co.                       | 3,122,009     |
| 11,100                                  | KeyCorp                                    | 423,687       |
| 7,400                                   | Legg Mason, Inc.                           | 775,890       |
| 16,300                                  | Lincoln National Corp.                     | 1,094,382     |
| 25,600                                  | MCG Capital Corp.                          | 506,112       |
| 30,600                                  | Morgan Stanley                             | 2,533,374     |
| 92,200                                  | National City Corp.                        | 3,489,770     |
| 94,200                                  | Regions Financial Corp.                    | 3,415,692     |
| 11,100                                  | St. Paul Travelers Cos., Inc. (The)        | 564,435       |
| 124,300                                 | US Bancorp                                 | 4,425,080     |

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|         |  |            |
|---------|--|------------|
| 101,000 | Wachovia Corp.                           | 5,706,500  |
| 86,600  | Washington Mutual, Inc.                  | 3,861,494  |
| 46,400  | Wells Fargo & Co.                        | 1,666,688  |
| 9,400   | Western Union Co. (The)                  | 209,996    |
|         | Total Financial Institutions             | 66,067,363 |
|         | <b>Health Care</b> 3.5%                  |            |
| 62,800  | Abbott Laboratories                      | 3,328,400  |
| 14,500  | Aetna, Inc.                              | 611,320    |
| 5,100   | Applera Corp. - Applied Biosystems Group | 177,276    |
| 8,100   | Bausch & Lomb, Inc.                      | 451,008    |
| 47,300  | Baxter Intl., Inc.                       | 2,348,918  |
| 30,600  | Becton Dickinson & Co.                   | 2,354,364  |
| 9,3004  | Biogen Idec, Inc.                        | 449,562    |
| 32,6004 | Boston Scientific Corp.                  | 601,470    |
| 10,3004 | Celgene Corp.                            | 552,904    |
| 39,200  | Eli Lilly & Co.                          | 2,121,504  |
| 7,3004  | Genzyme Corp.                            | 479,829    |

**BlackRock Preferred and Equity Advantage Trust (BTZ) (continued)**  
**(Percentage of Net Assets)**

| Shares                      | Description                                 | Value      |
|-----------------------------|---|------------|
| <b>Health Care</b> (cont'd) |   |            |
| 4,6004                      | Humana, Inc.                                | \$ 255,300 |
| 106,000                     | Johnson & Johnson                           | 7,080,800  |
| 6,6004                      | Medimmune, Inc.                             | 228,756    |
| 38,500                      | Medtronic, Inc.                             | 2,057,825  |
| 111,800                     | Merck & Co., Inc.                           | 5,003,050  |
| 292,8005                    | Pfizer, Inc.                                | 7,683,072  |
| 11,100                      | Quest Diagnostics, Inc.                     | 582,528    |
| 9,8004                      | St. Jude Medical, Inc.                      | 419,048    |
| 8,200                       | Stryker Corp.                               | 507,908    |
| 11,3004                     | Thermo Fisher Scientific, Inc.              | 540,705    |
| 22,900                      | UnitedHealth Group, Inc.                    | 1,196,754  |
| 6,6004                      | Zimmer Holdings, Inc.                       | 555,852    |
|                             | Total Health Care                           | 39,588,153 |
| <b>Industrials</b> 1.4%     |   |            |
| 21,000                      | 3M Co.                                      | 1,560,300  |
| 40,700                      | Boeing Co.                                  | 3,645,092  |
| 11,400                      | Cummins, Inc.                               | 1,533,984  |
| 6,600                       | Danaher Corp.                               | 488,796    |
| 14,800                      | Deere & Co.                                 | 1,484,144  |
| 6,700                       | Fluor Corp.                                 | 553,420    |
| 60,500                      | Honeywell Intl., Inc.                       | 2,764,245  |
| 64,000                      | Leggett & Platt, Inc.                       | 1,551,360  |
| 2,8004                      | Terex Corp.                                 | 159,292    |
| 20,300                      | Textron, Inc.                               | 1,891,351  |
|                             | Total Industrials                           | 15,631,984 |
| <b>Media</b> 0.6%           |   |            |
| 75,100                      | CBS Corp., Class B                          | 2,340,867  |
| 25,3004                     | Comcast Corp., Class A                      | 1,121,296  |
| 21,4004                     | DirecTV Group, Inc. (The)                   | 521,946    |
| 39,200                      | Dow Jones & Co., Inc.                       | 1,478,232  |
| 33,500                      | Time Warner, Inc.                           | 732,645    |
| 8,300                       | Walt Disney Co. (The)                       | 291,911    |
|                             | Total Media                                 | 6,486,897  |
| <b>Pharmaceuticals</b> 0.6% |   |            |
| 101,100                     | Bristol-Myers Squibb Co.                    | 2,910,669  |
| 11,800                      | Caremark Rx, Inc.                           | 722,868    |
| 12,7004                     | Gilead Sciences, Inc.                       | 816,864    |
| 35,800                      | Wyeth                                       | 1,768,878  |
|                             | Total Pharmaceuticals                       | 6,219,279  |
| <b>Real Estate</b> 0.7%     |   |            |
| 33,700                      | Crescent Real Estate Equities Co. (REIT)    | 676,022    |
| 23,100                      | Equity Residential (REIT)                   | 1,300,068  |
| 15,600                      | First Industrial Realty Trust, Inc. (REIT)  | 737,256    |
| 32,100                      | Health Care Property Investors, Inc. (REIT) | 1,324,125  |
| 30,800                      | Hospitality Properties Trust (REIT)         | 1,503,040  |
| 56,300                      | HRPT Properties Trust (REIT)                | 733,026    |



