BLACKROCK®

August 7, 2011

Dear Client,

In the wake of Standard & Poor's announcement Friday, August 5 that it was lowering its US sovereign credit rating, we wanted to provide you with details of the processes that BlackRock has put in place to accommodate the ratings change, as well as share our firm's views of the downgrade's significance for the markets and for client portfolios.

The Standard & Poor's announcement, which came after the markets closed Friday, said that the rating agency was lowering the US sovereign credit rating to AA+ from AAA with a negative outlook for the long term. While the country's overall debt burden played a significant role in the downgrade, the loss in confidence of the US government's ability to solve the issue also played a large role. Among the other ratings agencies, Moody's confirmed its Aaa rating but assigned a negative outlook, while Fitch Ratings confirmed its AAA rating and is expected to conclude its scheduled review of the US by the end of August.

The downgrade of US sovereign credit by S&P on Friday reflects facts that have been well known to the market for some time. We do not believe it implies a fundamental increase in risk, and we don't believe that investors should change their behavior based solely on the downgrade. However, in combination with continued economic weakness and regulatory uncertainty, this may provide a signal to some investors to reassess their risk appetite. At BlackRock, we began preparations at the beginning of July for the possibility of a downgrade from one or more of the ratings agencies. We established a combined task force representing our Portfolio Management Group, Global Client Group, BlackRock Solutions, Operations/Compliance and Legal teams to review all aspects of our business that transact in US Treasuries or related securities. This task force developed contingency plans to follow in the event of a downgrade. We reviewed all segregated accounts, commingled funds, mutual funds and ETFs, and determined which portfolios would be potentially affected by a downgrade.

At BlackRock, we have reached out to our clients to apprise them of the situation and addressed the potential impact to their investments in the event of a downgrade. Utilizing our portfolio management, compliance and risk systems, we carefully evaluated and assessed the impact of a potential downgrade. This included rigorous scenario analysis carefully orchestrated by our investment and risk professionals. We also undertook a series of multiple tests to assure that adjustments resulted in all functions reacting appropriately.

While we have worked closely with our clients over the past several weeks to clarify their investment guidelines, and to inform them of possible market reactions resulting from a US Treasury credit rating downgrade, this is but one of myriad concerns investors face in today's markets. In fact, as S&P made clear in its downgrade announcement, it is partly the apparent inability of politicians and policymakers to come together and make difficult (yet needed) choices that underpinned the decision to issue the rating downgrade.

Nonetheless, we think it is vital to underscore the fact that the US Treasury sector (and to a slightly lesser extent Agency MBS) remains the largest and most liquid fixed income market in the world with the greatest degree of price transparency and few genuine alternatives. While the events that led to the S&P downgrade are certainly of concern, we think the vast majority of investors will continue to utilize the Treasury yield curve as an effective credit risk-free benchmark against which credit spread issues can be judged. We expect that Treasuries will continue to see a strong bid from institutional investors of all kinds (including banks) and will continue to serve their traditional role as a hedge to risk assets. While a time may come when the credit risk-free status of Treasury bonds is diminished by continued policy missteps, we do not believe that the S&P downgrade signals that this moment has come now.

Addressing the fiscal challenges that confront the United States is a long-term undertaking. Those challenges cannot be overcome through short-term fixes but will require efforts extending over many years. The U.S. economy has historically been the world's most resilient, but its future depends on policymakers coming together to make the hard decisions needed to arrest the growth of the US public deficit.

We are committed to keeping you informed of this situation as it continues to evolve. We also recognize that you might have additional questions; in that case, I encourage you to reach out to me for a more in-depth conversation.

Sincerely,

Your BlackRock Relationship Manager