

**BlackRock Funds III**

- ▶ BlackRock Cash Funds: Government
- ▶ BlackRock Cash Funds: Institutional
- ▶ BlackRock Cash Funds: Prime
- ▶ BlackRock Cash Funds: Treasury

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## Dear Shareholder

Financial markets substantially improved in 2012 as compared to the prior year, due largely to central bank intervention and considerable relief from the global turmoil seen in 2011. Although 2012 brought its share of headwinds, the strongest returns came from higher-risk asset classes as investors reached for yield in an environment of extremely low interest rates.

The year opened with investor confidence on the rise as global liquidity had been restored and financial news headlines became less daunting. Equity markets moved higher through the first two months of 2012, while climbing US Treasury yields pressured higher-quality fixed income assets. However, markets reversed course in the spring when Europe's debt crisis boiled over once again. Political instability in Greece and severe deficit and liquidity problems in Spain raised the prospect of a euro collapse. Government borrowing costs in peripheral European countries soared while the region's finance leaders deliberated over the fiscal integration of the currency bloc. Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, emerged as a particular concern. In the United States, disappointing jobs reports signaled that the recovery was losing steam. Risk assets sold off as investors retreated to safe-haven assets.

As the outlook for the global economy worsened, investors grew increasingly optimistic that the world's largest central banks soon would intervene to stimulate growth. This theme, along with increased cooperation among finance ministers in Europe, fueled a powerful risk-asset rebound in June. In July, the European Central Bank ("ECB") president stated that the bank would do "whatever it takes" to preserve the euro currency bloc. This assurance along with expectations for policy stimulus from central banks in Europe and the United States drove most asset classes higher through the summer. Early in September, the ECB announced its decision to support the eurozone's troubled peripheral countries with unlimited purchases of short term sovereign debt. Days later, the US Federal Reserve announced an aggressive stimulus package involving open-ended monthly purchases of agency mortgage-backed securities.

Going into the fall, US stocks slid on lackluster corporate earnings reports and market volatility rose leading up to the US Presidential election. Global trade slowed as many European countries fell into recession and growth continued to decelerate in China, where a once-a-decade leadership change compounded uncertainty. In the United States, automatic tax increases and spending cuts that had been scheduled to take effect at the beginning of 2013 (known as the "fiscal cliff") threatened to push the nation into recession unless politicians could agree upon alternate measures to reduce the deficit before the end of 2012. Worries that bipartisan gridlock would preclude a budget deal prior to the deadline drove high levels of volatility in financial markets around the world in the months leading up to the last day of the year. Ultimately, the United States averted the worst of the fiscal cliff with a last-minute tax deal. Relief from US fiscal worries, however, was only partial as decisions relating to spending cuts and the debt ceiling remained pending as financial markets closed for the year.

All major asset classes generated positive returns for the 6- and 12-month periods ended December 31, 2012. Riskier assets outperformed higher quality investments as investors sought meaningful returns in a low interest rate environment. International and emerging market equities were the strongest performers. US Treasury yields were volatile, but declined overall, resulting in moderate gains for higher quality fixed income sectors. Tax-exempt municipal bonds benefited from a favorable supply-and-demand environment. Near-zero short term interest rates continued to keep yields on money market securities near their all-time lows.

The New Year brings a host of unknowns, but we believe new opportunities abound. BlackRock was built to provide the global market insight, breadth of capabilities, unbiased investment advice and deep risk management expertise these times require. With access to every asset class, geography and investment style, and extensive market intelligence, we help investors of all sizes build dynamic, diverse portfolios to achieve better, more consistent returns over time. We encourage you to visit [www.blackrock.com/newworld](http://www.blackrock.com/newworld) for more information.

Sincerely,



**Rob Kapito**  
President, BlackRock Advisors, LLC



*"Although 2012 brought its share of headwinds, the strongest returns came from higher-risk asset classes as investors reached for yield in an environment of extremely low interest rates."*

**Rob Kapito**  
President, BlackRock Advisors, LLC

### Total Returns as of December 31, 2012

	6-month	12-month
US large cap equities (S&P 500® Index)	5.95%	16.00%
US small cap equities (Russell 2000® Index)	7.20	16.35
International equities (MSCI Europe, Australasia, Far East Index)	13.95	17.32
Emerging market equities (MSCI Emerging Markets Index)	13.75	18.22
3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index)	0.07	0.11
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)	0.71	4.18
US investment grade bonds (Barclays US Aggregate Bond Index)	1.80	4.21
Tax-exempt municipal bonds (S&P Municipal Bond Index)	3.15	7.42
US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index)	7.97	15.78

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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# Money Market Overview

For the 12-Month Period Ended December 31, 2012

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The Federal Open Market Committee (“FOMC”) continued to maintain its target range for the federal funds rate at 0.00% to 0.25% throughout the 12-month reporting period ended December 31, 2012. Sluggish economic growth and stubbornly high unemployment have prompted the FOMC to employ multiple stimulus measures during the period including the decision in June to extend Operation Twist (selling short-dated US Treasury securities while purchasing an equal amount of longer-dated Treasury notes to keep long-term interest rates low) through the end of the year. In September, the FOMC announced it would purchase approximately \$40 billion per month of agency mortgage-backed securities (“MBS”) until the US labor market exhibits substantial improvement (subject to continued price stability), leaving the size of the program open-ended. In December, the FOMC announced that in addition to the September program, it would begin purchasing long-term US Treasury bonds at the rate of \$45 billion per month upon the conclusion of Operation Twist. Policymakers also committed to maintaining accommodative policy and in particular the current low target range for the federal funds rate “at least as long as the unemployment rate remains above 6.5%” unless inflation projections rise above tolerance levels. This statement represents the first time the FOMC has specified a threshold for the unemployment rate with respect to setting monetary policy. Over the past four years, the FOMC’s stimulus programs have, in large part, driven the US Federal Reserve’s balance sheet to triple in size to \$2.9 trillion.

Meanwhile, the European Central Bank (“ECB”) expanded its long-term refinancing operations (“LTROs”) by providing eurozone banks virtually unlimited access to three-year loans and broadening the set of eligible collateral. While conditions in the bank funding market had dramatically improved, in July the ECB cut its deposit rate to zero to encourage banks to lend these funds. By September, spiraling government borrowing costs for peripheral European countries led ECB President Draghi to announce a bold new sovereign bond-buying plan aimed at lowering short-term financing costs for the region’s most troubled countries. The program, dubbed the “OMT” for Outright Monetary Transactions, is subject to formal request by a eurozone government and is subject to strict conditionality.

Yields on 3-month US Treasury bills began the year at 0.01%, peaked at 0.11% in August and ended the year at 0.05%, averaging 0.08% for the 12-month period. London Interbank Offered Rates (“LIBOR”) notched lower over the 12 months due in large part to central bank liquidity measures, with three-month LIBOR decreasing 28 basis points to close at 0.306% as of December 31, 2012.

The Federal Deposit Insurance Corporation’s temporary Transaction Account Guarantee (“TAG”) program, which had provided unlimited insurance for non-interest-bearing transaction accounts, expired on December 31, 2012. The level of disintermediation (withdrawals) of uninsured deposits from bank deposit accounts into short-term US Treasury securities and money market mutual funds prior to expiration of the TAG program fell short of expectations. To the extent that sizable cash flows into Treasuries are forthcoming, this may present downward pressure on short-term rates.

In the short-term tax-exempt market, money funds have endured asset outflows and a very low interest rate environment throughout the 12-month period, resulting in a 7.4% decline in tax-exempt money fund industry assets during the period to \$290 billion as of December 31, 2012. The benchmark Securities Industry and Financial Markets Association (“SIFMA”) Index, which represents the average rate on seven-day, high-quality, tax-exempt variable rate demand notes (“VRDNs”) (as calculated by Municipal Market Data) ranged widely between 0.06% and 0.26%, averaging 0.16% for the period. The variation in the level of the SIFMA Index reflects the predominance of non-traditional buyers in the market and the continued demand for liquidity by money market funds broadly amid a lower-supply environment.

As the FOMC’s easy monetary policy has kept rates on taxable overnight repos low by historical measures, demand for VRDN securities from taxable money funds continued to be strong in 2012. This put additional supply pressures on an already shrinking VRDN market and allowed the dealer community to maintain yields on VRDNs that continue to attract crossover buyers from the taxable market. Additionally, VRDN new issuance remained minimal with activity consisting mostly of re-issuance for the purpose of substituting the bank underlying the issue’s credit enhancement. This trend was driven largely by uncertainty stemming from Europe’s financial problems and rating agency downgrades across the banking sector.

As state and local municipalities continued to limit spending and reduce debt, new-issue supply of one-year, fixed-rate notes remained diminished in 2012. Municipalities began their annual issuance of one-year notes in June. Generally speaking, municipal money market funds take advantage of “note season” to extend their weighted average maturity, pick up yield, and diversify beyond bank exposure in the form of credit enhancement. The municipal yield curve continued to be extremely flat with longer-dated one-year municipal notes yielding 0.22% as of December 31, 2012, representing only a nominal premium for the extension risk over VRDNs.

The economic and political climate continues to have a dramatic impact on the municipal market and tax-exempt money market funds. The US deficit crisis has federal government officials scrambling to cut spending, which results in less aid to state and local governments. At the same time, the US government’s search for additional sources of revenue puts the tax exemption for municipal securities at risk. The culmination of these factors has created a very challenging environment for tax-exempt money market funds.

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

**BlackRock Cash Funds: Government**

**BlackRock Cash Funds: Government's (the "Fund")** investment objective is to seek a high level of current income consistent with the preservation of capital and liquidity.

	<b>7-Day SEC Yield</b>	<b>7-Day Yield</b>
Select . . . . .	0.00%	0.00%
Trust . . . . .	0.00%	0.00%

**BlackRock Cash Funds: Institutional**

**BlackRock Cash Funds: Institutional's (the "Fund")** investment objective is to seek a high level of income consistent with liquidity and the preservation of capital.

	<b>7-Day SEC Yield</b>	<b>7-Day Yield</b>
Aon Captives . . . . .	0.12%	0.12%
Institutional . . . . .	0.22%	0.22%
Select . . . . .	0.14%	0.14%
SL Agency . . . . .	0.25%	0.25%
Trust . . . . .	0.00%	0.00%

**BlackRock Cash Funds: Prime**

**BlackRock Cash Funds: Prime's (the "Fund")** investment objective is to seek a high level of income consistent with liquidity and the preservation of capital.

	<b>7-Day SEC Yield</b>	<b>7-Day Yield</b>
Capital . . . . .	0.17%	0.17%
Institutional . . . . .	0.19%	0.19%
Premium . . . . .	0.14%	0.14%
Select . . . . .	0.11%	0.11%
SL Agency . . . . .	0.22%	0.22%
Trust . . . . .	0.00%	0.00%

**BlackRock Cash Funds: Treasury**

**BlackRock Cash Funds: Treasury's (the "Fund")** investment objective is to seek a high level of current income consistent with the preservation of capital and liquidity.

	<b>7-Day SEC Yield</b>	<b>7-Day Yield</b>
Capital . . . . .	0.03%	0.03%
Institutional . . . . .	0.01%	0.01%
Select . . . . .	0.00%	0.00%
SL Agency . . . . .	0.08%	0.08%
Trust . . . . .	0.00%	0.00%

The 7-Day SEC Yields may differ from the 7-Day Yields shown due to the fact that the 7-Day SEC Yields exclude distributed capital gains.

Past performance is not indicative of future results.

# Disclosure of Expenses

Shareholders of these Funds may incur the following charges:

(a) expenses related to transactions, including sales charges and exchange fees; and (b) operating expenses including administration fees, service and/or distribution fees, including 12b-1 fees, and other Fund expenses. The expense examples shown below (which are based on a hypothetical investment of \$1,000 invested on July 1, 2012 and held through December 31, 2012) are intended to assist shareholders both in calculating expenses based on an investment in each Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The expense examples provide information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number corresponding to their Fund and share class under the heading entitled "Expenses Paid During the Period."

The expense examples also provide information about hypothetical account values and hypothetical expenses based on a Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in these Funds and other funds, compare the 5% hypothetical example with the 5% hypothetical examples that appear in other funds' shareholder reports.

The expenses shown in the expense examples are intended to highlight shareholders' ongoing costs only and do not reflect any transactional expenses, such as sales charges or exchange fees, if any. Therefore, the hypothetical examples are useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

Expense Examples							
	Actual			Hypothetical <sup>2</sup>			Annualized Expense Ratio
	Beginning Account Value July 1, 2012	Ending Account Value December 31, 2012	Expenses Paid During the Period <sup>1</sup>	Beginning Account Value July 1, 2012	Ending Account Value December 31, 2012	Expenses Paid During the Period <sup>1</sup>	
<b>BlackRock Cash Funds: Government</b>							
Select .....	\$1,000.00	\$1,000.10	\$0.96	\$1,000.00	\$1,024.20	\$0.97	0.19%
Trust .....	\$1,000.00	\$1,000.00	\$1.01	\$1,000.00	\$1,024.14	\$1.02	0.20%
<b>BlackRock Cash Funds: Institutional</b>							
Aon Captives .....	\$1,000.00	\$1,000.70	\$1.11	\$1,000.00	\$1,024.03	\$1.12	0.22%
Institutional .....	\$1,000.00	\$1,001.20	\$0.60	\$1,000.00	\$1,024.53	\$0.61	0.12%
Select .....	\$1,000.00	\$1,000.80	\$1.01	\$1,000.00	\$1,024.13	\$1.02	0.20%
SL Agency .....	\$1,000.00	\$1,001.30	\$0.45	\$1,000.00	\$1,024.68	\$0.46	0.09%
Trust .....	\$1,000.00	\$1,000.00	\$1.76	\$1,000.00	\$1,023.40	\$1.78	0.35%
<b>BlackRock Cash Funds: Prime</b>							
Capital .....	\$1,000.00	\$1,000.90	\$0.70	\$1,000.00	\$1,024.43	\$0.71	0.14%
Institutional .....	\$1,000.00	\$1,001.00	\$0.60	\$1,000.00	\$1,024.53	\$0.61	0.12%
Premium .....	\$1,000.00	\$1,000.80	\$0.85	\$1,000.00	\$1,024.28	\$0.87	0.17%
Select .....	\$1,000.00	\$1,000.60	\$1.01	\$1,000.00	\$1,024.13	\$1.02	0.20%
SL Agency .....	\$1,000.00	\$1,001.20	\$0.45	\$1,000.00	\$1,024.68	\$0.46	0.09%
Trust .....	\$1,000.00	\$1,000.00	\$1.66	\$1,000.00	\$1,023.49	\$1.68	0.33%
<b>BlackRock Cash Funds: Treasury</b>							
Capital .....	\$1,000.00	\$1,000.20	\$0.70	\$1,000.00	\$1,024.44	\$0.71	0.14%
Institutional .....	\$1,000.00	\$1,000.10	\$0.60	\$1,000.00	\$1,024.54	\$0.61	0.12%
Select .....	\$1,000.00	\$1,000.00	\$0.85	\$1,000.00	\$1,024.30	\$0.87	0.17%
SL Agency .....	\$1,000.00	\$1,000.40	\$0.45	\$1,000.00	\$1,024.68	\$0.46	0.09%
Trust .....	\$1,000.00	\$1,000.00	\$0.85	\$1,000.00	\$1,024.29	\$0.87	0.17%

<sup>1</sup> For each class, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period shown). Because each Fund invests significantly in the corresponding master portfolios, the expense examples reflect the net expenses of both the Fund and the master portfolio in which it invests.

<sup>2</sup> Hypothetical 5% annual return before expenses is calculated by pro rating the number of days in the most recent fiscal half year divided by 366.