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|          |   |           |
|----------|---|-----------|
| 20,200   | Inland Real Estate Corp. (REIT)           | 408,444   |
| 20,800   | Starwood Hotels & Resorts Worldwide, Inc. | 1,301,664 |
|          | Total Real Estate                         | 7,983,645 |
|          | <b>Technology</b> 4.3%                    |           |
| 15,2004  | Advanced Micro Devices, Inc.              | 236,360   |
| 41,9004  | Agilent Technologies, Inc.                | 1,340,800 |
| 20,600   | Analog Devices, Inc.                      | 674,650   |
| 23,6004  | Apple, Inc.                               | 2,023,228 |
| 13,0004  | Broadcom Corp.                            | 414,960   |
| 115,1004 | Cisco Systems, Inc.                       | 3,060,509 |
| 3,9004   | Cognizant Technology Solutions Corp.      | 332,631   |
| 8,3004   | Dell, Inc.                                | 201,275   |
| 32,1004  | eBay, Inc.                                | 1,039,719 |
| 60,9004  | EMC Corp.                                 | 851,991   |
| 5,9004   | Google, Inc.                              | 2,957,670 |
| 84,600   | Hewlett-Packard Co.                       | 3,661,488 |

**BlackRock Preferred and Equity Advantage Trust (BTZ) (continued)**  
**(Percentage of Net Assets)**

| Rating1 | Shares     | Description                                       | Value        |
|---------|------------|---|--------------|
|         |            | <b>Technology (cont'd)</b>                        |              |
|         | 234,100    | Intel Corp.                                       | \$ 4,906,736 |
|         | 59,400     | Intl. Business Machines Corp.                     | 5,889,510    |
|         | 46,700     | Maxim Integrated Products, Inc.                   | 1,438,360    |
|         | 296,300    | Microsoft Corp.                                   | 9,143,818    |
|         | 9,9004     | Nvidia Corp.                                      | 303,435      |
|         | 25,400     | Oracle Corp.                                      | 435,864      |
|         | 22,100     | Paychex, Inc.                                     | 884,221      |
|         | 42,700     | Pitney Bowes, Inc.                                | 2,044,049    |
|         | 6,2004     | SanDisk Corp.                                     | 249,240      |
|         | 115,8004   | Sanmina-SCI Corp.                                 | 405,300      |
|         | 97,5004    | Sun Microsystems, Inc.                            | 647,400      |
|         | 23,5004    | Symantec Corp.                                    | 416,185      |
|         | 212,200    | Taiwan Semiconductor Manufacturing Co. Ltd. (ADR) | 2,315,102    |
|         | 56,000     | Xilinx, Inc.                                      | 1,360,800    |
|         | 33,9004    | Yahoo! Inc.                                       | 959,709      |
|         |            | Total Technology                                  | 48,195,010   |
|         |            | <b>Telecommunications 2.0%</b>                    |              |
|         | 207,987    | AT&T, Inc.  | 7,826,551    |
|         | 61,500     | Chunghwa Telecom Co. Ltd. (ADR)                   | 1,273,665    |
|         | 64,000     | Citizens Communications Co.                       | 938,240      |
