

Further Announcement by BlackRock Asset Management Deutschland AG (“BlackRock”) regarding Corporate Actions Misclassifications, Tax Assessments and Planned Correction Events for German-domiciled iShares Funds

Effective Thursday 20 April 2017¹

- **On 31 August 2016, BlackRock first announced that certain German-domiciled iShares exchange traded funds (ETFs) were affected by tax accounting errors made by State Street (the administrator of the funds) between 2010 and August 2016**
- **BlackRock is now in receipt of tax assessments for certain categories of corporate action misclassifications in respect of 41 affected German-domiciled iShares ETFs**
- **In light of these tax assessments, BlackRock will take corrective actions in respect of these funds on specified dates and will pay out a special dividend for certain funds where set out below**
- **Further guidance is expected in due course from the German Ministry of Finance regarding non-EU Returns of Capital, which have been received by 24 funds**
- **All affected funds are expected to continue to trade normally over correction periods**

Background and Purpose of This Announcement

On 31 August 2016, BlackRock announced that certain German-domiciled iShares ETFs were affected by accounting errors made by State Street (the administrator of the funds) between 2010 and August 2016.

The errors specifically concerned the incorrect classification of certain corporate action events as either income or capital gains; as a result some fund distributions or accumulations were not appropriately calculated.

The errors were in respect of income and capital gains from both German and non-German securities, with differing German withholding tax consequences.

BlackRock is now in receipt of tax assessments in respect of certain categories of corporate actions misclassifications affecting 41 German-domiciled iShares ETFs and will take corrective action in respect of these.

It is possible, though not probable, that 22 of these 41 German-domiciled iShares ETFs and another 2 German-domiciled iShares ETFs may be subject to future tax assessments relating to the treatment of returns of capital made by entities outside the European Union. Guidance is awaited from the relevant tax authorities on the non-EU Returns of Capital and the timing of this is currently not known.

The purpose of this announcement is to make investors and market participants aware of corrective action BlackRock will take in light of the tax assessments received for the 41 funds.

For each affected fund the corrective action and its timing is dependent on the nature of the original misclassification, its impact on the fund (e.g. a positive or negative income adjustment), the fund's use of income (i.e. accumulating or distributing) and the fund's financial year end.

BlackRock is fully committed to ensuring that all investors are treated fairly. We understand that investors may have questions in relation to the misclassifications and/or corrections outlined in this announcement and have provided a contact email address to respond to any queries in this regard.

For Enquiries:

- iShares Telephone Helpline: +49 89 42729-5858
- BLK EMEA iShares CoAc Corrections Team: EMEAiShares-CoAcCorrection@blackrock.com

¹ The information included in this announcement is based on information that is known to BlackRock on this date and may be subject to change

Overall Tax Assessment Status

The below table summarises the current tax assessment status for each corporate action type.

	Corporate Action Category	No. of Funds Impacted	Tax Assessment Status
A	German Corporate Actions and Foreign Corporate Actions	41 funds	Tax assessment received. See table below for differential amounts.
B	Non-EU Returns of Capital	22 of the above funds plus another 2 funds	Guidance is awaited, following a recent court case, from the relevant tax authorities regarding non-EU Returns of Capital. It is possible, though not probable, that BlackRock may receive further tax assessments as a result of this guidance.

Tax Assessments by Fund, Correction Method

The below table summarises the correction values determined by the German tax authority in the tax assessments received (category “A” above) as well as the intended correction method and date, where a correction is applicable. For some funds BlackRock decided to pay the adjustment amount as a Special Dividend so that the adjustment amount does not have to get accumulated at year-end.