# Statements of Assets and Liabilities

BlackRock Funds III

December 31, 2012	BlackRock Cash Funds: Government	BlackRock Cash Funds: Institutional	BlackRock Cash Funds: Prime	BlackRock Cash Funds: Treasury
<b>Assets</b>				
Investments at value — from the applicable Master Portfolio <sup>1,2</sup> . . . . .	\$17,613,826	\$34,598,907,972	\$14,024,461,494	\$1,825,154,566
Capital shares sold receivable . . . . .	2	932	6,865	—
<b>Total assets</b> . . . . .	<b>17,613,828</b>	<b>34,598,908,904</b>	<b>14,024,468,359</b>	<b>1,825,154,566</b>
<b>Liabilities</b>				
Income dividends payable . . . . .	—	5,069,703	1,804,976	130,296
Administration fees payable . . . . .	569	673,782	639,910	32,059
Professional fees payable . . . . .	13,410	13,411	13,411	13,411
Distribution fees payable — Aon Captives . . . . .	—	932	—	—
Contributions payable to Master Portfolio . . . . .	2	932	6,865	—
<b>Total liabilities</b> . . . . .	<b>13,981</b>	<b>5,758,760</b>	<b>2,465,162</b>	<b>175,766</b>
<b>Net Assets</b> . . . . .	<b>\$17,599,847</b>	<b>\$34,593,150,144</b>	<b>\$14,022,003,197</b>	<b>\$1,824,978,800</b>
<b>Net Assets Consist of</b>				
Paid-in capital . . . . .	\$17,599,842	\$34,591,314,280	\$14,021,881,574	\$1,824,941,847
Undistributed net investment income . . . . .	—	—	—	312
Accumulated net realized gain . . . . .	5	1,835,864	121,623	36,641
<b>Net Assets</b> . . . . .	<b>\$17,599,847</b>	<b>\$34,593,150,144</b>	<b>\$14,022,003,197</b>	<b>\$1,824,978,800</b>
<sup>1</sup> Investments at cost . . . . .	\$17,613,826	\$34,598,907,972	\$14,024,461,494	\$1,825,154,566

<sup>2</sup> Government Money Market Master Portfolio, Money Market Master Portfolio, Prime Money Market Master Portfolio, and Treasury Money Market Master Portfolio (each, a “Master Portfolio”).

# Statements of Assets and Liabilities (concluded)

BlackRock Funds III

December 31, 2012	BlackRock Cash Funds: Government	BlackRock Cash Funds: Institutional	BlackRock Cash Funds: Prime	BlackRock Cash Funds: Treasury
<b>Net Asset Value</b>				
Aon Captives:				
Net assets	–	\$ 11,002,807	–	–
Shares outstanding <sup>1</sup>	–	11,001,560	–	–
Net asset value	–	\$ 1.00	–	–
Capital:				
Net assets	–	–	\$1,394,794,307	\$ 273,120,946
Shares outstanding <sup>1</sup>	–	–	1,394,792,536	273,125,341
Net asset value	–	–	\$ 1.00	\$ 1.00
Institutional:				
Net assets	–	\$ 1,211,912,003	\$3,236,082,132	\$ 3,905
Shares outstanding <sup>1</sup>	–	1,211,789,758	3,236,234,792	3,904
Net asset value	–	\$ 1.00	\$ 1.00	\$ 1.00
Premium:				
Net assets	–	–	\$3,481,506,380	–
Shares outstanding <sup>1</sup>	–	–	3,481,304,221	–
Net asset value	–	–	\$ 1.00	–
Select:				
Net assets	\$16,654,860	\$ 11,458,968	\$ 10,454,114	\$ 10,543,020
Shares outstanding <sup>1</sup>	16,654,844	11,459,074	10,453,789	10,546,013
Net asset value	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
SL Agency:				
Net assets	–	\$33,350,561,530	\$5,877,464,493	\$1,525,904,197
Shares outstanding <sup>1</sup>	–	33,350,179,095	5,877,501,811	1,525,858,996
Net asset value	–	\$ 1.00	\$ 1.00	\$ 1.00
Trust:				
Net assets	\$ 944,987	\$ 8,214,836	\$ 21,701,771	\$ 15,406,732
Shares outstanding <sup>1</sup>	944,998	8,215,579	21,702,802	15,407,595
Net asset value	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

<sup>1</sup> Unlimited number of shares authorized, no par value.

See Notes to Financial Statements.

# Statements of Operations

BlackRock Funds III

Year Ended December 31, 2012	BlackRock Cash Funds: Government	BlackRock Cash Funds: Institutional	BlackRock Cash Funds: Prime	BlackRock Cash Funds: Treasury
<b>Investment Income</b>				
Net investment income allocated from the applicable Master Portfolio:				
Interest	\$ 15,618	\$122,979,206	\$ 33,918,354	\$ 1,713,843
Expenses	(28,115)	(36,729,678)	(10,608,955)	(1,144,839)
Fees waived	21,738	11,376,364	3,286,199	368,036
Total income	9,241	97,625,892	26,595,598	937,040
<b>Fund Expenses</b>				
Administration – class specific	17,256	7,670,479	5,287,830	332,834
Distribution – Aon Captives	–	7,885	–	–
Professional	13,957	13,967	13,967	13,967
Total expenses	31,213	7,692,331	5,301,797	346,801
Less fees waived by administrator – class specific	(8,464)	(12,131)	(38,887)	(82,514)
Less fees reimbursed by administrator	(13,957)	(13,967)	(13,967)	(13,967)
Total expenses after fees waived	8,792	7,666,233	5,248,943	250,320
Net investment income	449	89,959,659	21,346,655	686,720
<b>Realized Gain Allocated from the Master Portfolios</b>				
Net realized gain from investments	–	2,285,540	1,614,998	69,189
Net Increase in Net Assets Resulting from Operations	\$ 449	\$ 92,245,199	\$ 22,961,653	\$ 755,909

See Notes to Financial Statements.

# Statements of Changes in Net Assets

BlackRock Funds III

Increase (Decrease) in Net Assets:	BlackRock Cash Funds: Government		BlackRock Cash Funds: Institutional	
	Year Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
<b>Operations</b>				
Net investment income	\$ 449	\$ 76,766	\$ 89,959,659	\$ 52,806,655
Net realized gain	—	—	2,285,540	1,739,894
Net increase in net assets resulting from operations	449	76,766	92,245,199	54,546,549
<b>Dividends and Distributions to Shareholders From<sup>1</sup></b>				
Net investment income:				
Aon Captives	—	—	(9,492)	(11,185)
Institutional	—	(879)	(2,706,645)	(1,993,214)
Premium	—	—	(3,144)	—
Select	(449)	(133)	(29,453)	(21,870)
SL Agency	—	(75,750)	(87,210,925)	(50,780,386)
Trust	—	(4)	—	—
Net realized gain:				
Aon Captives	—	—	(355)	(569)
Institutional	—	—	(48,899)	(107,118)
Select	(47)	(2,045)	(517)	(1,564)
SL Agency	—	—	(1,149,985)	(1,794,681)
Trust	(13)	(355)	(245)	(751)
Decrease in net assets resulting from dividends and distributions to shareholders	(509)	(79,166)	(91,159,660)	(54,711,338)
<b>Capital Share Transactions</b>				
Net increase (decrease) in net assets derived from capital share transactions	7,256,739	(16,112,757)	6,622,317,759	8,857,754,718
<b>Net Assets</b>				
Total increase (decrease) in net assets	7,256,679	(16,115,157)	6,623,403,298	8,857,589,929
Beginning of year	10,343,168	26,458,325	27,969,746,846	19,112,156,917
End of year	\$17,599,847	\$ 10,343,168	\$34,593,150,144	\$27,969,746,846

<sup>1</sup> Dividends and distributions are determined in accordance with federal income tax regulations.

See Notes to Financial Statements.

# Statements of Changes in Net Assets (concluded)

BlackRock Funds III

Increase (Decrease) in Net Assets:	BlackRock Cash Funds: Prime		BlackRock Cash Funds: Treasury	
	Year Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
<b>Operations</b>				
Net investment income	\$ 21,346,655	\$ 15,624,534	\$ 686,720	\$ 235,732
Net realized gain	1,614,998	1,500,843	69,189	19,669
Net increase in net assets resulting from operations	22,961,653	17,125,377	755,909	255,401
<b>Dividends and Distributions to Shareholders From<sup>1</sup></b>				
Net investment income:				
Capital	(1,244,088)	(870,399)	(7,969)	(1,304)
Institutional	(5,903,654)	(5,027,475)	(857)	(3,362)
Premium	(3,598,065)	(2,034,580)	—	—
Select	(39,722)	(65,381)	(16)	—
SL Agency	(10,562,560)	(7,626,699)	(677,566)	(231,066)
Net realized gain:				
Capital	—	—	(1,425)	(5,607)
Institutional	—	—	—	(2,525)
Select	—	—	(436)	(3,953)
SL Agency	—	—	(38,619)	(233,923)
Trust	—	—	(579)	(5,751)
Decrease in net assets resulting from dividends and distributions to shareholders	(21,348,089)	(15,624,534)	(727,467)	(487,491)
<b>Capital Share Transactions</b>				
Net increase (decrease) in net assets derived from capital share transactions	4,890,678,255	(6,805,294)	1,078,058,501	(988,554,001)
<b>Net Assets</b>				
Total increase (decrease) in net assets	4,892,291,819	(5,304,451)	1,078,086,943	(988,786,091)
Beginning of year	9,129,711,378	9,135,015,829	746,891,857	1,735,677,948
End of year	\$14,022,003,197	\$9,129,711,378	\$1,824,978,800	\$ 746,891,857
Undistributed net investment income	—	—	\$ 312	—

<sup>1</sup> Dividends and distributions are determined in accordance with federal income tax regulations.

# Financial Highlights

BlackRock Cash Funds: Government

	Institutional			
	Period January 1, 2011 to April 18, 2011 <sup>1</sup>	Year Ended December 31,		
		2010	2009	2008
<b>Per Share Operating Performance</b>				
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0001	0.0008	0.0009	0.0200
Dividends from net investment income <sup>2</sup>	(0.0001)	(0.0008)	(0.0009)	(0.0200)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>3</sup></b>				
Based on net asset value	0.01% <sup>4</sup>	0.09%	0.09%	1.96%
<b>Ratios to Average Net Assets<sup>5</sup></b>				
Total expenses	0.13% <sup>6,7</sup>	0.19%	0.15%	0.16%
Total expenses after fees waived	0.11% <sup>6,7</sup>	0.11%	0.08%	0.10%
Net investment income	0.05% <sup>6,7</sup>	0.09%	0.11%	0.29%
<b>Supplemental Data</b>				
Net assets, end of period (000)	— <sup>1</sup>	\$ 5,663	\$ 10,496	\$1,594,728

<sup>1</sup> There were no Institutional Shares outstanding from April 19, 2011 through December 31, 2011 and during the year ended December 31, 2012.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total Investment return.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>6</sup> Annualized.

<sup>7</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.06%.

See Notes to Financial Statements.

# Financial Highlights (continued)

**BlackRock Cash Funds: Government**

	Select				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0001	0.0002	0.0003	0.0008	0.0200
Dividends from net investment income <sup>1</sup>	(0.0001)	(0.0002)	(0.0003)	(0.0008)	(0.0200)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.01%	0.02%	0.03%	0.08%	1.89%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.37% <sup>4</sup>	0.30% <sup>5</sup>	0.29%	0.25%	0.23%
Total expenses after fees waived	0.16% <sup>4</sup>	0.10% <sup>5</sup>	0.13%	0.09%	0.07%
Net investment income	0.01% <sup>4</sup>	0.00% <sup>5</sup>	0.03%	0.08%	0.82%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 16,655	\$ 8,973	\$ 17,263	\$ 69,139	\$ 81,424

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.23%.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.17%.

# Financial Highlights (continued)

BlackRock Cash Funds: Government

	SL Agency		
	Period January 1, 2011 to December 14, 2011 <sup>1</sup>	Period January 1, 2010 to March 14, 2010 <sup>2</sup>	Period February 4, 2009 <sup>3</sup> to December 31, 2009
<b>Per Share Operating Performance</b>			
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0002	0.0002	0.0009
Dividends from net investment income <sup>4</sup>	(0.0002)	(0.0002)	(0.0009)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>5,6</sup></b>			
Based on net asset value	0.02%	0.02%	0.09%
<b>Ratios to Average Net Assets<sup>7,8</sup></b>			
Total expenses	0.10% <sup>9</sup>	0.12%	0.12%
Total expenses after fees waived	0.09% <sup>9</sup>	0.02%	0.07%
Net investment income	0.08% <sup>9</sup>	0.08%	0.10%
<b>Supplemental Data</b>			
Net assets, end of period (000)	-1	-2	\$563,288

<sup>1</sup> There were no SL Agency Shares outstanding from March 31, 2011 through December 1, 2011, from December 15, 2011 through December 31, 2011 and during the year ended December 31, 2012.

<sup>2</sup> There were no SL Agency Shares outstanding from March 15, 2010 through December 31, 2010.

<sup>3</sup> Commencement of operations.

<sup>4</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>5</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>6</sup> Aggregate total Investment return.

<sup>7</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the periods ended March 14, 2010 and December 31, 2009, which include gross expenses.

<sup>8</sup> Annualized.

<sup>9</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.04%.

# Financial Highlights (concluded)

**BlackRock Cash Funds: Government**

	Trust				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0000 <sup>1</sup>	0.0002	0.0002	0.0008	0.0200
Dividends from net investment income <sup>2</sup>	(0.0000) <sup>3</sup>	(0.0002)	(0.0002)	(0.0008)	(0.0200)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>4</sup></b>					
Based on net asset value	0.00%	0.02%	0.02%	0.08%	1.69%
<b>Ratios to Average Net Assets<sup>5</sup></b>					
Total expenses	0.62% <sup>6</sup>	0.54% <sup>7</sup>	0.53%	0.48% <sup>8</sup>	0.47%
Total expenses after fees waived	0.17% <sup>6</sup>	0.10% <sup>7</sup>	0.15%	0.09%	0.07%
Net investment income	0.00% <sup>6</sup>	0.00% <sup>7</sup>	0.03%	0.08%	0.16%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 945	\$ 1,370	\$ 3,532	\$ 13,462	\$ 12,380

<sup>1</sup> Amount is less than \$0.00005 per share.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Amount is greater than \$(0.00005) per share.

<sup>4</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 2010, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.25%.

<sup>7</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.18%.

<sup>8</sup> Ratio revised to reflect exclusion of fees waived.

See Notes to Financial Statements.

# Financial Highlights

**BlackRock Cash Funds: Institutional**

	Aon Captives				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0012	0.0008	0.0012	0.0033	0.0300
Dividends from net investment income <sup>1</sup>	(0.0012)	(0.0008)	(0.0012)	(0.0033)	(0.0300)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.12%	0.08%	0.12%	0.33%	2.74%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.22% <sup>4</sup>	0.22% <sup>4</sup>	0.25%	0.25%	0.26%
Total expenses after fees waived	0.22% <sup>4</sup>	0.22% <sup>4</sup>	0.22%	0.22%	0.23%
Net investment income	0.12% <sup>4</sup>	0.07% <sup>4</sup>	0.11%	0.35%	2.67%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 11,003	\$ 9,167	\$ 59,237	\$ 72,949	\$ 97,273

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

See Notes to Financial Statements.

# Financial Highlights (continued)

BlackRock Cash Funds: Institutional

	Capital		
	Period January 1, 2010 to December 31, 2010 <sup>1</sup>	Year Ended December 31, 2009	Period February 28, 2008 <sup>2</sup> to December 31, 2008
<b>Per Share Operating Performance</b>			
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0018	0.0041	0.0200
Dividends from net investment income <sup>3</sup>	(0.0018)	(0.0041)	(0.0200)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>4</sup></b>			
Based on net asset value	0.18% <sup>5</sup>	0.41%	2.14% <sup>5</sup>
<b>Ratios to Average Net Assets<sup>6</sup></b>			
Total expenses	0.17% <sup>7</sup>	0.17%	0.19% <sup>7</sup>
Total expenses after fees waived	0.14% <sup>7</sup>	0.14%	0.14% <sup>7</sup>
Net investment income	0.18% <sup>7</sup>	0.33%	2.57% <sup>7</sup>
<b>Supplemental Data</b>			
Net assets, end of period (000)	- <sup>1</sup>	\$277,382	\$ 101

<sup>1</sup> There were no Capital Shares outstanding from December 2, 2010 through December 31, 2010 and during the fiscal years ended December 31, 2011 and December 31, 2012.

<sup>2</sup> Commencement of operations.

<sup>3</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>4</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>5</sup> Aggregate total investment return.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated gross expenses and/or net investment income.

<sup>7</sup> Annualized.

# Financial Highlights (continued)

**BlackRock Cash Funds: Institutional**

	<b>Institutional</b>				
	<b>Year Ended December 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0022	0.0018	0.0022	0.0043	0.0300
Dividends from net investment income <sup>1</sup>	(0.0022)	(0.0018)	(0.0022)	(0.0043)	(0.0300)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.22%	0.18%	0.22%	0.43%	2.85%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.12% <sup>4</sup>	0.12% <sup>4</sup>	0.15%	0.15%	0.15%
Total expenses after fees waived	0.12% <sup>4</sup>	0.12% <sup>4</sup>	0.12%	0.12%	0.12%
Net investment income	0.22% <sup>4</sup>	0.17% <sup>4</sup>	0.22%	0.78%	2.65%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$1,211,912	\$1,089,872	\$1,076,268	\$973,221	\$20,223,437

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

See Notes to Financial Statements.