|         | 43,3004    | Corning, Inc.                                     | 902,372      |
|         | 15,7004    | Juniper Networks, Inc.                            | 284,484      |
|         | 84,400     | Motorola, Inc.                                    | 1,675,340    |
|         | 77,000     | Qualcomm, Inc.                                    | 2,899,820    |
|         | 14,900     | Sprint Nextel Corp.                               | 265,667      |
|         | 47,000     | Tele Norte Leste Participacoes (ADR)              | 634,030      |
|         | 156,000    | Verizon Communications, Inc.                      | 6,009,120    |
|         |            | Total Telecommunications                          | 22,709,289   |
|         |            | <b>Transportation 0.4%</b>                        |              |
|         | 26,500     | Ship Finance Intl. Ltd.                           | 628,845      |
|         | 52,500     | United Parcel Service, Inc., Class B              | 3,794,700    |
|         |            | Total Transportation                              | 4,423,545    |
|         |            | Total Common Stocks                               | 355,485,907  |
|         |            | <b>Preferred Stocks 27.7%</b>                     |              |
|         |            | <b>Financial Institutions 24.8%</b>               |              |
| BBB     | 400,000    | ACE Ltd., Ser. C, 7.80%                           | 10,400,000   |
| A+      | 400,000    | Aegon N.V., 6.50%                                 | 10,332,000   |
|         |            | Arch Capital Group Ltd. (Bermuda)                 |              |
| BBB     | 100,000    | Ser. A, 8.00%                                     | 2,640,000    |
| BBB     | 160,000    | Ser. B, 7.875%                                    | 4,152,000    |
| BBB-    | 1,000,0003 | Aspen Insurance Holdings Ltd., 7.401%             | 25,750,000   |
| BBB-    | 280,0003   | Axis Capital Holdings Ltd., Ser. B, 7.50%         | 29,741,264   |
| A+      | 500,000    | Bank of America Corp., Ser. D, 6.204%             | 13,250,000   |
| BBB     | 10,0002    | Centaur Funding Corp., Ser. B, 9.08%              | 11,603,125   |
| Baa2    | 210,000    | Citizens Funding Trust I, 7.50%                   | 5,441,100    |
| A-      | 906,000    | Countrywide Capital V, 7.00%                      | 22,921,799   |

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|      |         |  |            |
|------|---------|--|------------|
| A+   | 600,000 | Deutsche Bank Capital Funding Trust VIII, 6.375% | 15,110,459 |
| BBB- | 80,000  | Endurance Specialty Holdings Ltd., Ser. A, 7.75% | 2,092,000  |
| AA-  | 545,000 | Federal Home Loan Mortgage Corp., 5.57%          | 13,625,000 |
| AA-  | 300,000 | HSBC Holdings Plc, Ser. A, 6.20%                 | 7,650,000  |
| A    | 200,000 | ING Groep N.V., 6.125%                           | 5,028,000  |
| NA   | 6,000   | Irwin Financial Corp., Zero Coupon               | 6,033,000  |
| A-   | 295,000 | KeyCorp Capital IX, 6.75%                        | 7,513,650  |
| A+   | 298,100 | National City Capital Trust II, 6.625%           | 7,565,778  |
| A    | 265,600 | PartnerRe Ltd., Ser. C, 6.75%                    | 6,756,200  |
| BBB  | 760,000 | RenaissanceRe Holdings Ltd., Ser. D, 6.60%       | 18,772,000 |