Fund Name	ISIN	Year End	Fund Currency	Total Differential Amount ² In Fund Currency per Unit	Differential Amount relating to income per unit from German securities In Fund Currency per Unit	Differential Amount relating to income per unit from non-German securities In Fund Currency per Unit	Correction Method	Correction Date (Ex-Date / Pay-Date / Year-End) ³
iShares STOXX Europe 600 Banks UCITS ETF (DE)*	DE000A0F5UJ7	28 Feb	EUR	0.3870	0	0.3870	Special Dividend	27/4/17
iShares STOXX Europe 600 Construction & Materials UCITS ETF (DE)*	DE000A0H08F7	28 Feb	EUR	0.0755	0	0.0755	Special Dividend	27/4/17
iShares STOXX Europe 600 Financial Services UCITS ETF (DE)*	DE000A0H08G5	28 Feb	EUR	0.0549	0	0.0549	Special Dividend	27/4/17
iShares STOXX Europe 600 Industrial Goods & Services UCITS ETF (DE)*	DE000A0H08J9	28 Feb	EUR	0.2828	0	0.2828	Special Dividend	27/4/17
iShares STOXX Europe 600 Insurance UCITS ETF (DE)*	DE000A0H08K7	28 Feb	EUR	0.1387	0	0.1387	Special Dividend	27/4/17
iShares STOXX Europe 600 Media UCITS ETF (DE)	DE000A0H08L5	28 Feb	EUR	1.1386	-0.0165	1.1551	Special Dividend	27/4/17
iShares STOXX Europe 600 Personal & Household Goods UCITS ETF (DE)	DE000A0H08N1	28 Feb	EUR	0.1292	0	0.1292	Special Dividend	27/4/17

² Adjustment amount determined by the tax authority; expressed in the fund's base currency per fund unit

³ The quoted dates in this table are to be considered as Ex/Pay Dates, except in the cases of the accumulating funds iShares Core DAX® UCITS ETF (DE), iShares TecDAX® UCITS ETF (DE) and iShares Diversified Commodity Swap UCITS ETF (DE) where the date is the Year-End.

Fund Name	ISIN	Year End	Fund Currency	Total Differential Amount² In Fund Currency per Unit	Differential Amount relating to income per unit from German securities In Fund Currency per Unit	Differential Amount relating to income per unit from non-German securities In Fund Currency per Unit	Correction Method	Correction Date (Ex-Date / Pay-Date / Year-End)³
iShares STOXX Europe 600 Retail UCITS ETF (DE)	DE000A0H08P6	28 Feb	EUR	0.2952	0	0.2952	Special Dividend	27/4/17
iShares STOXX Europe 600 Travel & Leisure UCITS ETF (DE)	DE000A0H08S0	28 Feb	EUR	0.0646	0	0.0646	Special Dividend	27/4/17
iShares STOXX Europe 600 Utilities UCITS ETF (DE)	DE000A0Q4R02	28 Feb	EUR	0.2018	0	0.2018	Special Dividend	27/4/17
iShares EURO STOXX UCITS ETF (DE)*	DE000A0D8Q07	30 Apr	EUR	0.2911	-0.0423	0.3334	Special Dividend	27/4/17
iShares EURO STOXX 50 UCITS ETF (DE)	DE0005933956	30 Apr	EUR	0.3028	-0.0591	0.3619	Special Dividend	27/4/17
iShares STOXX Europe 600 UCITS ETF (DE)*	DE0002635307	30 Apr	EUR	0.3904	-0.0204	0.4108	Special Dividend	27/4/17
iShares EURO STOXX Banks 30-15 UCITS ETF (DE)	DE0006289309	31 May	EUR	0.5509	0	0.5509	Special Dividend	27/4/17
iShares EURO STOXX Select Dividend 30 UCITS ETF (DE)	DE0002635281	31 May	EUR	0.5873	0	0.5873	Special Dividend	27/4/17
iShares Core DAX® UCITS ETF (DE)	DE0005933931	30 Apr	EUR	-0.4166	-0.4166	0	Fiscal year-end accumulation	30/4/17
iShares TecDAX® UCITS ETF (DE)*	DE0005933972	30 Apr	EUR	-0.1822	-0.1822	0	Fiscal year-end accumulation	30/4/17
iShares EURO STOXX Telecommunications 30-15 UCITS ETF (DE)	DE0006289317	31 May	EUR	-0.8105	-1.0671	0.2566	Reduction of income at year-end distribution	17/7/17
iShares Diversified Commodity Swap UCITS ETF (DE)	DE000A0H0728	31 March	EUR	0.057	0	0.057	Short fiscal year-end accumulation	31/12/17

Potential Tax Assessments

The funds indicated by an asterisk (*) in the table above have obtained non-EU Returns of Capital in the past. Guidance is awaited, following a recent court case, from the relevant tax authorities regarding non-EU Returns of Capital. It is possible, though not probable, that BlackRock may receive further tax assessments as a result of this guidance.