# Financial Highlights (continued)

BlackRock Cash Funds: Institutional

	Premium			
	Period October 12, 2012 to October 17, 2012 <sup>1</sup>	Period January 1, 2010 to November 11, 2010 <sup>2</sup>	Year Ended December 31, 2009      2008	
<b>Per Share Operating Performance</b>				
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0000 <sup>3</sup>	0.0003	0.0038	0.0300
Dividends from net investment income <sup>4</sup>	(0.0000) <sup>5</sup>	(0.0003)	(0.0038)	(0.0300)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>6</sup></b>				
Based on net asset value	0.00% <sup>7</sup>	0.03% <sup>7</sup>	0.38%	2.80%
<b>Ratios to Average Net Assets<sup>8</sup></b>				
Total expenses	0.17% <sup>9,10</sup>	0.20% <sup>9,10</sup>	0.20%	0.21%
Total expenses after fees waived	0.17% <sup>9,10</sup>	0.17% <sup>9,10</sup>	0.17%	0.18%
Net investment income	0.19% <sup>9,10</sup>	0.10% <sup>9,10</sup>	0.48%	2.79%
<b>Supplemental Data</b>				
Net assets, end of period (000)	-1	-2	\$ 97,513	\$ 1,021,216

<sup>1</sup> There were no Premium Shares outstanding during the fiscal year ended December 31, 2012 except from October 12, 2012 through October 17, 2012.

<sup>2</sup> There were no Premium Shares outstanding from November 12, 2010 through December 31, 2010 and during the fiscal year ended December 31, 2011.

<sup>3</sup> Amount is less than \$0.00005 per share.

<sup>4</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>5</sup> Amount is greater than \$(0.00005) per share.

<sup>6</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>7</sup> Aggregate total investment return.

<sup>8</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the period ended November 11, 2010 and the two years ended December 31, 2009, which include gross expenses.

<sup>9</sup> Annualized.

<sup>10</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

# Financial Highlights (continued)

**BlackRock Cash Funds: Institutional**

	Select				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0014	0.0010	0.0014	0.0035	0.0300
Dividends from net investment income <sup>1</sup>	(0.0014)	(0.0010)	(0.0014)	(0.0035)	(0.0300)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.14%	0.10%	0.14%	0.35%	2.76%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.22% <sup>4</sup>	0.22% <sup>4</sup>	0.25%	0.23%	0.28%
Total expenses after fees waived	0.20% <sup>4</sup>	0.20% <sup>4</sup>	0.20%	0.20%	0.23%
Net investment income	0.14% <sup>4</sup>	0.09% <sup>4</sup>	0.13%	0.57%	2.05%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 11,459	\$ 44,788	\$ 29,944	\$ 23,204	\$ 10,014

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

See Notes to Financial Statements.

# Financial Highlights (continued)

BlackRock Cash Funds: Institutional

	SL Agency			
	Year Ended December 31,			Period
	2012	2011	2010	February 4, 2009 <sup>1</sup> to December 31, 2009
<b>Per Share Operating Performance</b>				
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0025	0.0021	0.0025	0.0035
Dividends from net investment income <sup>2</sup>	(0.0025)	(0.0021)	(0.0025)	(0.0035)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>3</sup></b>				
Based on net asset value	0.25%	0.21%	0.25%	0.36% <sup>4</sup>
<b>Ratios to Average Net Assets<sup>5</sup></b>				
Total expenses	0.09% <sup>6</sup>	0.09% <sup>6</sup>	0.12%	0.12% <sup>7</sup>
Total expenses after fees waived	0.09% <sup>6</sup>	0.09% <sup>6</sup>	0.09%	0.09% <sup>7</sup>
Net investment income	0.25% <sup>6</sup>	0.20% <sup>6</sup>	0.24%	0.38% <sup>7</sup>
<b>Supplemental Data</b>				
Net assets, end of period (000)	\$33,350,562	\$26,815,279	\$17,938,932	\$18,832,492

<sup>1</sup> Commencement of operations.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the fiscal year ended December 31, 2010 and the period ended December 31, 2009, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>7</sup> Annualized.

See Notes to Financial Statements.

# Financial Highlights (concluded)

**BlackRock Cash Funds: Institutional**

	Trust				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0000 <sup>1</sup>	0.0001 <sup>1</sup>	0.0001	0.0018	0.0200
Dividends from net investment income <sup>2</sup>	(0.0000) <sup>3</sup>	(0.0001) <sup>3</sup>	(0.0001)	(0.0018)	(0.0200)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>4</sup></b>					
Based on net asset value	0.00%	0.01%	0.01%	0.18%	2.51%
<b>Ratios to Average Net Assets<sup>5</sup></b>					
Total expenses	0.45% <sup>6</sup>	0.45% <sup>6</sup>	0.48%	0.48%	0.49%
Total expenses after fees waived	0.34% <sup>6</sup>	0.29% <sup>6</sup>	0.31%	0.40%	0.46%
Net investment income	0.00% <sup>6</sup>	0.00% <sup>6</sup>	0.01%	0.22%	2.50%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 8,215	\$ 10,640	\$ 7,776	\$ 19,713	\$ 76,334

<sup>1</sup> Amount is less than \$0.00005 per share.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Amount is greater than \$(0.00005) per share.

<sup>4</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

See Notes to Financial Statements.

# Financial Highlights

BlackRock Cash Funds: Prime

	Capital				
	Year Ended December 31,				Period February 28, 2008 <sup>1</sup> to December 31, 2008
	2012	2011	2010	2009	
<b>Per Share Operating Performance</b>					
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0018	0.0014	0.0018	0.0030	0.0200
Dividends from net investment income <sup>2</sup>	(0.0018)	(0.0014)	(0.0018)	(0.0030)	(0.0020)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>3</sup></b>					
Based on net asset value	0.18%	0.14%	0.18%	0.30%	2.13% <sup>4</sup>
<b>Ratios to Average Net Assets<sup>5</sup></b>					
Total expenses	0.14% <sup>6</sup>	0.14% <sup>6</sup>	0.17%	0.19%	0.21% <sup>7</sup>
Total expenses after fees waived	0.14% <sup>6</sup>	0.14% <sup>6</sup>	0.14%	0.16%	0.15% <sup>7</sup>
Net investment income	0.18% <sup>6</sup>	0.15% <sup>6</sup>	0.17%	0.27%	2.23% <sup>7</sup>
<b>Supplemental Data</b>					
Net assets, end of period (000)	\$1,394,794	\$456,657	\$517,988	\$673,375	\$226,487

<sup>1</sup> Commencement of operations.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the two years ended December 31, 2010 and the period ended December 31, 2008, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>7</sup> Annualized.

See Notes to Financial Statements.

# Financial Highlights (continued)

**BlackRock Cash Funds: Prime**

	<b>Institutional</b>				
	<b>Year Ended December 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0020	0.0016	0.0020	0.0032	0.0300
Dividends from net investment income <sup>1</sup>	(0.0020)	(0.0016)	(0.0020)	(0.0032)	(0.0300)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.20%	0.16%	0.20%	0.32%	2.83%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.12% <sup>4</sup>	0.12% <sup>4</sup>	0.15%	0.17%	0.15%
Total expenses after fees waived	0.12% <sup>4</sup>	0.12% <sup>4</sup>	0.12%	0.14%	0.11%
Net investment income	0.20% <sup>4</sup>	0.16% <sup>4</sup>	0.20%	0.39%	2.80%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$3,236,082	\$2,282,923	\$3,570,577	\$3,014,591	\$10,812,890

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

# Financial Highlights (continued)

**BlackRock Cash Funds: Prime**

	Premium				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0015	0.0011	0.0015	0.0027	0.0270
Dividends from net investment income <sup>1</sup>	(0.0015)	(0.0011)	(0.0015)	(0.0027)	(0.0270)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.15%	0.11%	0.15%	0.27%	2.78%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.17% <sup>4</sup>	0.17% <sup>4</sup>	0.20%	0.23%	0.21%
Total expenses after fees waived	0.17% <sup>4</sup>	0.17% <sup>4</sup>	0.17%	0.20%	0.17%
Net investment income	0.16% <sup>4</sup>	0.11% <sup>4</sup>	0.14%	0.34%	2.60%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$3,481,506	\$1,460,178	\$1,232,743	\$1,817,088	\$4,304,633

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

See Notes to Financial Statements.

# Financial Highlights (continued)

**BlackRock Cash Funds: Prime**

	Select				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0012	0.0008	0.0012	0.0024	0.0280
Dividends from net investment income <sup>1</sup>	(0.0012)	(0.0008)	(0.0012)	(0.0024)	(0.0280)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.12%	0.09%	0.12%	0.24%	2.75%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.22% <sup>4</sup>	0.22% <sup>4</sup>	0.25%	0.27%	0.25%
Total expenses after fees waived	0.20% <sup>4</sup>	0.20% <sup>4</sup>	0.20%	0.22%	0.18%
Net investment income	0.12% <sup>4</sup>	0.08% <sup>4</sup>	0.12%	0.24%	2.95%
<b>Supplemental Data</b>					
Net assets applicable, end of year (000)	\$ 10,454	\$ 69,779	\$ 80,614	\$ 73,810	\$ 143,150

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

See Notes to Financial Statements.

# Financial Highlights (continued)

BlackRock Cash Funds: Prime

	SL Agency			
	Year Ended December 31,			Period
	2012	2011	2010	February 4, 2009 <sup>1</sup> to December 31, 2009
<b>Per Share Operating Performance</b>				
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0023	0.0019	0.0023	0.0028
Dividends from net investment income <sup>2</sup>	(0.0023)	(0.0019)	(0.0023)	(0.0028)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>3</sup></b>				
Based on net asset value	0.23%	0.19%	0.23%	0.28% <sup>4</sup>
<b>Ratios to Average Net Assets<sup>5</sup></b>				
Total expenses	0.09% <sup>6</sup>	0.09% <sup>6</sup>	0.12%	0.14% <sup>7</sup>
Total expenses after fees waived	0.09% <sup>6</sup>	0.09% <sup>6</sup>	0.09%	0.11% <sup>7</sup>
Net investment income	0.23% <sup>6</sup>	0.19% <sup>6</sup>	0.22%	0.31% <sup>7</sup>
<b>Supplemental Data</b>				
Net assets, end of period (000)	\$5,877,464	\$4,830,517	\$3,696,051	\$58,600,881

<sup>1</sup> Commencement of operations.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/ or net investment income, except the total expenses for the year ended December 31, 2010 and the period ended December 31, 2009, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>7</sup> Annualized.

See Notes to Financial Statements.

# Financial Highlights (concluded)

BlackRock Cash Funds: Prime

	Trust				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0000 <sup>1</sup>	0.0000 <sup>1</sup>	0.0001	0.0011	0.0200
Dividends from net investment income <sup>2</sup>	(0.0000) <sup>3</sup>	(0.0000) <sup>3</sup>	(0.0001)	(0.0011)	(0.0200)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>4</sup></b>					
Based on net asset value	0.00%	0.00%	0.01%	0.11%	2.49%
<b>Ratios to Average Net Assets<sup>5</sup></b>					
Total expenses	0.45% <sup>6</sup>	0.45% <sup>6</sup>	0.48%	0.51%	0.52%
Total expenses after fees waived	0.32% <sup>6</sup>	0.28% <sup>6</sup>	0.29%	0.36%	0.48%
Net investment income	0.00% <sup>6</sup>	0.01% <sup>6</sup>	0.01%	0.09%	1.34%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$21,702	\$29,657	\$ 37,044	\$ 96,349	\$ 3,370

<sup>1</sup> Amount is less than \$0.00005 per share.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Amount is greater than \$(0.00005) per share.

<sup>4</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

See Notes to Financial Statements.

# Financial Highlights

BlackRock Cash Funds: Treasury

	Capital				
	Year Ended December 31,				Period
	2012	2011	2010	2009	February 28, 2008 <sup>1</sup> to December 31, 2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0002	0.0004	0.0007	0.0008	0.0100
Dividends from net investment income <sup>2</sup>	(0.0002)	(0.0004)	(0.0007)	(0.0008)	(0.0100)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>3</sup></b>					
Based on net asset value	0.02%	0.04%	0.07%	0.08%	1.12% <sup>4</sup>
<b>Ratios to Average Net Assets<sup>5</sup></b>					
Total expenses	0.14% <sup>6</sup>	0.14% <sup>7</sup>	0.17%	0.17%	0.19% <sup>8</sup>
Total expenses after fees waived	0.13% <sup>6</sup>	0.10% <sup>7</sup>	0.12%	0.08%	0.05% <sup>8</sup>
Net investment income	0.02% <sup>6</sup>	0.01% <sup>7</sup>	0.06%	0.07%	0.37% <sup>8</sup>
<b>Supplemental Data</b>					
Net assets, end of period (000)	\$273,121	\$ 18,370	\$139,657	\$ 32,419	\$ 44,698

<sup>1</sup> Commencement of operations.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the two years ended December 31, 2010 and the period ended December 31, 2008, which includes gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>7</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.04%.

<sup>8</sup> Annualized.

See Notes to Financial Statements.

# Financial Highlights (continued)

**BlackRock Cash Funds: Treasury**

	<b>Institutional</b>				
	<b>Year Ended December 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0002	0.0004	0.0009	0.0008	0.0200
Dividends from net investment income <sup>1</sup>	(0.0002)	(0.0004)	(0.0009)	(0.0008)	(0.0200)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>2</sup></b>					
Based on net asset value	0.02%	0.04%	0.09%	0.08%	1.61%
<b>Ratios to Average Net Assets<sup>3</sup></b>					
Total expenses	0.12% <sup>4</sup>	0.12% <sup>5</sup>	0.16%	0.12%	0.15%
Total expenses after fees waived	0.11% <sup>4</sup>	0.11% <sup>5</sup>	0.11%	0.04%	0.04%
Net investment income	0.02% <sup>4</sup>	0.03% <sup>5</sup>	0.08%	0.09%	0.39%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 4	\$ 8,941	\$124,791	\$ 30,011	\$1,305,944

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>2</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>3</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>4</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.04%.

# Financial Highlights (continued)

BlackRock Cash Funds: Treasury

	Premium			
	Period December 20, 2012 <sup>1</sup>	Period January 1, 2010 to July 26, 2010 <sup>2</sup>	Year Ended December 31, 2009      2008	
<b>Per Share Operating Performance</b>				
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0000 <sup>3</sup>	0.0003	0.0007	0.0200
Dividends from net investment income <sup>4</sup>	(0.0000) <sup>5</sup>	(0.0003)	(0.0007)	(0.0200)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>6</sup></b>				
Based on net asset value	0.00 <sup>7</sup>	0.03% <sup>7</sup>	0.08%	1.57%
<b>Ratios to Average Net Assets<sup>8</sup></b>				
Total expenses	0.00 <sup>9,10</sup>	0.20% <sup>10</sup>	0.19%	0.20%
Total expenses after fees waived	0.00 <sup>9,10</sup>	0.11% <sup>10</sup>	0.08%	0.07%
Net investment income	0.00 <sup>9,10</sup>	0.05% <sup>10</sup>	0.09%	1.17%
<b>Supplemental Data</b>				
Net assets, end of period (000)	-1	-2	\$ 2,542	\$ 65,095

<sup>1</sup> There were no Premium Shares outstanding during the fiscal year ended December 31, 2012 except for December 20, 2012.

<sup>2</sup> There were no Premium Shares outstanding from July 27, 2010 through December 31, 2010 and during the fiscal year ended December 31, 2011.

<sup>3</sup> Amount is less than \$0.00005 per share.

<sup>4</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>5</sup> Amount is greater than \$(0.00005) per share.

<sup>6</sup> Where applicable, total investment return include the reinvestment of dividends and distributions.

<sup>7</sup> Aggregate total investment return.

<sup>8</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the period ended July 26, 2010 and the two years ended December 31, 2009, which include gross expenses.

<sup>9</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>10</sup> Annualized.

# Financial Highlights (continued)

**BlackRock Cash Funds: Treasury**

	Select				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0000 <sup>1</sup>	0.0003	0.0003	0.0007	0.0200
Dividends from net investment income <sup>2</sup>	(0.0000) <sup>3</sup>	(0.0003)	(0.0003)	(0.0007)	(0.0200)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>4</sup></b>					
Based on net asset value	0.00%	0.03%	0.03%	0.08%	1.55%
<b>Ratios to Average Net Assets<sup>5</sup></b>					
Total expenses	0.22% <sup>6</sup>	0.21% <sup>7</sup>	0.25%	0.25%	0.25%
Total expenses after fees waived	0.15% <sup>6</sup>	0.08% <sup>7</sup>	0.12%	0.08%	0.09%
Net investment income	0.00% <sup>6</sup>	0.00% <sup>7</sup>	0.04%	0.08%	0.92%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 10,543	\$ 13,119	\$ 288	\$ 4,815	\$24,340

<sup>1</sup> Amount is less than \$0.00005 per share.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Amount is greater than \$(0.00005) per share.