**BlackRock Preferred and Equity Advantage Trust (BTZ) (continued)**  
**(Percentage of Net Assets)**

| Rating <sup>1</sup>                    | Shares                    | Description   | Value         |
|--|---------------------------|---|---------------|
| <b>Financial Institutions</b> (cont'd) |                           |   |               |
| AA                                     | 665,000                   | Royal Bank of Scotland Group Plc (ADR), Ser. R, 6.125%  | \$ 16,591,750 |
|  |                           | Santander Finance Preferred SA Unipersonal (Spain)  |               |
| A+                                     | 640,000 <sup>2</sup>      | 6.50%   | 16,043,008    |
| A+                                     | 520,000 <sup>2</sup>      | 6.80%   | 13,048,776    |
| A-                                     | 300,000                   | XL Capital Ltd., Ser. B, 7.625%   | 7,692,000     |
|  |                           | Total Financial Institutions  | 279,752,909   |
| <b>Real Estate</b> 2.9%                |                           |   |               |
| BBB-                                   | 341,300                   | PS Business Park, Inc. (REIT), Ser. P, 6.70%  | 8,409,632     |
| BBB+                                   | 1,000,000                 | Public Storage, Inc. (REIT), Ser. M, 6.625%   | 24,750,000    |
|  |                           | Total Real Estate   | 33,159,632    |
|  |                           | Total Preferred Stocks  | 312,912,541   |
| <b>Principal Amount (000)</b>          |                           |   |               |
| <b>Trust Preferred Stocks</b> 57.8%    |                           |   |               |
| <b>Financial Institutions</b> 57.4%    |                           |   |               |
| BBB                                    | \$ 23,2736                | AON Corp., 8.205%, 1/01/27  | 26,679,237    |
| A                                      | 45,000 <sup>2,3,6,7</sup> | AXA S.A., 6.463% (France)   | 43,940,115    |
|  |                           | Barclays Bank Plc (United Kingdom)  |               |
| AA                                     | 15,000 <sup>2,3,7</sup>   | 5.926%  | 15,088,800    |
| AA                                     | 20,000 <sup>2,3,6,7</sup> | 6.86%   | 21,577,400    |
| BBB-                                   | 1717                      | Berkley W R Capital Trust II, 6.75%   | 4,276,812     |
| A2                                     | 30,000 <sup>2,3,6,7</sup> | BOI Capital Funding No. 3, 6.107% (Ireland)   | 29,356,710    |
| Baa3                                   | 10,000 <sup>7</sup>       | BTA Finance Luxembourg S.A., 8.25% (Luxembourg)   | 9,481,300     |
| Baa2                                   | 5,000                     | Capital One Capital III, 7.686%, 8/15/36  | 5,627,175     |
| Baa2                                   | 25,000                    | Capital One Capital IV, 6.745%, 2/17/37   | 25,160,000    |
| A+                                     | 20,000 <sup>2,3,6,7</sup> | Commonwealth Bank of Australia, 6.024% (Australia)  | 20,069,340    |
| B+                                     | 90,000 <sup>2</sup>       | DJ CDX NA HY, Ser. 7-T1, 8.375%, 12/29/11   | 91,912,500    |
| A-                                     | 1207                      | Everest Re Capital Trust, 7.85%,<br>HBOS Plc (United Kingdom)   | 3,033,756     |
| AA-                                    | 30,000 <sup>2,3,6,7</sup> | 5.92%   | 29,177,190    |
| AA-                                    | 10,000 <sup>2,3,6,7</sup> | 6.413%  | 9,791,890     |
| AA-                                    | 16,000 <sup>2,3,7</sup>   | HSBC Capital Funding LP, Ser. 2, 10.176% (Jersey Channel Islands)   | 23,341,328    |
| Baa2                                   | 25,100 <sup>2,3,7</sup>   | ICICI Bank Ltd., 7.25% (India)  | 25,799,688    |
| A                                      | 16,000 <sup>3,6,7</sup>   | ING Groep N.V., 5.775% (Netherlands)  | 15,837,088    |
| A                                      | 35,000 <sup>3</sup>       | JPMorgan Chase Capital XXI, Ser. U, 6.25%, 2/02/37  | 34,726,474    |
| Baa3                                   | 5,000 <sup>7</sup>        | Kazkommerts Finance 2 BV, 9.25% (Netherlands)   | 5,237,500     |
| A                                      | 30,000 <sup>2,3,6,7</sup> | Lloyds TSB Group Plc, 6.267% (United Kingdom)   | 29,725,350    |
| A-                                     | 21,000 <sup>2,3,6,7</sup> | Mizuho Capital Investment 1 Ltd., 6.686% (Cayman Islands)   | 21,015,582    |
| AA                                     | 10,000 <sup>3,5,6,7</sup> | RBS Capital Trust II, 6.425%  | 10,166,780    |
| A-                                     | 15,000 <sup>3,6</sup>     | Reinsurance Group of America, Inc., 6.75%, 12/15/65<br>Resona Preferred Global Securities Ltd., 7.191% (Cayman Islands) | 14,974,620    |
| BBB-                                   | 25,000 <sup>2,3,6,7</sup> |   | 26,145,875    |
| AA                                     | 18,000 <sup>3,6,7</sup>   | Royal Bank of Scotland Group Plc, 7.648% (United Kingdom)   | 21,049,740    |
| Baa2                                   | 22,000 <sup>2,3,7</sup>   | Shinsei Finance II, 7.16% (Cayman Islands)  | 22,268,136    |

