# BLACKROCK FUNDS

## Important 2005 Tax Information for Foreign Investors

In accordance with the American Jobs Creation Act of 2004 (the "Act"), non-resident alien investors are exempt from all, or a portion, of the withholding tax on ordinary dividends received from the BlackRock Funds. Shareholders may apply for a federal tax refund for the amount of the taxes withheld in excess of the required amount as a result of the Act. Please use the worksheet on page 2 of this notice to determine the amount of the federal tax refund.

The Act applies to ordinary dividends for tax years beginning after December 31, 2004 and is therefore applicable to ordinary dividends for the period October 1, 2005 to December 31, 2005 (the "applicable period") for the BlackRock Funds.

To determine the amount of taxable non-qualified ordinary dividends, non-resident alien investors should apply the percentage shown below for each Fund to the ordinary dividends for the applicable period for each Fund. Shareholders can obtain each month's ordinary dividend amounts from their statements. Ordinary dividends are comprised of income dividends and short-term capital gain distributions.

Shareholders should apply the withholding percentage shown in Box 5 of the enclosed Form 1042-S to the amount of non-qualified ordinary dividends computed using the methodology stated above to determine the amount of withholding tax. To determine the amount of excess taxes paid, this amount should be compared to the amount withheld for the ordinary dividends received during the applicable period. For your convenience, we have provided a worksheet for this purpose.

## Shareholders are urged to consult their tax advisors.

Funds not shown below either did not have ordinary dividends during the applicable period or the non-qualifying percentage was zero. If the shareholder's Fund did not pay any ordinary dividends during the applicable period, no further action is needed. Shareholders should refer to their statements to determine if their Fund did not pay any ordinary dividends. If the shareholder's Fund did pay ordinary dividends during the applicable period and the Fund's non-qualifying percentage was zero, the shareholder's Fund paid 100% non-taxable ordinary dividends and the shareholder should compute the amount of the taxes over withheld.

| BlackRock Funds | Non-Qualifying % |
|---|---|
| Asset Allocation Portfolio | 5.92% |
| Core Bond Total Return Portfolio | 10.46% |
| Core PLUS Total Return Portfolio | 3.86% |
| Global Resources Portfolio | 100.00% |
| Index Equity Portfolio | 4.05% |
| International Bond Portfolio | 65.77% |
| Intermediate Bond Portfolio | 6.51% |
| Intermediate Government Bond Portfolio | 6.71% |
| Government Income Portfolio | 3.46% |
| Large Cap Value Equity Portfolio | 99.92% |
| Managed Income Portfolio | 2.12% |
| Mid-Cap Value Equity Portfolio | 90.57% |
| Money Market Portfolio | 6.00% |
| Small Cap Value Equity Portfolio | 100.00% |

**BlackRock does not provide tax advice. Investors should be aware that tax treatment is subject to change, and investors are strongly urged to consult their tax advisors regarding their personal tax situation.**

BlackRock Funds shareholders may call 1-800-441-7762.

# BLACKROCK FUNDS

## Important 2005 Tax Information for Foreign Investors (continued)

## Qualified Interest Income Worksheet

Instructions

Step 1: Enter the amount of ordinary dividends (income dividends and short-term capital gains) for October 2005, November 2005 and December 2005 as indicated in the shareholder's statement. The total of these amounts represents the amount of ordinary dividends for the applicable period.

Step 2: Apply the non-qualifying percentage for each Fund from page 1 of this notice to the total amount computed in Step 1. This amount represents the taxable ordinary dividends for the applicable period.

Step 3: Apply the withholding percentage (tax rate) shown in Box 5 of the enclosed Form 1042-S to the total amount of taxable ordinary dividends computed in Step 2. This amount represents the amount of withholding taxes to which the distributions are subject as a result of the Act.

Step 4: Apply the withholding percentage (tax rate) shown in Box 5 of the enclosed Form 1042-S to the total amount of ordinary dividends computed in Step 1. This amount represents the amount of taxes that were actually withheld during the applicable period.

Step 5: The amount of taxes withheld in excess of the required amount is the difference between the amount computed in Step 3 and the amount computed in Step 4. Shareholders may apply for a federal tax refund for this amount.

Here is an example of the computation for an Asset Allocation Portfolio shareholder:

Ordinary Dividends

| | Income Dividends | Short-Term Capital Gains | Total |
|---|---|---|---|
| October 2005 | $100.00 | $0.00 | $100.00 |
| November 2005 | $105.00 | $0.00 | $105.00 |
| December 2005 | $110.00 | $5.00 | $115.00 |
| Total Ordinary Dividends | | | $320.00 |

| | |
|---|---|
| Taxable Ordinary Dividends ($320.00 x 5.92%) | $ 18.94 |
| Taxes – withheld pursuant to the Act ($18.94 x 30% Box 5 tax rate) | $ 5.68 |
| Taxes – actually withheld ($320.00 x Box 5 tax rate of 30%) | $ 96.00 |
| Excess – apply for federal tax refund | $ 90.32 |

Here is a worksheet to assist the shareholder with the federal tax refund computation:

Ordinary Dividends

| | Income Dividends | Short-Term Capital Gains | Total |
|---|---|---|---|
| October 2005 | $ | $ | $ |
| November 2005 | $ | $ | $ |
| December 2005 | $ | $ | $ |
| Total Ordinary Dividends | | | $ |

| | |
|---|---|
| Taxable Ordinary Dividends ($ ordinary dividends x non-qualifying percentage) | $ |
| Taxes – withheld pursuant to the Act ($ taxable ordinary dividends x Box 5 tax rate %) | $ |
| Taxes – actually withheld ($ ordinary dividends x Box 5 tax rate %) | $ |
| Excess – apply for federal tax refund | $ |