<sup>4</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>7</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.04%.

See Notes to Financial Statements.

# Financial Highlights (continued)

BlackRock Cash Funds: Treasury

	SL Agency			
	Year Ended December 31,			Period
	2012	2011	2010	February 4, 2009 <sup>1</sup> to December 31, 2009
<b>Per Share Operating Performance</b>				
Net asset value, beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0006	0.0005	0.0011	0.0008
Dividends from net investment income <sup>2</sup>	(0.0006)	(0.0005)	(0.0011)	(0.0008)
Net asset value, end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>3</sup></b>				
Based on net asset value	0.06%	0.05%	0.12%	0.09% <sup>4</sup>
<b>Ratios to Average Net Assets<sup>5</sup></b>				
Total expenses	0.09% <sup>6</sup>	0.09% <sup>7</sup>	0.13%	0.12% <sup>8</sup>
Total expenses after fees waived	0.09% <sup>6</sup>	0.08% <sup>7</sup>	0.08%	0.07% <sup>8</sup>
Net investment income	0.06% <sup>6</sup>	0.03% <sup>7</sup>	0.11%	0.08% <sup>8</sup>
<b>Supplemental Data</b>				
Net assets, end of period (000)	\$1,525,904	\$682,865	\$1,457,943	\$4,009,074

<sup>1</sup> Commencement of operations.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the year ended December 31, 2010 and the period ended December 31, 2009, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>7</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.04%.

<sup>8</sup> Annualized.

# Financial Highlights (concluded)

BlackRock Cash Funds: Treasury

	Trust				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b>					
Net asset value, beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	0.0000 <sup>1</sup>	0.0003	0.0002	0.0007	0.0100
Dividends from net investment income <sup>2</sup>	(0.0000) <sup>3</sup>	(0.0003)	(0.0002)	(0.0007)	(0.0100)
Net asset value, end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Investment Return<sup>4</sup></b>					
Based on net asset value	0.00%	0.03%	0.02%	0.08%	1.45%
<b>Ratios to Average Net Assets<sup>5</sup></b>					
Total expenses	0.45% <sup>6</sup>	0.45% <sup>7</sup>	0.48%	0.47%	0.47%
Total expenses after fees waived	0.15% <sup>6</sup>	0.10% <sup>7</sup>	0.16%	0.08%	0.01%
Net investment income	0.00% <sup>6</sup>	0.00% <sup>7</sup>	0.02%	0.08%	0.05%
<b>Supplemental Data</b>					
Net assets, end of year (000)	\$ 15,407	\$ 23,597	\$ 12,999	\$ 55,618	\$ 94,654

<sup>1</sup> Amount is less than \$0.00005 per share.

<sup>2</sup> Dividends are determined in accordance with federal income tax regulations.

<sup>3</sup> Amount is greater than \$(0.00005) per share.

<sup>4</sup> Where applicable, total investment returns include the reinvestment of dividends and distributions.

<sup>5</sup> Includes the Fund's share of the Master Portfolio's allocated net expenses and/or net investment income, except the total expenses for the three years ended December 31, 2010, which include gross expenses.

<sup>6</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.03%.

<sup>7</sup> Includes the Fund's share of the Master Portfolio's allocated fees waived of 0.04%.

See Notes to Financial Statements.

**1. Organization and Significant Accounting Policies:**

BlackRock Funds III (the "Trust"), is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Trust is organized as a Delaware statutory trust. The financial statements and these accompanying notes relate to four series of the Trust: BlackRock Cash Funds: Government ("Government"), BlackRock Cash Funds: Institutional ("Institutional"), BlackRock Cash Funds: Prime ("Prime") and BlackRock Cash Funds: Treasury ("Treasury") (each a "Fund" and together, the "Funds"). The Funds are classified as diversified. Each Fund seeks to achieve its investment objective by investing all of its assets in a corresponding series of Master Investment Portfolio ("MIP"): Government Money Market Master Portfolio, Money Market Master Portfolio, Prime Money Market Master Portfolio and Treasury Money Market Master Portfolio (each a "Master Portfolio" and together, the "Master Portfolios"). Each Master Portfolio has the same or a substantially similar investment objective as its corresponding Fund. The value of each Fund's investment in its corresponding Master Portfolio reflects that Fund's proportionate interest in the net assets of that Master Portfolio. The percentage of the Master Portfolio owned by the corresponding Fund at December 31, 2012 was 100% for Government, 98.04% for Institutional, 88.01% for Prime and 69.83% for Treasury. The performance of each Fund is directly affected by the performance of its corresponding Master Portfolio. The financial statements of the Master Portfolios, including the Schedules of Investments, are included elsewhere in this report and should be read in conjunction with the Funds' financial statements. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Funds offer multiple classes of shares although certain share classes may not be outstanding at report date. Each Fund offers the following classes of shares: Institutional Shares, Select Shares, SL Agency Shares and Trust Shares. Institutional, Prime and Treasury offer Capital Shares and Premium Shares and Institutional also offers Aon Captives Shares. All classes of shares have identical voting, dividend, liquidation and other rights and the same terms and conditions and differ principally with respect to administration fees and Aon shares distribution fees to which the classes are subject. The Aon Captives Shares also bear certain expenses related to the distribution of such shares. The Aon Captives Shares have exclusive voting rights with respect to matters relating to their distribution expenditures.

The following is a summary of significant accounting policies followed by the Funds:

**Valuation:** US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Each Fund's policy is to fair value its financial instruments at market value. Each Fund records its investment in its corresponding Master Portfolio at fair value based on the Fund's proportionate interest in the net assets of

the respective Master Portfolio. Valuation of securities held by the Master Portfolios is discussed in Note 1 of the Master Portfolios' Notes to Financial Statements, which are included elsewhere in this report.

**Investment Transactions and Investment Income:** For financial reporting purposes, contributions to and withdrawals from the Master Portfolios are accounted for on a trade date basis. Each Fund records daily its proportionate share of its Master Portfolio's income, expenses and realized gains and losses. In addition, each Fund accrues its own expenses. Income, expenses and realized gains and losses are allocated daily to each class based on its relative net assets.

**Dividends and Distributions:** Dividends from net investment income are declared daily and paid monthly. Distributions of capital gains, if any, are recorded on the ex-dividend dates. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

**Income Taxes:** It is each Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

The Funds file US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds' US federal tax returns remains open for each of the four years ended December 31, 2012. The statutes of limitations on the Funds' state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

**Other:** Expenses directly related to a Fund or its classes are charged to that Fund or class. Other operating expenses shared by several funds are pro rated among those funds on the basis of relative net assets or other appropriate methods. Expenses directly related to the Funds and other shared expenses pro rated to the Funds are allocated daily to each class based on its relative net assets or other appropriate methods.

**2. Administration Agreement and Other Transactions with Affiliates:**

The PNC Financial Services Group, Inc. ("PNC") is the largest stockholder and an affiliate, for 1940 Act purposes, of BlackRock, Inc. ("BlackRock").

The Trust entered into Administration Agreement with BlackRock Institutional Trust Company, N.A. ("BTC"), which has agreed to provide general administration services (other than investment advice and related portfolio activities). BTC, in consideration thereof, has agreed to bear all of the Funds' ordinary operating expenses, excluding, generally, investment advisory fees, distribution fees, brokerage and other expenses related to the execution of portfolio transactions, extraordinary expenses and certain other expenses which are borne by the Funds. Effective July 1, 2012, BlackRock Advisors, LLC ("BAL") replaced BTC as the Funds' administrator and entered into an Administration Agreement with the Trust, on behalf of the Funds, on similar terms. BAL, and previously BTC,

# Notes to Financial Statements (continued)

is entitled to receive for these administration services an annual fee based on the average daily net assets of each class of each Fund as follows:

	Government	Institutional	Prime	Treasury
Aon Captives	N/A	0.05%	N/A	N/A
Capital	N/A	0.07% <sup>1</sup>	0.07%	0.07%
Institutional	0.05% <sup>1</sup>	0.05%	0.05%	0.05%
Premium	N/A	0.10% <sup>1</sup>	0.10%	0.10% <sup>1</sup>
Select	0.15%	0.15%	0.15%	0.15%
SL Agency	0.02% <sup>1</sup>	0.02%	0.02%	0.02%
Trust	0.38%	0.38%	0.38%	0.38%

<sup>1</sup> There were no shares outstanding as of December 31, 2012.

For the year ended December 31, 2012, the administration fees, which are included in administration – class specific in the Statements of Operations, for each class of each Fund are as follows:

	Government	Institutional	Prime	Treasury
Aon Captives	N/A	\$ 3,942	N/A	N/A
Capital	N/A	N/A	\$ 471,671	\$ 24,729
Institutional	–	\$ 617,081	\$ 1,448,118	\$ 2,077
Premium	N/A	\$ 1,638	\$ 2,318,782	–
Select	\$ 11,649	\$ 32,180	\$ 49,953	\$ 21,106
SL Agency	–	\$ 6,988,895	\$ 902,610	\$ 208,705
Trust	\$ 5,607	\$ 26,743	\$ 96,696	\$ 76,217

From time to time, BAL, and previously BTC, may waive such fees in whole or in part. Any such waiver will reduce the expenses of the Fund and, accordingly, have a favorable impact on its performance. BAL may delegate certain of its administration duties to sub-administrators.

BAL, and previously BTC, contractually agreed to waive a portion of its administration fees for the Select Shares through April 30, 2013. After giving effect to such contractual waiver, the administration fees for the Select Shares will be 0.13%. These amounts are included in fees waived by administrator – class specific in the Statements of Operations.

The fees and expenses of the Trusts’ trustees who are not “interested persons” of the Trust, as defined in the 1940 Act (“Independent Trustees”), counsel to the Independent Trustees and the Trust’s independent registered public accounting firm (together, the “independent expenses”) are paid directly by the Funds. BAL, and previously BTC, has contractually agreed to provide an offsetting credit against the administration fees paid by the Funds in an amount equal to the independent expenses through April 30, 2013. These amounts are included in fees reimbursed by administrator in the Statements of Operations.

BAL, and previously BTC, has voluntarily agreed to waive administration fees to enable each Fund to maintain minimum levels of daily net investment income. These amounts are included in fees waived by administrator – class specific in the Statements of Operations. BAL may discontinue the waiver at any time.

For the year ended December 31, 2012, BAL, and previously BTC, waived administration fees for the Funds as follows:

	Government	Institutional	Prime	Treasury
Aon Captives	N/A	–	N/A	N/A
Capital	N/A	–	–	\$ 2,898
Institutional	–	–	–	\$ 395
Premium	N/A	–	–	–
Select	\$ 4,397	\$ 4,291	\$ 6,661	\$ 9,951
SL Agency	–	–	–	\$ 8,631
Trust	\$ 4,067	\$ 7,840	\$ 32,226	\$ 60,639

As of December 31, 2012, the only eligible investors for the SL Agency Shares of the Funds are investment companies for which (i) BlackRock Fund Advisors (“BFA”), the investment advisor to the Master Portfolios, BTC, or an affiliate provides investment advisory or administration services, or (ii) BTC acts as securities lending agent and which have directed BTC on their behalf to invest securities lending cash collateral in the Funds. Affiliated shareholders in the SL Agency Shares of the Funds represent a significant portion of the outstanding shares and net assets of Institutional, Prime and Treasury.

The Trust, on behalf of the Funds, entered into a Distribution Agreement with BlackRock Investments, LLC (“BRIL”), an affiliate of BFA, and has adapted a Distribution Plan in accordance with Rule 12b-1 with respect to the Aon Captives Shares. Pursuant to the Distribution Plan and in accordance with Rule 12b-1 under the 1940 Act, Institutional pays BRIL ongoing distribution fees with respect to Aon Captives Shares. The fees are accrued daily and paid monthly at an annual rate of 0.10% based upon the average daily net assets of the Aon Captives Shares. The Capital Shares, Institutional Shares, Premium Shares, Select Shares, SL Agency Shares and Trust Shares of Institutional do not pay any fees for distribution services. The fees paid to BRIL by Institutional are shown as Distribution – Aon Captives in the Statements of Operations.

Certain officers and/or trustees of the trust are officers and/or directors of BlackRock or its affiliates.

### 3. Income Tax Information:

US GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of December 31, 2012 attributable to the reclassification of distributions were reclassified to the following accounts:

	Prime
Undistributed net investment income	\$ 1,434
Accumulated net realized gain	\$(1,434)

The tax character of distributions paid during the fiscal years ended December 31, 2012 and December 31, 2011 was as follows:

	Government	Institutional	Prime	Treasury
Ordinary income	12/31/12 \$ 509	\$91,159,660	\$21,348,089	\$727,467
	12/31/11 79,166	54,604,114	15,624,534	487,491
Long-term capital gains	12/31/11 –	107,224	–	–
<b>Total</b>	12/31/12 \$ 509	\$91,159,660	\$21,348,089	\$727,467
	12/31/11 \$ 79,166	\$54,711,338	\$15,624,534	\$487,491

# Notes to Financial Statements (continued)

BlackRock Funds III

As of December 31, 2012, the tax components of accumulated net earnings were as follows:

	Government	Institutional	Prime	Treasury
Undistributed ordinary income	\$ 5	\$1,835,864	—	\$36,953
Undistributed long-term capital gains	—	—	\$121,623	—
<b>Total</b>	<b>\$ 5</b>	<b>\$1,835,864</b>	<b>\$121,623</b>	<b>\$36,953</b>

During the year ended December 31, 2012, Prime utilized \$1,491,941 of its capital loss carryforward.

## 4. Capital Share Transactions:

The number of shares sold, reinvested and redeemed corresponds to the net proceeds from the sale of shares, reinvestment of dividends and distributions and cost of shares redeemed, respectively, since shares are sold and redeemed at \$1.00 per share.

Transactions in capital shares for each class were as follows:

Government	Year Ended December 31,	
	2012	2011
<b>Institutional</b>		
Shares sold	—	21,120,001
Shares issued in reinvestment of dividends	—	2,431
Shares redeemed	—	(26,782,985)
Net decrease	—	(5,660,553)

Select	Year Ended December 31,	
	2012	2011
Shares sold	47,947,695	33,208,234
Shares issued in reinvestment of dividends	495	2,334
Shares redeemed	(40,266,660)	(41,500,352)
Net increase (decrease)	7,681,530	(8,289,784)

SL Agency	Year Ended December 31,	
	2012	2011
Shares sold	—	1,293,402,500
Shares issued in reinvestment of dividends	—	15,152
Shares redeemed	—	(1,293,417,652)
Net increase	—	—

Trust	Year Ended December 31,	
	2012	2011
Shares sold	6,237,056	4,032,425
Shares issued in reinvestment of dividends	13	360
Shares redeemed	(6,661,860)	(6,195,205)
Net decrease	(424,791)	(2,162,420)
<b>Total Net Increase (Decrease)</b>	<b>7,256,739</b>	<b>(16,112,757)</b>

Institutional	Year Ended December 31,	
	2012	2011
<b>Aon Captives</b>		
Shares sold	5,005,789	5,656,829
Shares issued in reinvestment of dividends	2,097	8,216
Shares redeemed	(3,172,508)	(55,734,990)
Net increase (decrease)	1,835,378	(50,069,945)

Institutional (concluded)	Year Ended December 31,	
	2012	2011
<b>Premium</b>		
Shares sold	100,000,000	7,500
Shares issued in reinvestment of dividends	3,144	—
Shares redeemed	(100,003,144)	(7,500)
Net increase	—	—

Institutional	Year Ended December 31,	
	2012	2011
Shares sold	12,489,140,833	8,651,733,281
Shares issued in reinvestment of dividends	1,782,703	1,360,520
Shares redeemed	(12,368,911,496)	(8,639,461,080)
Net increase	122,012,040	13,632,721

Select	Year Ended December 31,	
	2012	2011
Shares sold	122,130,664	80,468,223
Shares issued in reinvestment of dividends	33,546	23,644
Shares redeemed	(155,494,068)	(65,647,366)
Net increase (decrease)	(33,329,858)	14,844,501

SL Agency	Year Ended December 31,	
	2012	2011
Shares sold	81,965,578,895	82,420,167,190
Shares issued in reinvestment of dividends	9,232	11,044
Shares redeemed	(75,431,362,130)	(73,543,695,298)
Net increase	6,534,225,997	8,876,482,936

Trust	Year Ended December 31,	
	2012	2011
Shares sold	13,152,188	43,919,299
Shares issued in reinvestment of dividends	480	807
Shares redeemed	(15,578,466)	(41,055,601)
Net increase (decrease)	(2,425,798)	2,864,505