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|      |             |  |            |
|------|-------------|--|------------|
| Baa2 | 10,0002,3,7 | Shinsei Finance Ltd., 6.418% (Cayman Islands)              | 9,941,580  |
| A-   | 10,0002,3,7 | SMFG Preferred Capital USD 1 Ltd., 6.078% (Cayman Islands) | 9,837,200  |
| Baa2 | 857         | Sovereign Capital Trust V, 7.75%                           | 2,290,750  |
| A    | 20,0002,3   | Standard Chartered Plc, 6.409%, 1/30/17 (United Kingdom)   | 19,674,280 |

**BlackRock Preferred and Equity Advantage Trust (BTZ) (continued)**  
**(Percentage of Net Assets)**

| <b>Rating<sup>1</sup></b>                                 | <b>Principal Amount (000)</b> | <b>Description</b>   | <b>Value</b>     |
|---|-------------------------------|--|------------------|
| <b>Financial Institutions<sup>2</sup>(cont'd)</b>         |                               |  |                  |
| A1  | 20,000 <sup>3</sup> , 2,37    | Swiss Re Capital I LP, 6.854%  | \$ 20,936,700    |
|   |                               | Total Financial Institutions   | 648,140,896      |
| <b>Telecommunications<sup>4</sup>0.4%</b>                 |                               |  |                  |
| B   | 5,000 <sup>3</sup> , 2,3      | Intelsat Ltd., 8.872%, 1/15/15 (Bermuda)   | 5,086,247        |
|   |                               | Total Trust Preferred Stocks   | 653,227,143      |
|   |                               | Total Long-Term Investments (cost \$1,417,051,543)   | 1,412,285,007    |
| <b>Shares (000)</b>                                       |                               |  |                  |
| <b>MONEY MARKET FUND<sup>5</sup>4.0%</b>                  |                               |  |                  |
| NR  | 45,000                        | SSgA Tax Free Money Mkt. Fund - Class A (cost \$45,000,000)  | 45,000,000       |
| <b>Contracts (000)</b>                                    |                               |  |                  |
| <b>OUTSTANDING CALL OPTIONS PURCHASED<sup>6</sup>0.0%</b> |                               |  |                  |
|   | 50                            | S&P 500 Index Futures, expires 2/17/07 (cost \$202,500)  | 200,500          |
|   |                               | Total investments before outstanding options written (cost \$1,462,254,0438)   | 1,457,485,507    |
| <b>OUTSTANDING CALL OPTIONS WRITTEN<sup>7</sup>(0.3)%</b> |                               |  |                  |
|   | (182)                         | S&P 500 Index Futures, expires 2/17/07   | (3,246,100)      |
|   | (7)                           | expires 3/17/07  | (145,040)        |
|   |                               | Total Outstanding Call Options Written (premium received \$2,998,100)  | (3,391,140)      |
|   |                               | Total Investments net of outstanding options written <sup>8</sup> 128.7%   | \$ 1,454,094,367 |
|   |                               | Liabilities in excess of other assets (including \$266,953,533 in reverse repurchase agreements payable, \$68,959,690 in investments purchased payable and \$10,982,755 in interest receivable) <sup>8</sup> (28.7)% | (324,188,088)    |
|   |                               | Net Assets <sup>8</sup> 100%   | \$ 1,129,906,279 |

