

Attention: Mutual Fund Operations

For Back Office Personnel Only – Not for Distribution to the Public

February 5, 2018

IMPORTANT UPDATE FROM BLACKROCK FUNDS

MRO#: 5882, Alpha Code: PG

The reorganization of BlackRock Small Cap Growth Fund II of BlackRock Series, Inc. (the “Target Fund”) into BlackRock Advantage Small Cap Growth Fund, a series of BlackRock Funds (the “Survivor Fund”), is expected to occur following the close of business on March 2, 2018. The chart below provides detailed share class mappings of the proposed reorganization.

Target Fund/Merge From					Survivor Fund/Merge To				
Fund #	Class	Fund Name	CUSIP	Ticker	Fund #	Class	Fund Name	CUSIP	Ticker
270	A	BlackRock Small Growth Fund II	09253J103	MDSWX	029	A	BlackRock Advantage Small Growth Fund	091928309	CSGEX
272	C	BlackRock Small Growth Fund II	09253J301	MCSWX	092	C	BlackRock Advantage Small Growth Fund	091928507	CGICX
421	Institutional	BlackRock Small Growth Fund II	09253J509	MASWX	301	Institutional	BlackRock Advantage Small Growth Fund	091928101	PSGIX
475	Class R	BlackRock Small Growth Fund II	09253J400	MRUSX	2014	Class R ¹	BlackRock Advantage Small Growth Fund	09258N364	BSGRX

¹Class R shares of the Target Fund will merge into the newly created Class R shares of the Survivor Fund.

In order to facilitate the reorganization on the weekend of March 2, 2018, all initial purchase and exchange in activity involving the Target Fund will be suspended beginning trade date Thursday, March 1, 2018. All subsequent purchase activity (including exchange IN activity) involving the Target Fund will be suspended for trade date Friday, March 2, 2018. In addition, all Target Fund redemption activity placed via the NSCC on Friday, March 2, 2018 will settle the same day.

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Following are the activities that will facilitate the Target Fund reorganization:

Monday, February 26, 2018 through Friday, March 2, 2018:

- The Target Fund will process on a T+1 settlement cycle. Please note as stated above for trade date Friday, March 2, 2018, all Target Fund purchase activity (including exchange IN activity) will be rejected.

Thursday, March 1, 2018:

- All initial purchase and exchange IN activity involving the Target Fund will be suspended beginning trade date Thursday, March 1, 2018.
- DCC&S/late transmission trades - All DCC&S/late transmission activity for trade date Wednesday, February 28, 2018 will confirm and settle same day as usual.
- Fund/SERV subsequent purchases - All subsequent purchase activity can be placed and will settle next day, Friday, March 2, 2018.
- Trade Rejects – Firms will be notified on Friday, March 2, 2018, of their trade rejects to determine whether trades will be placed via the NSCC or placed outside the NSCC.

Friday, March 2, 2018:

- Fund/SERV purchases - All Target Fund purchase activity (including exchange IN activity) will be rejected for trade date, Friday, March 2, 2018. Any purchase activity that rejects during the Friday, March 2, 2018 nightly cycle will be reviewed for estimating and price protection into the Survivor Fund.
- Fund/SERV exchanges – All exchange activity INTO the Target Fund will be rejected for trade date, Friday, March 2, 2018. Any exchange activity INTO the Target Fund that rejects during the Friday, March 2, 2018 nightly cycle will be reviewed for estimating and price protection into the Survivor Fund.
- All exchange activity OUT of the Target Fund can be placed and will settle same day on Friday, March 2, 2018.
- Fund/SERV Redemptions - All Target Fund redemption activity can be placed via the NSCC and will settle same day (T+0), Friday, March 2, 2018.
- Trade Rejects – Any redemption and exchange OUT activity that rejects during the Friday, March 2, 2018 nightly cycle will be reviewed for estimating and price protection out of the Survivor Fund. All purchase and exchange activity INTO the Target Fund will be reviewed for estimating and price protection into the Target Fund. Firms will be notified on Monday, March 5, 2018 of their specific trade rejects to determine if trades will be placed via the NSCC or placed outside the NSCC in the Survivor Fund.

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Monday, March 5, 2018:

- Transactions will no longer be accepted for the Target Fund and trade rejects will be generated. There will be no price protection on the Target Fund trading activity for this trade date.
- DCC&S/ late transmission activity - **The Target Fund DCC&S/late transmission activity for trade date Friday, March 2, 2018 will be rejected.** There will be no price protection on Target Fund trading activity for this trade date.

Manual 401(k) trades:

Friday, March 2, 2018 - All manual 401(k) processing for trade date Thursday, March 1, 2018 will be accepted and processed.

Monday, March 5, 2018 - The Target Fund manual 401(k) trade activity for trade date Friday, March 2, 2018 will be rejected. There will be no price protection on the Target Fund manual 401(k) trade activity for trade date Friday, March 2, 2018 .

Tuesday, March 6, 2018 - All manual 401(k) processing for trade date Monday, March 5, 2018 will be accepted and processed into the Survivor Fund.

Networking:

- The reorganization transactions will be non-taxable (W0) and activity record (F55) will be transmitted on Saturday, March 3, 2018.
- BNY Mellon Investment Servicing (US) Inc. (“BNY Mellon”), performs NSCC back-office support on behalf of the BlackRock Funds. You may contact BNY Mellon at 877-332-2371. Please call to schedule any special position files you wish to receive.

Additional Information:

On March 2, 2018 BlackRock Funds will calculate the following:

- All transactions processed on Friday, March 2, 2018 in both the Target Fund and the Survivor Fund will be processed at a four-decimal NAV.
- BNY Mellon will release the four-decimal NAV via the NSCC Mutual Fund Profile.
- The Fund Accounting Agent (BNY Mellon) will provide a four-decimal NAV via the daily e-mail pricing blast.
- BlackRock Funds will also calculate conversion ratios utilizing the four-decimal NAVs. The conversion ratios will be extended eight-digits to the right of the decimal.
- BlackRock Dealer Services will provide both the extended NAVs and the conversion ratios via a separate e-mail blast.

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- BlackRock Funds cut-off time to receive estimates is 9:00 a.m. EST. All Firms will be required to work within the BlackRock Funds timeframes.
- Dividend Processing: The Target Fund, if applicable, may distribute all income, short-term and/or long-term capital gains as necessary (record date February 26, 2018; ex-date February 27, 2018; payable date February 28, 2018)¹.

¹ Subject to Board approval

Questions regarding this update can be directed to BlackRock Dealer Services at 1-800-882-3302.