<b>Total Net Increase</b>	<b>6,622,317,759</b>	<b>8,857,754,718</b>
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Prime	Year Ended December 31,	
	2012	2011
<b>Capital</b>		
Shares sold	19,623,999,355	5,397,811,345
Shares issued in reinvestment of dividends	802,827	759,435
Shares redeemed	(18,686,770,627)	(5,459,756,950)
Net increase (decrease)	938,031,555	(61,186,170)

Institutional	Year Ended December 31,	
	2012	2011
Shares sold	26,679,153,266	22,608,075,380
Shares issued in reinvestment of dividends	2,281,837	2,201,956
Shares redeemed	(25,728,716,808)	(23,900,189,738)
Net increase (decrease)	952,718,295	(1,289,912,402)

Premium	Year Ended December 31,	
	2012	2011
Shares sold	26,157,658,266	23,934,752,476
Shares issued in reinvestment of dividends	1,262,545	1,206,416
Shares redeemed	(24,137,961,703)	(23,709,664,413)
Net increase	2,020,959,108	226,294,479

Prime (concluded)	Year Ended December 31,	
	2012	2011
<b>Select</b>		
Shares sold	459,791,154	551,229,916
Shares issued in reinvestment of dividends	43,389	69,707
Shares redeemed	(519,184,128)	(562,087,435)
Net decrease	(59,349,585)	(10,787,812)
<b>SL Agency</b>		
Shares sold	6,080,507,863	4,537,643,287
Shares redeemed	(5,034,229,500)	(3,401,487,734)
Net increase	1,046,278,363	1,136,155,553
<b>Trust</b>		
Shares sold	39,817,031	53,633,417
Shares redeemed	(47,776,512)	(61,002,359)
Net decrease	(7,959,481)	(7,368,942)
<b>Total Net Increase (Decrease)</b>	<b>4,890,678,255</b>	<b>(6,805,294)</b>
<b>Treasury</b>		
<b>Capital</b>		
Shares sold	398,815,698	2,100,194
Shares issued in reinvestment of dividends	10,682	22,193
Shares redeemed	(144,076,039)	(123,404,434)
Net increase (decrease)	254,750,341	(121,282,047)
<b>Institutional</b>		
Shares sold	—	96,047,245
Shares issued in reinvestment of dividends	1,486	12,399
Shares redeemed	(8,941,292)	(211,897,709)
Net decrease	(8,939,806)	(115,838,065)
<b>Premium</b>		
Shares sold	150,000	—
Shares issued in reinvestment of dividends	—	—
Shares redeemed	(150,000)	—
Net increase (decrease)	—	—
<b>Select</b>		
Shares sold	74,096,608	36,511,128
Shares issued in reinvestment of dividends	1,412	2,759
Shares redeemed	(76,674,347)	(23,679,366)
Net increase (decrease)	(2,576,327)	12,834,521
<b>SL Agency</b>		
Shares sold	34,307,460,448	33,009,840,675
Shares issued in reinvestment of dividends	13,032	5,372
Shares redeemed	(33,464,457,731)	(33,784,717,911)
Net increase (decrease)	843,015,749	(774,871,864)
<b>Trust</b>		
Shares sold	31,333,371	37,454,464
Shares issued in reinvestment of dividends	2,199	4,391
Shares redeemed	(39,527,026)	(26,855,401)
Net increase (decrease)	(8,191,456)	10,603,454
<b>Total Net Increase (Decrease)</b>	<b>1,078,058,501</b>	<b>(988,554,001)</b>

**5. Subsequent Events:**

Management has evaluated the impact of all subsequent events on the Master Portfolios through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.

**To the Shareholders and Board of Trustees of BlackRock Funds III:**

In our opinion, the accompanying statements of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the BlackRock Cash Funds: Government, BlackRock Cash Funds: Institutional, BlackRock Cash Funds: Prime and BlackRock Cash Funds: Treasury, (each a "Fund" and together, the "Funds"), at December 31, 2012, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management. Our responsibility is to

express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
 New York, New York  
 February 22, 2013

**Important Tax Information** (Unaudited)

The following information is provided with respect to the ordinary income distributions paid by Government, Institutional, Prime and Treasury for the taxable year ended December 31, 2012.

<b>Interest Related Dividends and Qualified Short-Term Capital Gains for Non-US Residents<sup>1</sup></b>	
	<b>Month Paid:</b>
	<b>January 2012 – December 2012</b>
Government . . . . .	100.00%
Institutional . . . . .	64.49%
Prime . . . . .	66.89%
Treasury . . . . .	100.00%
<b>Federal Obligation Interest<sup>2</sup></b>	
Institutional . . . . .	5.40%
Prime . . . . .	4.20%
Treasury . . . . .	29.83%

<sup>1</sup> Represents the portion of the taxable ordinary dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

<sup>2</sup> The law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. We recommend that you consult your tax advisor to determine if any of the dividends you received is exempt from state income taxes.

**Government Money Market Master Portfolio**

Portfolio Composition	Percent of Net Assets
Repurchase Agreements	100%
<b>Total</b>	<b>100%</b>

**Money Market Master Portfolio**

Portfolio Composition	Percent of Net Assets
Certificates of Deposit	29%
Commercial Paper	26
Repurchase Agreements	14
US Government Sponsored Agency Obligations	12
US Treasury Obligations	9
Time Deposits	8
Corporate Notes	2
<b>Total</b>	<b>100%</b>

**Prime Money Market Master Portfolio**

Portfolio Composition	Percent of Net Assets
Commercial Paper	23%
Repurchase Agreements	23
Certificates of Deposit	22
Time Deposits	13
US Government Sponsored Agency Obligations	12
US Treasury Obligations	5
Corporate Notes	2
<b>Total</b>	<b>100%</b>

**Treasury Money Market Master Portfolio**

Portfolio Composition	Percent of Net Assets
Repurchase Agreements	72%
US Treasury Obligations	28
<b>Total</b>	<b>100%</b>

# Schedule of Investments December 31, 2012

## Government Money Market Master Portfolio (Percentages shown are based on Net Assets)

Repurchase Agreements	Par (000)	Value	Repurchase Agreements	Par (000)	Value
Barclays Capital, Inc., 0.20%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$3,500,039, collateralized by US Treasury obligations, 2.13%, due 05/31/15, par and fair value of \$3,415,500 and \$3,570,044, respectively)	\$3,500	\$3,500,000	HSBC Securities (USA), Inc., 0.16%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$3,000,027, collateralized by US Treasury obligations, 0.63%, due 04/30/13, par and fair value of \$3,055,000 and \$3,063,716, respectively)	\$3,000	\$ 3,000,000
BNP Paribas Securities Corp., 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$2,629,026, collateralized by US Treasury obligations, 2.63%, due 12/31/14, par and fair value of \$2,560,800 and \$2,681,639, respectively)	2,629	2,629,000	Morgan Stanley & Co. LLC, 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$1,000,010, collateralized by US Treasury obligations, 1.00%, due 06/30/19, par and fair value of \$1,022,000 and \$1,020,084, respectively)	1,000	1,000,000
Deutsche Bank Securities Inc., 0.25%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$4,000,056, collateralized by US government sponsored agency obligations, 0.00%, due 05/01/40, par and fair value of \$8,781,278 and \$4,440,000, respectively)	4,000	4,000,000	<b>Total Repurchase Agreements – 100.1%</b>		17,629,000
Goldman Sachs & Co., 0.25%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$3,500,049, collateralized by various US government sponsored agency obligations, 3.00% to 7.00%, due 06/01/26 to 05/01/40, par and fair value of \$7,680,891 and \$3,570,001 respectively)	3,500	3,500,000	<b>Total Investments (Cost – \$17,629,000*) – 100.1%</b>		17,629,000
			<b>Liabilities in Excess of Other Assets – (0.1)%</b>		(15,174)
			<b>Net Assets – 100.0%</b>		<u>\$17,613,826</u>

### Notes to Schedule of Investments

\* Cost for federal income tax purposes.

• Fair Value Measurements – Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 – unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Master Portfolio has the ability to access
- Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
- Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Master Portfolio's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Master Portfolio's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in the securities. For information about the Master Portfolio's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the Master Portfolio's investments categorized in the disclosure hierarchy as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Short-Term Securities <sup>1</sup>	–	\$17,629,000	–	\$17,629,000

<sup>1</sup> See above Schedule of Investments for values in each security type.

Certain of the Master Portfolio's assets are held at carrying amount which approximates fair value for financial statement purposes. As of December 31, 2012, cash of \$762 is categorized as Level 1 within the disclosure hierarchy.

There were no transfers between levels during the year ended December 31, 2012.

See Notes to Financial Statements.

# Schedule of Investments December 31, 2012

## Money Market Master Portfolio (Percentages shown are based on Net Assets)

Certificates of Deposit	Par (000)	Value	Commercial Paper	Par (000)	Value
<b>Euro – 2.1%</b>					
Mitsubishi UFJ Trust and Banking Corp., UK, 0.30%, 1/28/13	\$ 200,000	\$ 200,000,750	Australia & New Zealand Banking Group, 0.41%, 11/12/13	\$ 200,000	\$ 200,000,000
National Australia Bank Ltd., London, 0.42%, 1/16/13	212,000	212,000,000	BNP Paribas Finance, Inc., 0.48%, 2/01/13 (c)	745,000	744,692,066
Sumitomo Mitsui Banking Corp., London, 0.36%, 1/11/13	150,000	150,000,208	Collateralized CP Co. LLC, 0.38%, 1/17/13 (c)	100,000	99,983,111
Sumitomo Trust & Banking Co. Ltd., London, 0.40%, 2/06/13	200,000	200,000,999	Commonwealth Bank of Australia: 0.36%, 11/14/13	295,000	294,974,024
		762,001,957	0.36%, 11/15/13	300,000	300,000,000
			0.36%, 11/27/13	75,000	75,000,000
			DNB Bank ASA, 0.35%, 2/05/13 (c)	300,000	299,899,375
			Erste Abwicklungsanstalt (c): 0.55%, 1/22/13	60,000	59,982,500
<b>Yankee (a) – 27.5%</b>			0.55%, 1/22/13	50,000	49,982,500
Bank of Montreal, Chicago, 0.35%, 11/15/13	310,000	309,983,795	0.60%, 2/11/13	100,000	99,931,667
Bank of Nova Scotia, Houston: 0.34%, 10/16/13 (b)	250,000	249,985,015	0.57%, 2/20/13	30,000	29,976,250
0.41%, 12/31/13	175,000	175,000,000	0.64%, 2/21/13	50,000	49,954,667
Bank of Tokyo-Mitsubishi UFJ Ltd., New York: 0.49%, 2/19/13	238,000	238,000,000	0.65%, 2/28/13	150,000	149,842,917
0.34%, 4/25/13	350,000	350,000,000	0.55%, 3/11/13	170,000	169,820,792
0.34%, 5/03/13	225,000	225,000,000	0.55%, 3/12/13	200,000	199,786,111
Barclays Bank Plc, New York, 0.49%, 1/23/13	571,000	571,000,000	0.52%, 3/25/13	100,000	99,880,111
Canadian Imperial Bank of Commerce, New York, 0.32%, 6/03/13 (b)	553,015	553,015,000	0.52%, 3/27/13	100,000	99,877,222
Credit Industriel Et Commercial, New York, 0.45%, 3/12/13	292,000	292,000,000	0.47%, 4/04/13	100,000	99,878,583
Credit Suisse, New York, 0.32%, 2/04/13	384,000	384,000,000	0.50%, 4/23/13	50,000	49,922,222
Mitsubishi UFJ Trust and Banking Corp., New York, 0.47%, 2/28/13	155,000	155,000,000	0.50%, 4/29/13	100,000	99,836,111
National Australia Bank Ltd., New York, 0.29%, 8/13/13	340,000	340,000,000	0.52%, 7/01/13	100,000	99,738,556
National Bank of Canada, New York, 0.38%, 7/25/13	275,000	275,000,000	0.39%, 7/15/13	125,000	124,735,937
Natixis, New York, 0.49%, 4/01/13	550,000	550,000,000	0.52%, 7/22/13	130,000	129,620,689
Nordea Bank Finland Plc, New York, 0.36%, 2/19/13	325,000	325,000,000	Govco LLC (c): 0.37%, 1/22/13	200,000	199,956,833
Rabobank Nederland, New York: 0.52%, 1/14/13	360,000	360,000,000	0.34%, 2/13/13	100,000	99,959,389
0.50%, 4/24/13 (b)	285,500	285,500,000	0.34%, 2/15/13	100,000	99,957,500
0.46%, 5/09/13	225,000	225,000,000	HSBC Bank Plc, 0.55%, 9/18/13	230,000	230,000,000
Skandinaviska Enskilda Banken, New York: 0.36%, 2/01/13	275,000	275,000,000	ING US Funding LLC, 0.44%, 1/16/13 (c)	569,050	568,945,674
0.31%, 3/26/13	350,000	350,000,000	Kells Funding LLC (c): 0.43%, 1/07/13	79,000	78,994,338
0.31%, 4/01/13	300,000	300,000,000	0.60%, 1/16/13	100,000	99,975,000
0.30%, 4/04/13	170,000	170,000,000	0.50%, 2/04/13	25,000	24,988,194
Sumitomo Mitsui Banking Corp., New York: 0.40%, 2/08/13	375,000	375,000,000	0.54%, 2/05/13	80,000	79,958,000
0.40%, 2/12/13	375,000	375,000,000	0.48%, 2/06/13	80,000	79,961,600
0.35%, 4/24/13	300,000	300,000,000	0.28%, 2/08/13	175,000	174,948,278
Toronto Dominion Bank, New York: 0.30%, 7/22/13	650,000	650,000,000	0.50%, 2/22/13	50,000	49,963,889
0.32%, 10/22/13	560,000	560,000,000	0.48%, 3/01/13	98,000	97,922,907
Westpac Banking Corp., New York: 0.41%, 5/07/13	150,000	150,000,000	0.49%, 3/01/13	50,000	49,959,847
0.30%, 8/27/13	330,000	330,000,000	0.50%, 3/20/13	100,000	99,891,667
		9,698,483,810	0.47%, 5/03/13	205,000	204,673,481
<b>Total Certificates of Deposit – 29.6%</b>		<b>10,460,485,767</b>	Mont Blanc Capital Corp. (c): 0.37%, 2/08/13	100,044	100,004,927
			0.35%, 3/04/13	84,945	84,893,797
			0.34%, 3/06/13	80,000	79,951,644
			Natixis Banques Populaires US Financing Corp., 0.47%, 2/01/13 (c)	350,000	349,858,347
			Nestle Capital Corp., 0.37%, 9/06/13 (c)	175,000	174,553,944
			Old Line Funding LLC, 0.32%, 3/11/13 (c)	85,000	84,947,867
			Rabobank USA Financial Corp., 0.45%, 3/11/13 (c)	225,000	224,805,937
			Royal Park Investments Funding Corp. (c): 0.75%, 1/14/13	123,000	122,966,688
			0.63%, 5/21/13	50,000	49,877,500
			Skandinaviska Enskilda Banken AB (c): 0.31%, 3/19/13	70,000	69,953,586
			0.30%, 3/21/13	175,000	174,884,792
			Societe Generale North America, Inc., 0.47%, 2/05/13 (c)	350,000	349,840,069
			Starbird Funding Corp., 0.45%, 2/07/13 (c)	75,000	74,965,313
			Westpac Banking Corp., 0.42%, 7/02/13	275,000	275,000,000
			Westpac Securities NZ Ltd., 0.54%, 4/15/13	300,000	300,000,000
			<b>Total Commercial Paper – 25.9%</b>		<b>9,124,547,182</b>

See Notes to Financial Statements.