Trading Arrangements for the Affected Funds

Units of the affected funds are expected to continue to trade normally on the stock exchanges on which they are listed over the correction dates.

Tax Implications for Investors

The information given in this section in regard to the tax consequences of the misclassifications and planned correction events is not exhaustive and does not constitute legal or tax advice.

The tax impact on investors of these corporate actions misclassification corrections will vary by investor type and location and broadly depends on (a) investors' tax status, and (b) when investors have bought and/or sold units.

Investors should consult their own professional advisers as to the tax implications of continuing to hold units over the correction events or selling units prior to the correction events.

Generally speaking, we would expect in principle that there should be no significant negative tax impact for those German and non-German investors who were invested in the affected funds at the time the misclassification occurred and who remained invested in such funds until the time of the correction dates.

Appendix - Summary of Previous Announcements

The below table summarises the previous announcements BlackRock has made on www.iShares.com and they may still be viewed for fuller background:

Document Title	Content Summary (relevant for German institutional investors)	Document Links (relevant for German institutional investors via www.iShares.de) ⁴	Date Published /Updated
Reclassification of Corporate Actions affecting iShares Dow Jones China Offshore 50 UCITS ETF (DE)	<ul style="list-style-type: none"> Background of the tax accounting / corporate action misclassification errors Accounting misclassification for the fund and confirmation of change to income per share Future dividend distributions Tax and net asset value impacts General update on ongoing work with fund administrator and German tax authorities 	<p>German language version: https://www.ishares.com/de/professionelle-anleger/de/literature/fund-announcement/china-offshore-fund-reclassification-de-emea-pc-fund-announcement.pdf</p> <p>English language version: https://www.ishares.com/de/professionelle-anleger/de/literature/fund-announcement/china-offshore-fund-reclassification-en-emea-pc-fund-announcement.pdf</p>	31/8/16
Reclassification of Corporate Actions 1	<ul style="list-style-type: none"> Background of the tax accounting / corporate action misclassification errors Corrective actions taken for financial year 30 April 2016 funds Corrective actions taken for financial year 31 May 2016 funds Estimated assessment of impacts to 38 distributing funds Estimated assessment of impacts to 4 accumulating funds 	<p>German language version: https://www.ishares.com/de/professionelle-anleger/de/literature/fund-announcement/german-fund-reclassifications-1-de-emea-pc-fund-announcement.pdf</p> <p>English language version: https://www.ishares.com/de/professionelle-anleger/de/literature/fund-announcement/german-fund-reclassifications-1-en-emea-pc-fund-announcement.pdf</p>	31/8/16 and updated on 30/9/16
Reclassification of Corporate Actions 2	<ul style="list-style-type: none"> Categories of corporate events misclassified Income arising from German underlying securities and confirmation of prospective fund accounting corrections to funds with a financial year ending February, April and May for specified financial years Income arising from Non-German underlying securities and confirmation of prospective fund accounting corrections to funds with a financial year ending February, March, April and May funds for specified financial years Impact on net asset values <p>Tax Consequences:</p> <ul style="list-style-type: none"> Returns arising from underlying German securities – method of correction in German tax law Returns arising from underlying Non-German securities - method of correction in German tax law Underpayment of withholding tax – method of corrections and steps BlackRock has taken and will consider taking where income has been under-reported Overpayment of withholding tax – method of corrections and steps BlackRock will take once the German tax authorities have assessed and approved adjustments. 	<p>German language version: https://www.ishares.com/de/professionelle-anleger/de/literature/fund-announcement/german-fund-reclassifications-2-de-emea-pc-fund-announcement.pdf</p> <p>English language version: https://www.ishares.com/de/professionelle-anleger/de/literature/fund-announcement/german-fund-reclassifications-2-en-emea-pc-fund-announcement.pdf</p>	30/11/16

⁴ The link will differ for other country product pages, depending how you access www.iShares.com