1 Using the highest of Standard & Poor's, Moody's Investors Service or Fitch's Ratings.

2 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of January 31, 2007, the Trust held 49.4% of its net assets, with a current market value of \$558,528,790, in securities restricted as to resale.

3 Variable rate security. Rate shown is interest rate as of January 31, 2007.

4 Non-income producing security.

5 Security, or a portion thereof, pledged as collateral with a value of \$8,618,474 on 122 long S&P 500 Index futures contracts expiring March 2007, 1,154 long U.S. Treasury Bond futures contracts expiring March 2007, 9 short S&P 500 Index futures contracts expiring March 2007, 1,154 short U.S. Treasury Bond futures contracts expiring March 2007 and 5,016 short U.S. Treasury Note futures contracts expiring March 2007. The notional value of such contracts on January 31, 2007 was \$500,052,966, with an unrealized gain of \$5,359,626.

6 Entire or partial principal amount pledged as collateral for reverse repurchase agreements.

7 The security is a perpetual bond and has no stated maturity date.

8 Cost for federal income tax purposes is \$1,462,258,966. The net unrealized depreciation on a tax basis is \$4,773,459, consisting of \$10,139,934 gross unrealized appreciation and \$14,913,393 gross unrealized depreciation.

For Trust compliance purposes, the Trust's sector and industry classifications refer to any one or more of the Standard Industry Codes as defined by the SEC. This definition may not apply for purposes of this report, which may combine sector and industry sub-classifications for reporting ease.

**KEY TO ABBREVIATIONS**

ADR □ American Depositary Receipt  
REIT □ Real Estate Investment Trust  
USD □ U.S. Dollar

**Item 2. Controls and Procedures.**

(a) The Registrant's principal executive and principal financial officers have evaluated the Registrant's disclosure controls and procedures within 90 days of this filing and have concluded, as of that date, that the Registrant's disclosure controls and procedures were reasonably designed to ensure that information required to be disclosed by the Registrant in this Form N-Q was recorded, processed, summarized, and reported within the required time periods and that information to be disclosed by the Registrant in this Form N-Q was accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

(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 (17 CFR 270.30a -3(d)) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 3. Exhibits.**

Separate certifications of the Registrant's Principal Executive and Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are attached as EX-99.CERT.



**SIGNATURES**

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.

(Registrant) BlackRock Preferred and Equity Advantage Trust

By: /s/ Donald C. Burke

Name: Donald C. Burke

Title: Treasurer and Principal Financial Officer

Date: March 28, 2007

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/ Robert S. Kapito

Name: Robert S. Kapito

Title: President and Principal Executive Officer

Date: March 28, 2007

By: /s/ Donald C. Burke

Name: Donald C. Burke

Title: Treasurer and Principal Financial Officer

Date: March 28, 2007