# Schedule of Investments (continued)

## Money Market Master Portfolio (Percentages shown are based on Net Assets)

Corporate Notes	Par (000)	Value	Repurchase Agreements	Par (000)	Value
Bank of Montreal, Chicago, 0.39%, 1/10/14	\$ 210,000	\$ 210,000,000	BNP Paribas Securities Corp., 0.17%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$330,003,117, collateralized by various corporate debt obligations, 0.00% to 8.40% due 2/13/13 to 1/15/31, par and fair value of \$304,314,988 and \$339,928,039, respectively)	\$ 330,000	\$ 330,000,000
JPMorgan Chase Bank NA, 0.39%, 5/17/13 (a)	250,725	250,725,000	BNP Paribas Securities Corp., 0.22%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$200,002,444, collateralized by various US government sponsored agency obligations, 0.75% to 8.50%, due 2/01/13 to 01/01/43, par and fair value of \$2,295,421,953 and \$204,004,413, respectively)	200,000	200,000,000
Westpac Banking Corp., 0.37%, 9/24/13 (d)	25,000	25,117,922	Citigroup Global Markets Inc., 0.42%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$95,002,217, collateralized by various US Treasury obligations and non-US government debt securities, 0.00% to 7.94% due 9/15/13 to 12/01/41, par and fair value of \$98,832,808 and \$102,974,328, respectively)	95,000	95,000,000
<b>Total Corporate Notes – 1.4%</b>		485,842,922	Citigroup Global Markets Inc., 0.51%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$130,003,683, collateralized by various US government sponsored agency obligations and corporate debt obligations, 0.38% to 9.38% due 1/15/13 to 11/01/42, par and fair value of \$244,194,912 and \$133,038,951, respectively)	130,000	130,000,000
<b>Time Deposits</b>			Credit Suisse Securities (USA) LLC, 0.19%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$142,771,507, collateralized by US Treasury obligations, 1.50%, due 6/30/16, par and fair value of \$140,500,000 and \$145,625,450, respectively)	142,770	142,770,000
Bank of Nova Scotia, 0.03%, 1/02/13	1,000,000	1,000,000,000	Credit Suisse Securities (USA) LLC, 0.62%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$150,005,167, collateralized by various corporate debt obligations, 0.32% to 7.93% due 12/10/25 to 8/15/56, par and fair value of \$430,940,989 and \$172,500,755, respectively)	150,000	150,000,000
Natexis, 0.12%, 1/02/13	864,000	864,000,000	Credit Suisse Securities (USA) LLC, 0.62%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$250,008,611, collateralized by various non-US government debt securities, 0.00% to 6.56% due 11/15/17 to 2/15/51, par and fair value of \$2,884,897,823 and \$287,500,000, respectively)	250,000	250,000,000
Societe Generale:			Credit Suisse Securities (USA) LLC, 0.70%, 1/28/13 (Purchased on 12/31/12 to be repurchased at \$210,108,889, collateralized by various US government sponsored agency obligations and corporate debt obligations, 0.00% to 7.51%, due 01/25/19 to 06/25/50, par and fair value of \$503,331,238 and \$250,000,030, respectively)	200,000	200,000,000
0.15%, 1/02/13	100,000	100,000,000	Deutsche Bank Securities Inc., 0.15%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$200,001,667, collateralized by US Treasury obligations, 0.88%, due 7/31/19, par and fair value of \$205,564,800 and \$204,000,022, respectively)	200,000	200,000,000
0.41%, 3/04/13	850,000	850,000,000			
<b>Total Time Deposits – 8.0%</b>		2,814,000,000			
<b>US Government Sponsored Agency Obligations</b>					
Fannie Mae Variable Rate Notes (a):					
0.34%, 1/10/13	250,000	249,998,758			
0.22%, 5/17/13	304,000	303,965,061			
0.18%, 11/08/13	170,000	169,956,098			
0.19%, 6/20/14	425,000	424,876,063			
Federal Farm Credit Bank Variable Rate Notes (a):					
0.12%, 6/18/13	66,000	66,000,000			
0.16%, 3/07/14	40,000	39,995,649			
0.18%, 5/23/14	50,000	49,989,782			
0.19%, 10/20/14	95,000	94,965,385			
Federal Home Loan Bank:					
0.23%, 5/17/13	120,000	119,994,082			
0.24%, 5/21/13	100,000	99,994,586			
0.23%, 5/29/13	50,000	49,995,282			
0.42%, 6/21/13	88,275	88,339,488			
0.25%, 7/05/13	65,500	65,495,532			
0.17%, 7/17/13	6,000	6,000,600			
Federal Home Loan Bank Discount Notes (c):					
0.15%, 6/12/13	358,000	357,758,350			
0.14%, 6/14/13	215,855	215,717,333			
0.14%, 6/20/13	10,000	9,999,682			
Federal Home Loan Bank Variable Rate Notes (a):					
0.22%, 4/12/13	114,500	114,495,247			
0.33%, 7/08/13	50,000	50,000,000			
Freddie Mac Discount Notes (c):					
0.14%, 6/10/13	179,201	179,089,184			
0.14%, 6/10/13	75,000	74,950,313			
Freddie Mac Variable Rate Notes (a):					
0.40%, 9/03/13	227,900	227,869,134			
0.15%, 9/13/13	884,785	884,410,304			
0.18%, 11/04/13	309,000	308,974,104			
<b>Total US Government Sponsored Agency Obligations – 12.1%</b>		4,252,830,017			
<b>US Treasury Obligations</b>					
US Treasury Bills (c):					
0.13%, 1/17/13	350,000	349,979,778			
0.15%, 2/21/13	275,000	274,942,536			
0.14%, 3/21/13	300,000	299,907,667			
0.15%, 4/11/13	200,000	199,918,751			
0.16%, 5/02/13	350,000	349,815,895			
0.15%, 5/09/13	300,000	299,840,000			
0.14%, 6/06/13	200,000	199,878,667			
0.13%, 6/27/13	840,000	839,463,100			
US Treasury Notes:					
1.38%, 3/15/13	280,000	280,650,308			
1.13%, 6/15/13	120,000	120,476,629			
<b>Total US Treasury Obligations – 9.1%</b>		3,214,873,331			

See Notes to Financial Statements.

# Schedule of Investments (continued)

## Money Market Master Portfolio (Percentages shown are based on Net Assets)

Repurchase Agreements	Par (000)	Value	Repurchase Agreements	Par (000)	Value
Deutsche Bank Securities Inc., 0.20%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$180,002,000, collateralized by various US government sponsored agency obligations, 0.00% to 6.00%, due 5/01/13 to 11/02/40, par and fair value of \$179,674,000 and \$183,600,577, respectively)	\$ 180,000	\$ 180,000,000	Merrill Lynch, Pierce, Fenner & Smith Inc., 0.21%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$108,301,264, collateralized by various US government sponsored agency obligations, 0.76% to 4.00%, due 4/15/41 to 3/01/42, par and fair value of \$140,841,893 and \$110,759,530, respectively)	\$ 108,300	\$ 108,300,000
Deutsche Bank Securities Inc., 0.25%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$609,308,463, collateralized by various US Treasury obligations and US government sponsored agency obligations, 0.00% to 3.50%, due 11/24/15 to 11/01/42, par and fair value of \$601,937,140 and \$626,578,055, respectively)	609,300	609,300,000	Merrill Lynch, Pierce, Fenner & Smith Inc., 0.22%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$100,001,222, collateralized by various US government sponsored agency obligations and corporate debt obligations, 0.50% due 7/31/17, par and fair value of \$3,353,672,326 and \$105,679,852, respectively)	100,000	100,000,000
Goldman Sachs & Co., 0.22%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$150,001,833, collateralized by various US government sponsored agency obligations, 3.00% to 3.50%, due 11/20/42 to 12/20/42, par and fair value of \$142,546,700 and \$153,000,001, respectively)	150,000	150,000,000	Morgan Stanley & Co. LLC, 0.15%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$90,000,750, collateralized by various US government sponsored agency obligations, 2.50% to 3.49% due 8/01/27 to 11/01/42, par and fair value of \$89,521,238 and \$92,062,260, respectively)	90,000	90,000,000
HSBC Securities (USA) Inc., 0.15%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$200,001,667, collateralized by various corporate debt obligations, 0.43% to 10.50% due 1/15/13 to 5/29/49, par and fair value of \$202,549,000 and \$208,748,445, respectively)	200,000	200,000,000	Morgan Stanley & Co. LLC, 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$98,000,980, collateralized by US Treasury obligations, 2.13% due 8/15/21, par and fair value of \$94,121,800 and \$99,960,058, respectively)	98,000	98,000,000
HSBC Securities (USA) Inc., 0.15%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$88,223,735, collateralized by various US Treasury obligations, 3.13% to 3.25% due 10/31/16 to 1/31/17, par and fair value of \$81,157,500 and \$89,989,794, respectively)	88,223	88,223,000	Morgan Stanley & Co. LLC, 0.25%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$300,004,167, collateralized by various US government sponsored agency obligations 3.50% to 4.50%, due 4/01/27 to 9/01/42, par and fair value of \$342,167,455 and \$306,000,001, respectively)	300,000	300,000,000
HSBC Securities (USA) Inc., 0.16%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$70,993,631, collateralized by various US Treasury obligations, 2.38% to 3.25% due 3/31/16 to 2/28/17, par and fair value of \$65,998,100 and \$72,415,734, respectively)	70,993	70,993,000	RBS Securities Inc., 0.14%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$120,000,933, collateralized by various US government sponsored agency obligations, 3.00% to 6.00%, due 12/01/27 to 11/01/42, par and fair value of \$139,664,248 and \$122,404,522, respectively)	120,000	120,000,000
JPMorgan Securities LLC, 0.42%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$60,001,400, collateralized by various non-US government debt securities, 3.63% to 8.00% due 1/27/17 to 1/14/41, par and fair value of \$46,720,000 and \$62,752,709, respectively)	60,000	60,000,000	RBS Securities Inc., 0.22%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$40,000,489, collateralized by various US government sponsored agency obligations, 3.00% to 3.50% due 6/20/42 to 9/20/42, par and fair value of \$38,510,000 and \$40,804,148, respectively)	40,000	40,000,000
JPMorgan Securities LLC, 0.73%, 1/07/13 (Purchased on 12/31/12 to be repurchased at \$200,028,389, collateralized by various non-US government debt securities, 0.56% to 7.53%, due 4/25/18 to 2/15/51, par and fair value of \$335,457,732 and \$219,114,774, respectively)	200,000	200,000,000	Wells Fargo Bank Co., 0.22%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$320,003,911, collateralized by various corporate debt obligations and non-US government debt securities, 0.00% to 10.00%, due 4/01/13 to 5/10/63, par and fair value of \$401,951,261 and \$335,697,359, respectively)	320,000	320,000,000
Merrill Lynch, Pierce, Fenner & Smith Inc., 0.10%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$250,001,389, collateralized by various US Treasury obligations, 2.38% to 6.88% due 9/30/14 to 8/15/25, par and fair value of \$238,214,900 and \$255,000,053, respectively)	250,000	250,000,000			
Merrill Lynch, Pierce, Fenner & Smith Inc., 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$240,002,400, collateralized by various US Treasury obligations, 0.50% to 0.75% due 8/15/13 to 12/31/17, par and fair value of \$244,389,000 and \$244,800,152, respectively)	240,000	240,000,000	<b>Total Repurchase Agreements – 13.9%</b>		4,922,586,000
			<b>Total Investments (Cost – \$35,275,165,219*) – 100.0%</b>		35,275,165,219
			<b>Other Assets Less Liabilities – 0.0%</b>		13,933,643
			<b>Net Assets – 100.0%</b>		<u>\$35,289,098,862</u>

See Notes to Financial Statements.

**Notes to Schedule of Investments**

\* Cost for federal income tax purposes.

(a) Issuer is a US branch of foreign domiciled bank.

(b) Variable rate security. Rate shown is as of report date.

(c) Rates shown are discount rates or a range of discount rates paid at the time of purchase.

(d) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

• Fair Value Measurements – Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 – unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Master Portfolio has the ability to access
- Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
- Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Master Portfolio's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Master Portfolio's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in the securities. For information about the Master Portfolio's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the Master Portfolio's investments categorized in the disclosure hierarchy as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Short-Term Securities <sup>1</sup> . . . . .	–	\$35,275,165,219	–	\$35,275,165,219

<sup>1</sup> See above Schedule of Investments for values in each security type.

Certain of the Master Portfolio's assets are held at carrying amount which approximates fair value for financial statement purposes. As of December 31, 2012, cash of \$4,646,310 is categorized as Level 1 within the disclosure hierarchy.

There were no transfers between levels during the year ended December 31, 2012.

# Schedule of Investments December 31, 2012

## Prime Money Market Master Portfolio (Percentages shown are based on Net Assets)

Certificates of Deposit	Par (000)	Value
<b>Euro – 1.6%</b>		
Mitsubishi UFJ Trust and Banking Corp., UK, 0.30%, 1/28/13	\$100,000	\$ 100,000,375
National Australia Bank Ltd., London, 0.42%, 1/16/13	100,000	100,000,000
Sumitomo Mitsui Banking Corp., London, 0.36%, 1/11/13	50,000	50,000,069
		250,000,444
<b>Yankee (a) – 20.3%</b>		
Bank of Montreal, Chicago:		
0.43%, 7/17/13 (b)	90,000	90,000,000
0.35%, 11/15/13	122,000	121,993,623
Bank of Nova Scotia, Houston:		
0.30%, 2/11/13	100,000	100,000,000
0.41%, 12/31/13	65,000	65,000,000
Bank of Tokyo-Mitsubishi UFJ Ltd., New York:		
0.49%, 2/19/13 (b)	100,000	100,000,000
0.34%, 4/25/13	110,000	110,000,000
0.34%, 5/03/13	175,000	175,000,000
Canadian Imperial Bank of Commerce, New York,		
0.32%, 6/03/13 (b)	162,470	162,470,000
Credit Industriel Et Commercial, New York:		
0.45%, 3/07/13	15,000	15,000,000
0.45%, 3/12/13	108,000	108,000,000
National Australia Bank Ltd., New York,		
0.29%, 8/13/13	130,000	130,000,000
National Bank of Canada, New York,		
0.38%, 7/25/13	75,000	75,000,000
Natixis, New York:		
0.42%, 3/01/13	100,000	100,000,000
0.49%, 4/01/13	115,000	115,000,000
Norinchukin Bank, New York, 0.15%, 1/07/13		
175,000	175,000,000	
Rabobank Nederland, New York:		
0.52%, 1/14/13	50,000	50,000,000
0.50%, 4/24/13 (b)	91,500	91,500,000
0.46%, 5/09/13	75,000	75,000,000
0.42%, 6/18/13	100,000	100,000,000
Skandinaviska Enskilda Banken, New York:		
0.36%, 2/01/13	100,000	100,000,000
0.31%, 3/28/13	150,000	150,000,000
0.31%, 4/01/13	180,000	180,000,000
0.30%, 4/04/13	130,000	130,000,000
Sumitomo Mitsui Banking Corp., New York,		
0.40%, 2/12/13	150,000	150,000,000
Toronto Dominion Bank, New York:		
0.30%, 4/19/13	250,000	250,000,000
0.32%, 10/21/13	200,000	200,000,000
Westpac Banking Corp., New York,		
0.30%, 8/27/13	120,000	120,000,000
		3,238,963,623
<b>Total Certificates of Deposit – 21.9%</b>		<b>3,488,964,067</b>

### Commercial Paper

Antalis US Funding Corp., 0.48%, 2/01/13 (c)	60,000	59,975,200
Atlantic Asset Securitization LLC, 0.45%, 1/02/13	50,000	50,000,000
Atlantis One Funding Corp. (c):		
0.54%, 1/07/13	50,000	49,995,500
0.53%, 1/17/13	75,000	74,982,333
0.52%, 1/25/13	100,000	99,965,333
0.48%, 2/15/13	100,000	99,940,000
Australia & New Zealand Banking Group,		
0.41%, 11/12/13	100,000	100,000,000
BNP Paribas Finance, Inc., 0.48%, 2/01/13 (c)		
130,000	129,946,267	

Commercial Paper	Par (000)	Value
Commonwealth Bank of Australia:		
0.36%, 11/01/13	\$ 73,000	\$ 73,000,000
0.36%, 11/14/13	115,000	114,989,874
0.36%, 11/15/13	100,000	100,000,000
0.36%, 11/27/13	25,000	25,000,000
DNB Bank ASA, 0.35%, 2/05/13 (c)		
100,000	99,966,458	
Erste Abwicklungsanstalt (c):		
0.60%, 2/06/13	100,000	99,940,000
0.60%, 2/07/13	50,000	49,969,167
0.57%, 2/20/13	70,000	69,944,583
0.65%, 2/25/13	40,000	39,960,278
0.55%, 3/14/13	100,000	99,890,000
0.53%, 3/15/13	80,000	79,914,022
0.47%, 5/17/13	100,000	99,822,444
0.41%, 7/08/13	50,000	49,892,944
0.50%, 8/13/13	50,000	49,844,444
ING US Funding LLC, 0.44%, 1/16/13 (c)		
180,000	179,967,000	
Kells Funding LLC (c):		
0.50%, 1/22/13	78,000	77,977,250
0.49%, 2/04/13	100,000	99,953,722
0.28%, 2/08/13	75,000	74,977,833
0.53%, 2/11/13	50,000	49,969,819
0.43%, 4/24/13	60,000	59,919,017
0.46%, 5/02/13	100,000	99,845,389
Mont Blanc Capital Corp. (c):		
0.34%, 2/22/13	54,148	54,121,407
0.34%, 3/06/13	40,000	39,975,822
0.31%, 4/08/13	70,000	69,941,531
Natexis Banques Populaires US Financing Corp.,		
0.47%, 2/01/13 (c)	125,000	124,949,410
Nestle Capital Corp., 0.37%, 9/06/13 (c)		
150,000	149,617,667	
Nieuw Amsterdam Receivables Corp. (c):		
0.55%, 1/03/13	53,000	52,998,381
0.45%, 1/04/13	50,000	49,998,125
Old Line Funding LLC (c):		
0.30%, 2/11/13	90,000	89,969,250
0.30%, 5/20/13	85,000	84,901,542
Rabobank USA Financial Corp., 0.45%, 3/11/13 (c)		
25,000	24,978,438	
Royal Park Investments Funding Corp., 0.75%, 1/22/13 (c)		
75,000	74,967,188	
Skandinaviska Enskilda Banken AB (c):		
0.31%, 3/19/13	30,000	29,980,108
0.30%, 3/21/13	75,000	74,950,625
Societe Generale North America, Inc., 0.47%, 2/05/13 (c)		
120,000	119,945,167	
Thunder Bay Funding LLC Thunder Bay Funding LLC, 0.30%, 5/20/13 (c)		
60,000	59,930,500	
Westpac Banking Corp., 0.42%, 7/02/13		
195,000	195,000,000	
<b>Total Commercial Paper – 23.0%</b>		<b>3,655,774,038</b>

### Corporate Notes

Bank of Montreal, Chicago, 0.39%, 1/10/14	80,000	80,000,000
JPMorgan Chase Bank NA, 0.40%, 5/17/13 (a)	121,710	121,710,000
National Australia Bank, Ltd., 2.50%, 1/08/13 (d)	40,650	40,665,093
Westpac Banking Corp., 1.01%, 9/24/13 (d)	34,000	34,159,922
Westpac Securities NZ, Ltd., 2.63%, 1/28/13 (d)	48,000	48,076,441
<b>Total Corporate Notes – 2.0%</b>		<b>324,611,456</b>

### Time Deposits

Bank of Nova Scotia, 0.03%, 1/02/13	500,000	500,000,000
Natexis, 0.12%, 1/02/13	341,000	341,000,000
Nordea Bank Finland Plc, 0.29%, 6/13/13	250,000	250,000,000

See Notes to Financial Statements.

# Schedule of Investments (continued)

**Prime Money Market Master Portfolio**  
(Percentages shown are based on Net Assets)

Time Deposits	Par (000)	Value	Repurchase Agreements	Par (000)	Value
Societe Generale:			BNP Paribas Securities Corp., 0.17%, 1/02/13		
0.15%, 1/02/13	\$100,000	\$ 100,000,000	(Purchased on 12/31/12 to be repurchased at		
0.41%, 3/04/13	275,000	275,000,000	\$195,001,842, collateralized by various		
Sumitomo Mitsui Banking Corp., 0.34%, 6/10/13	200,000	200,000,000	corporate debt obligations, 0.00% to 8.75%, due		
Svenska Handelsbanken AB, 0.02%, 1/02/13	425,000	425,000,000	01/15/13 to 7/01/35, par and fair value of		
<b>Total Time Deposits — 13.1%</b>		2,091,000,000	\$179,818,478 and \$200,953,096,	\$195,000	\$ 195,000,000
			respectively)		
<b>US Government Sponsored Agency Obligations</b>			BNP Paribas Securities Corp., 0.22%, 1/02/13		
Fannie Mae Discount Notes,			(Purchased on 12/31/12 to be repurchased at		
0.16%, 4/01/13 (c)	55,000	54,978,000	\$200,002,444, collateralized by various US		
Fannie Mae Variable Rate Notes (a):			government sponsored agency obligations,		
0.34%, 1/10/13	121,000	120,999,399	0.46% to 8.00%, due 3/1/14 to 9/1/47, par	200,000	200,000,000
0.19%, 6/20/14	115,000	114,966,464	and fair value of \$1,162,799,626 and		
Federal Farm Credit Bank Discount Notes,			\$204,023,956, respectively)		
0.22%, 7/05/13 (c)	25,000	24,971,736	Credit Suisse Securities (USA) LLC, 0.19%,		
Federal Farm Credit Bank Variable Rate Notes,			1/02/13 (Purchased on 12/31/12 to be		
0.12%, 6/18/13 (a)	30,000	30,000,000	repurchased at \$109,001,151, collateralized by		
Federal Home Loan Bank:			US Treasury obligations, 0.13%, due 12/31/14,		
0.16%, 1/25/13	82,000	81,997,387	par and fair value of \$111,470,000 and	109,000	109,000,000
0.16%, 2/08/13	52,000	51,997,626	\$111,182,402, respectively)		
0.20%, 3/01/13	50,000	49,998,150	Credit Suisse Securities (USA) LLC, 0.62%,		
0.22%, 5/03/13	35,750	35,746,630	1/02/13 (Purchased on 12/31/12 to be		
Federal Home Loan Bank Discount Notes,			repurchased at \$50,001,722, collateralized by		
0.15%, 6/12/13 (c)	340,000	339,770,500	various corporate debt obligations, 0.35% to		
Federal Home Loan Bank Variable			5.72%, due 6/11/17 to 10/15/48, par and fair		
Rate Note (a):			value of \$571,751,405 and \$57,500,643,	50,000	50,000,000
0.17%, 9/06/13	100,000	99,993,534	respectively)		
0.19%, 9/06/13	250,000	250,000,000	Credit Suisse Securities (USA) LLC, 0.70%,		
0.13%, 1/27/14	150,000	149,867,576	1/28/13 (Purchased on 12/31/12 to be		
0.17%, 2/25/14	40,000	39,986,041	repurchased at \$150,081,667, collateralized by		
Freddie Mac Discount Notes,			various corporate debt obligations and non-US		
0.14%, 6/10/13 (c)	78,160	78,111,367	government debt obligations, 0.00% to 7.84%,		
Freddie Mac Variable Rate Notes (a):			due 1/25/19 to 6/25/50, par and fair value of		
0.15%, 5/16/13	100,000	99,993,304	\$411,896,378 and \$187,500,236,	150,000	150,000,000
0.16%, 5/06/13	220,000	219,979,978	respectively)		
0.18%, 11/04/13	100,000	99,991,619	Deutsche Bank Securities Inc., 0.15%, 1/02/13		
<b>Total US Government Sponsored Agency</b>			(Purchased on 12/31/12 to be repurchased at		
<b>Obligations — 12.2%</b>		1,943,349,311	\$250,002,083, collateralized by US Treasury		
			obligations, 0.00%, due 6/27/13, par and fair		
			value of \$255,127,600 and	250,000	250,000,000
			\$255,000,036, respectively)		
<b>US Treasury Obligations</b>			Deutsche Bank Securities Inc., 0.20%, 1/02/13		
US Treasury Bills (c):			(Purchased on 12/31/12 to be repurchased at		
0.15%, 2/21/13	65,000	64,986,648	\$100,001,111, collateralized by various US		
0.14%, 2/28/13	100,000	99,977,847	government sponsored agency obligations,		
0.14%, 3/07/13	50,000	49,987,361	0.63% to 2.13%, due 10/21/15 to 08/14/17,	100,000	100,000,000
0.15%, 4/11/13	150,000	149,939,166	par and fair value of \$101,471,000 and		
0.13%, 6/27/13	305,000	304,805,054	\$102,000,542, respectively)		
0.14%, 3/21/13	100,000	99,969,717	Deutsche Bank Securities Inc., 0.25%, 1/02/13		
US Treasury Note, 1.38%, 5/15/13	25,000	25,111,407	(Purchased on 12/31/12 to be repurchased at		
<b>Total US Treasury Obligations — 5.0%</b>		794,777,200	\$607,208,433, collateralized by various US		
			government sponsored agency obligations,		
			0.45% to 3.50%, due 11/24/15 to 11/1/42,	607,200	607,200,000
			par and fair value of \$593,678,081 and		
			\$623,544,171, respectively)		
<b>Repurchase Agreements</b>			HSBC Securities (USA), Inc., 0.16%, 1/02/13		
Barclays Capital, Inc., 0.20%, 1/02/13 (Purchased			(Purchased on 12/31/12 to be repurchased at		
on 12/31/12 to be repurchased at			\$65,800,585, collateralized by various US		
\$94,001,044, collateralized by US Treasury			Treasury obligations, 0.25% to 1.75%, due		
obligations, 6.13%, due 11/15/27, par and fair			4/15/13 to 12/15/14, par and fair value of		
value of \$63,848,000 and \$95,880,104,			\$66,718,000 and \$67,119,450, respectively)	65,800	65,800,000
respectively)	94,000	94,000,000			

See Notes to Financial Statements.

# Schedule of Investments (continued)

**Prime Money Market Master Portfolio**  
(Percentages shown are based on Net Assets)

Repurchase Agreements	Par (000)	Value	Repurchase Agreements	Par (000)	Value
JPMorgan Securities LLC, 0.22%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$110,001,344, collateralized by various non-US government debt obligations, 0.21% to 5.92%, due 10/15/25 to 5/15/45, par and fair value of \$119,999,000 and \$115,500,074, respectively)	\$110,000	\$ 110,000,000	Morgan Stanley & Co. LLC, 0.25%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$611,008,486, collateralized by various US government sponsored agency obligations, 3.50% to 5.00%, due 9/01/31 to 10/01/42, par and fair value of \$848,092,168 and \$623,220,000, respectively)	\$611,000	\$ 611,000,000
JPMorgan Securities LLC, 0.42%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$30,000,700, collateralized by various non-US government debt obligations, 4.25% to 8.88%, due 5/23/13 to 2/14/34, par and fair value of \$19,570,000 and \$31,041,456, respectively)	30,000	30,000,000	RBS Securities Inc., 0.14%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$90,000,700, collateralized by various US government sponsored agency obligations, 3.50% to 4.50%, due 7/01/41 to 10/01/42, par and fair value of \$87,937,353 and \$91,803,920, respectively)	90,000	90,000,000
JPMorgan Securities LLC, 0.73%, 1/07/13 (Purchased on 12/31/12 to be repurchased at \$75,010,646, collateralized by various non-US government debt obligations, 1.26% to 7.29%, due 3/6/20 to 9/10/47, par and fair value of \$93,503,770 and \$78,838,826, respectively)	75,000	75,000,000	Wells Fargo Bank Co., 0.22%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$180,002,200, collateralized by various corporate debt obligations and non-US government debt obligations, 0.00% to 9.88%, due 6/15/14 to 12/11/49, par and fair value of \$258,182,959 and \$188,868,411, respectively)	180,000	180,000,000
Merrill Lynch, Pierce, Fenner & Smith Inc., 0.21%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$350,004,083, collateralized by various US government sponsored agency obligations, 0.51% to 6.50%, due 7/25/22 to 12/01/42, par and fair value of \$380,902,048 and \$357,677,529, respectively)	350,000	350,000,000	<b>Total Repurchase Agreements – 22.8%</b>		3,632,500,000
Morgan Stanley & Co. LLC, 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$365,503,655, collateralized by various US Treasury obligations, 0.63% to 4.63%, due 1/31/13 to 8/15/21, par and fair value of \$339,794,300 and \$372,810,134, respectively)	365,500	365,500,000	<b>Total Investments (Cost – \$15,930,976,072*) – 100.0%</b>		15,930,976,072
			<b>Other Assets Less Liabilities – 0.0%</b>		3,464,696
			<b>Net Assets – 100.0%</b>		<u>\$15,934,440,768</u>

## Notes to Schedule of Investments

\* Cost for federal income tax purposes.

- (a) Issuer is a US branch of foreign domiciled bank.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Rates shown are discount rates or a range of discount rates paid at the time of purchase.
- (d) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- Fair Value Measurements – Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:
  - Level 1 – unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Master Portfolio has the ability to access
  - Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
  - Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Master Portfolio's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Master Portfolio's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in the securities. For information about the Master Portfolio's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

# Schedule of Investments (concluded)

## Prime Money Market Master Portfolio

The following table summarizes the Master Portfolio's investments categorized in the disclosure hierarchy as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Short-Term Securities <sup>1</sup> .....	—	\$15,930,976,072	—	\$15,930,976,072

<sup>1</sup> See above Schedule of Investments for values in each security type.

Certain of the Master Portfolio's assets are held at carrying amount which approximates fair value for financial statement purposes. As of December 31, 2012, cash of \$177,388 is categorized as Level 1 within the disclosure hierarchy.

There were no transfers between levels during the year ended December 31, 2012.

Schedule of Investments December 31, 2012

Treasury Money Market Master Portfolio  
(Percentages shown are based on Net Assets)

US Treasury Obligations	Par (000)	Value	Repurchase Agreements	Par (000)	Value
US Treasury Bills (a):			Deutsche Bank Securities Inc., 0.17%, 1/07/13 (Purchased on 12/31/12 to be repurchased at \$150,004,958, collateralized by various US Treasury obligations, 0.00% to 8.50%, due 5/15/18 to 5/15/39, par and fair value of \$267,972,960 and \$153,000,078, respectively)	\$ 150,000	\$ 150,000,000
0.14%, 2/28/13	\$ 50,000	\$ 49,988,722	Deutsche Bank Securities Inc., 0.18%, 1/07/13 (Purchased on 12/31/12 to be repurchased at \$40,001,400, collateralized by various US Treasury obligations, 0.00% to 8.50%, due 5/15/18 to 2/15/40, par and fair value of \$40,390,893 and \$40,800,029, respectively)	40,000	40,000,000
0.14%, 4/04/13	100,000	99,963,833	HSBC Securities (USA) Inc., 0.15%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$50,039,417, collateralized by various US Treasury obligations, 0.63% to 1.75%, due 4/15/13 to 4/30/13, par and fair value of \$50,658,000 and \$51,040,595, respectively)	50,039	50,039,000
0.15%, 4/11/13	25,000	24,990,069	HSBC Securities (USA) Inc., 0.16%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$96,200,855, collateralized by various US Treasury obligations, 0.25% to 2.63%, due 5/15/15 to 8/15/20, par and fair value of \$92,127,600 and \$98,126,750, respectively)	96,200	96,200,000
0.15%, 4/18/13	75,000	74,966,563	HSBC Securities (USA) Inc., 0.17%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$50,000,472, collateralized by various US Treasury obligations, 0.13% to 8.75%, due 2/15/13 to 2/15/29, par and fair value of \$41,635,300 and \$51,005,040, respectively)	50,000	50,000,000
0.15%, 4/25/13	33,000	32,984,586	HSBC Securities (USA) Inc., 0.16%, 1/04/13 (Purchased on 12/31/12 to be repurchased at \$80,001,422, collateralized by various US Treasury obligations, 0.25% to 11.25%, due 1/15/13 to 11/15/42, par and fair value of \$74,668,672 and \$81,604,546, respectively)	80,000	80,000,000
0.19%, 5/02/13	15,000	14,990,774	Merrill Lynch, Pierce, Fenner & Smith Inc., 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$144,001,440, collateralized by US Treasury obligations, 0.75%, due 8/15/13, par and fair value of \$145,922,400 and \$146,880,016, respectively)	144,000	144,000,000
0.15%, 5/09/13	50,000	49,973,333	Morgan Stanley & Co. LLC, 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$258,502,585, collateralized by various US Treasury obligations, 2.50% to 4.50%, due 2/15/15 to 2/28/17, par and fair value of \$243,859,800 and \$263,670,096, respectively)	258,500	258,500,000
0.15%, 5/16/13	25,000	24,985,937	RBS Securities Inc., 0.19%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$162,001,710, collateralized by various US Treasury obligations, 1.25% to 4.25%, due 2/15/14 to 5/15/22, par and fair value of \$161,256,400 and \$165,245,443, respectively)	162,000	162,000,000
0.14%, 5/23/13	75,000	74,958,583	<b>Total Repurchase Agreements – 71.6%</b>		1,872,160,000
0.15%, 5/30/13	55,000	54,966,061	<b>Total Investments (Cost – \$2,613,566,957*) – 100.0%</b>		2,613,566,957
0.13%, 6/27/13	107,400	107,331,355	<b>Other Assets Less Liabilities – 0.0%</b>		257,429
US Treasury Notes:			<b>Net Assets – 100.0%</b>		\$2,613,824,386
1.38%, 1/15/13	40,000	40,018,968			
1.38%, 3/15/13	8,000	8,018,676			
0.63%, 4/30/13	20,000	20,029,338			
0.50%, 5/31/13	5,000	5,005,608			
0.50%, 11/15/13	35,000	35,091,088			
0.75%, 12/15/13	15,000	15,076,652			
1.00%, 1/15/14	8,000	8,066,811			
<b>Total US Treasury Obligations – 28.4%</b>		741,406,957			
<b>Repurchase Agreements</b>					
Barclays Capital, Inc., 0.14%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$50,000,389, collateralized by US Treasury obligations, 0.25%, due 9/15/15, par and fair value of \$51,082,000 and \$51,000,011, respectively)	50,000	50,000,000			
Barclays Capital, Inc., 0.20%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$217,002,411, collateralized by US Treasury obligations, 0.63%, due 8/31/17, par and fair value of \$221,047,100 and \$221,340,066, respectively)	217,000	217,000,000			
BNP Paribas Securities Corp., 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$213,423,134, collateralized by US Treasury obligations, 0.38%, due 11/15/15, par and fair value of \$217,416,300 and \$217,689,488, respectively)	213,421	213,421,000			
Citigroup Global Markets Inc., 0.18%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$72,000,720, collateralized by US Treasury obligations, 0.75%, due 10/31/17, par and fair value of \$73,102,000 and \$73,440,010, respectively)	72,000	72,000,000			
Credit Suisse Securities (USA) LLC, 0.19%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$244,002,576, collateralized by US Treasury obligations, 1.75%, due 1/31/14, par and fair value of \$243,030,000 and \$248,881,158, respectively)	244,000	244,000,000			
Credit Suisse Securities (USA) LLC, 0.15%, 1/04/13 (Purchased on 12/31/12 to be repurchased at \$40,000,667, collateralized by US Treasury obligations, 3.63%, due 08/15/19, par and fair value of \$34,590,000 and \$40,800,071, respectively)	40,000	40,000,000			
Deutsche Bank Securities Inc., 0.15%, 1/02/13 (Purchased on 12/31/12 to be repurchased at \$5,000,042, collateralized by US Treasury obligations, 0.13%, due 12/31/14, par and fair value of \$5,113,200 and \$5,100,008, respectively)	5,000	5,000,000			

See Notes to Financial Statements.

Notes to Schedule of Investments

\* Cost for federal income tax purposes.

(a) Rates shown are discount rates or a range of discount rates paid at the time of purchase.

- Fair Value Measurements – Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:
  - Level 1 – unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Master Portfolio has the ability to access
  - Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
  - Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Master Portfolio’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Master Portfolio’s policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Master Portfolio’s policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the Master Portfolio’s investments categorized in the disclosure hierarchy as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Short-Term Securities <sup>1</sup> . . . . .	–	\$2,613,566,957	–	\$2,613,566,957

<sup>1</sup> See above Schedule of Investments for values in each security type.

Certain of the Master Portfolio’s assets are held at carrying amount which approximates fair value for financial statement purposes. As of December 31, 2012, cash of \$88 is categorized as Level 1 within the disclosure hierarchy.

There were no transfers between levels during the year ended December 31, 2012.

# Statements of Assets and Liabilities

## Master Investment Portfolio

December 31, 2012	Government Money Market Master Portfolio	Money Market Master Portfolio	Prime Money Market Master Portfolio	Treasury Money Market Master Portfolio
<b>Assets</b>				
Investments at value — unaffiliated <sup>1</sup>	—	\$30,352,579,219	\$12,298,476,072	\$ 741,406,957
Repurchase agreements — unaffiliated <sup>2</sup>	\$17,629,000	4,922,586,000	3,632,500,000	1,872,160,000
Cash	762	4,646,310	177,388	88
Interest receivable	103	11,578,243	4,252,010	423,207
Contributions receivable from investors	2	932	6,870	2
Receivable from advisor	641	—	—	—
<b>Total assets</b>	<b>17,630,508</b>	<b>35,291,390,704</b>	<b>15,935,412,340</b>	<b>2,613,990,254</b>
<b>Liabilities</b>				
Investment advisory fees payable	—	2,115,197	903,246	138,079
Professional fees payable	15,945	72,520	31,598	19,742
Trustees' fees payable	737	104,125	36,728	8,047
<b>Total liabilities</b>	<b>16,682</b>	<b>2,291,842</b>	<b>971,572</b>	<b>165,868</b>
<b>Net Assets</b>	<b>\$17,613,826</b>	<b>\$35,289,098,862</b>	<b>\$15,934,440,768</b>	<b>\$2,613,824,386</b>
<b>Net Assets Consist of</b>				
Investors' capital	\$17,613,826	\$35,289,098,862	\$15,934,440,768	\$2,613,824,386
<sup>1</sup> Investments at cost — unaffiliated	—	\$30,352,579,219	\$12,298,476,072	\$ 741,406,957
<sup>2</sup> Repurchase agreements at cost — unaffiliated	\$17,629,000	\$ 4,922,586,000	\$ 3,632,500,000	\$1,872,160,000

# Statements of Operations

## Master Investment Portfolio

Year Ended December 31, 2012	Government Money Market Master Portfolio	Money Market Master Portfolio	Prime Money Market Master Portfolio	Treasury Money Market Master Portfolio
<b>Investment Income</b>				
Income	\$15,618	\$124,905,098	\$39,146,925	\$2,865,261
<b>Expenses</b>				
Investment advisory	9,249	36,786,247	12,078,166	1,887,231
Professional	15,815	125,568	45,061	21,857
Independent Trustees	3,051	393,158	125,342	28,320
<b>Total expenses</b>	<b>28,115</b>	<b>37,304,973</b>	<b>12,248,569</b>	<b>1,937,408</b>
Less fees waived by advisor	(21,738)	(11,554,727)	(3,793,901)	(625,320)
<b>Total expenses after fees waived</b>	<b>6,377</b>	<b>25,750,246</b>	<b>8,454,668</b>	<b>1,312,088</b>
<b>Net investment income</b>	<b>9,241</b>	<b>99,154,852</b>	<b>30,692,257</b>	<b>1,553,173</b>
<b>Realized Gain</b>				
Net realized gain from investments	—	2,320,981	1,868,766	127,929
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 9,241</b>	<b>\$101,475,833</b>	<b>\$32,561,023</b>	<b>\$1,681,102</b>

See Notes to Financial Statements.

# Statements of Changes in Net Assets

## Master Investment Portfolio

Increase (Decrease) in Net Assets:	Government Money Market Master Portfolio		Money Market Master Portfolio	
	Year Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
<b>Operations</b>				
Net investment income	\$ 9,241	\$ 101,405	\$ 99,154,852	\$ 60,329,486
Net realized gain	—	—	2,320,981	1,791,140
Net increase in net assets resulting from operations	9,241	101,405	101,475,833	62,120,626
<b>Capital Transactions</b>				
Proceeds from contributions	51,211,494	1,348,250,366	56,711,226,061	52,848,164,282
Value of withdrawals	(43,961,715)	(1,364,470,587)	(50,051,649,581)	(44,389,795,004)
Net increase (decrease) in net assets derived from capital transactions	7,249,779	(16,220,221)	6,659,576,480	8,458,369,278
<b>Net Assets</b>				
Total increase (decrease) in net assets	7,259,020	(16,118,816)	6,761,052,313	8,520,489,904
Beginning of year	10,354,806	26,473,622	28,528,046,549	20,007,556,645
End of year	\$ 17,613,826	\$ 10,354,806	\$35,289,098,862	\$28,528,046,549

Increase (Decrease) in Net Assets:	Prime Money Market Master Portfolio		Treasury Money Market Master Portfolio	
	Year Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
<b>Operations</b>				
Net investment income	\$ 30,692,257	\$ 22,972,083	\$ 1,553,173	\$ 551,263
Net realized gain	1,868,766	1,678,063	127,929	34,809
Net increase in net assets resulting from operations	32,561,023	24,650,146	1,681,102	586,072
<b>Capital Share Transactions</b>				
Proceeds from contributions	64,244,951,166	47,593,540,246	20,119,690,374	18,466,639,450
Value of withdrawals	(59,075,368,652)	(46,956,950,307)	(19,110,014,931)	(19,065,391,442)
Net increase (decrease) in net assets derived from capital transactions	5,169,582,514	636,589,939	1,009,675,443	(598,751,992)
<b>Net Assets</b>				
Total increase (decrease) in net assets	5,202,143,537	661,240,085	1,011,356,545	(598,165,920)
Beginning of year	10,732,297,231	10,071,057,146	1,602,467,841	2,200,633,761
End of year	\$15,934,440,768	\$10,732,297,231	\$ 2,613,824,386	\$ 1,602,467,841

See Notes to Financial Statements.

# Financial Highlights

## Master Investment Portfolio

	Government Money Market Master Portfolio				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Total Investment Return</b>					
Total investment return .....	0.10%	0.08%	0.13%	0.12%	1.99%
<b>Ratios to Average Net Assets</b>					
Total expenses .....	0.30%	0.12%	0.11%	0.10%	0.10%
Total expenses after fees waived .....	0.07%	0.07%	0.02%	0.05%	0.05%
Net investment income .....	0.10%	0.09%	0.11%	0.12%	0.59%
<b>Supplemental Data</b>					
Net assets, end of year (000) .....	\$ 17,614	\$ 10,355	\$ 26,474	\$ 656,444	\$ 1,717,936

	Money Market Master Portfolio				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Total Investment Return</b>					
Total investment return .....	0.27%	0.23%	0.27%	0.48%	2.90% <sup>1</sup>
<b>Ratios to Average Net Assets</b>					
Total expenses .....	0.10%	0.10%	0.10%	0.10%	0.10%
Total expenses after fees waived .....	0.07%	0.07%	0.07%	0.07%	0.07%
Net investment income .....	0.27%	0.22%	0.26%	0.48%	2.88%
<b>Supplemental Data</b>					
Net assets, end of year (000) .....	\$35,289,099	\$28,528,047	\$20,007,557	\$21,134,748	\$22,488,961

<sup>1</sup> For the year ended December 31, 2008, 0.01% of the total return consists of purchase of securities by BlackRock Fund Advisors ("BFA" or the "Manager") at the prices in excess of the securities' then current fair value. Excluding these items, total return would have been 2.89%.

# Financial Highlights (concluded)

## Master Investment Portfolio

	Prime Money Market Master Portfolio				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Total Investment Return</b>					
Total investment return .....	0.25%	0.21%	0.25%	0.37%	2.88% <sup>1</sup>
<b>Ratios to Average Net Assets</b>					
Total expenses .....	0.10%	0.10%	0.10%	0.10%	0.10%
Total expenses after fees waived .....	0.07%	0.07%	0.07%	0.07%	0.06%
Net investment income .....	0.25%	0.21%	0.25%	0.41%	2.77%
<b>Supplemental Data</b>					
Net assets, end of year (000) .....	\$15,934,441	\$10,732,297	\$10,071,057	\$12,208,516	\$16,570,735

<sup>1</sup> For the year ended December 31, 2008, 0.01% of the total return consists of purchase of securities by BFA at the prices in excess of the securities' then current fair value. Excluding these items, total return would have been 2.87%.

	Treasury Money Market Master Portfolio				
	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Total Investment Return</b>					
Total investment return .....	0.06%	0.09%	0.13%	0.11%	1.64%
<b>Ratios to Average Net Assets</b>					
Total expenses .....	0.10%	0.10%	0.10%	0.10%	0.10%
Total expenses after fees waived .....	0.07%	0.06%	0.06%	0.05%	0.02%
Net investment income .....	0.08%	0.03%	0.13%	0.10%	0.48%
<b>Supplemental Data</b>					
Net assets, end of year (000) .....	\$ 2,613,824	\$ 1,602,468	\$ 2,200,634	\$ 4,288,938	\$ 1,650,804

See Notes to Financial Statements.

**1. Organization and Significant Accounting Policies:**

Master Investment Portfolio (“MIP”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. MIP is organized as a Delaware statutory trust. The financial statements and these accompanying notes relate to four series of MIP: Government Money Market Master Portfolio, Money Market Master Portfolio, Prime Money Market Master Portfolio and Treasury Money Market Master Portfolio (each a “Master Portfolio” and together, the “Master Portfolios”). The Master Portfolios’ financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed by the Master Portfolios:

**Valuation:** US GAAP defines fair value as the price the Master Portfolios would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Master Portfolios’ investments are valued under the amortized cost method which approximates current market value in accordance with Rule 2a-7 under the 1940 Act. Under this method, investments are valued at cost when purchased and thereafter, a constant proportionate accretion of discounts and amortization of premiums are recorded until the maturity of the security. Each Master Portfolio seeks to maintain its net asset value per share at \$1.00, although there is no assurance that it will be able to do so on a continuing basis.

**Repurchase Agreements:** The Master Portfolios may invest in repurchase agreements. In a repurchase agreement, a Master Portfolio purchases a security from a counterparty who agrees to repurchase the same security at a mutually agreed upon date and price. On a daily basis, the counterparty is required to maintain collateral subject to the agreement and in value no less than the agreed repurchase amount. The agreements are conditioned upon the collateral being deposited under the Federal Reserve book entry system or held in a segregated account by the Master Portfolio’s custodian or designated sub-custodians under tri-party repurchase agreements. In the event the counterparty defaults and the fair value of the collateral declines, a Master Portfolio could experience losses, delays and costs in liquidating the collateral.

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

**Income Taxes:** Money Market Master Portfolio, Prime Money Market Master Portfolio and Treasury Money Market Master Portfolio are each classified as a partnership for federal income tax purposes. As such, each investor in the Master Portfolio is treated as the owner of its proportionate

share of net assets, income, expenses and realized gains and losses of the Master Portfolio. Therefore, no federal income tax provision is required. It is intended that the Master Portfolio’s assets will be managed so an investor in the Master Portfolio can satisfy the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended.

Each of Money Market Master Portfolio, Prime Money Market Master Portfolio and Treasury Money Market Master Portfolio file US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Master Portfolio’s US federal tax returns remains open for each of the four years ended December 31, 2012. The statutes of limitations on each Master Portfolio’s state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

Government Money Market Master Portfolio is disregarded as an entity separate from its owner for tax purposes. As such, the owner of the Master Portfolio is treated as the owner of the net assets, income, expenses and realized gains and losses of the Master Portfolio. Therefore, no federal income tax provision is required. It is intended that the Master Portfolio’s assets will be managed so the owner of the Master Portfolio can satisfy the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended.

**Recent Accounting Standards:** In December 2011, the Financial Accounting Standards Board (the “FASB”) issued guidance that will expand current disclosure requirements on the offsetting of certain assets and liabilities. The new disclosures will be required for investments and derivative financial instruments subject to master netting or similar agreements, which are eligible for offset in the Statements of Assets and Liabilities and will require an entity to disclose both gross and net information about such investments and transactions in the financial statements. In January 2013, the FASB issued guidance that clarifies which investments and transactions are subject to the offsetting disclosure requirements. The scope of the disclosure requirements for offsetting will be limited to derivative instruments, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions. The guidance is effective for financial statements with fiscal years beginning on or after January 1, 2013, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on each Master Portfolio’s financial statement disclosures.

**Other:** Expenses directly related to a Master Portfolio are charged to that Master Portfolio. Other operating expenses shared by several funds are pro-rated among those funds on the basis of relative net assets or other appropriate methods.

**2. Investment Advisory Agreement and Other Transactions with Affiliates:**

The PNC Financial Services Group, Inc. (“PNC”) is the largest stockholder and an affiliate, for 1940 Act purposes, of BlackRock, Inc. (“BlackRock”).

MIP, on behalf of the Master Portfolios, entered into an Investment Advisory Agreement (the “Investment Advisory Agreement”) with BlackRock Fund Advisors (“BFA”), the Master Portfolios’ investment

advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. Pursuant to the Investment Advisory Agreement with MIP, BFA is responsible for the management of each Master Portfolio's investments and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Master Portfolio. For such services, each Master Portfolio pays BFA a monthly fee at an annual rate of 0.10% of the average daily value of the Master Portfolio's net assets. BFA has contractually agreed to waive 0.03% of its investment advisory fees through April 30, 2013. BFA has also voluntarily agreed to waive investment advisory fees to enable the feeders that invest in the Master Portfolios to maintain minimum levels of daily net investment income. BFA may discontinue the voluntary waiver at any time. For the year ended December 31, 2012, the amounts included in fees waived by advisor in the Statements of Operations are as follows:

Government Money Market Master Portfolio	\$ 2,872
Money Market Master Portfolio	\$11,036,001
Prime Money Market Master Portfolio	\$ 3,623,498
Treasury Money Market Master Portfolio	\$ 575,143

The fees and expenses of the MIP's trustees who are not "interested persons" of MIP, as defined in the 1940 Act ("Independent Trustees"), counsel to the Independent Trustees and MIP's independent registered public accounting firm (together, the "independent expenses") are paid directly by the Master Portfolios. BFA has contractually agreed to cap the expenses of the Master Portfolios at the rate at which the Master Portfolios pay an advisory fee to BFA by providing an offsetting credit against the investment advisory fees paid by the Master Portfolios in an amount equal to the independent expenses. These contractual waivers are effective through April 30, 2013. The amounts waived are included in fees waived by advisor in the Statements of Operations. For the year ended December 31, 2012, such waiver amounts are as follows:

Government Money Market Master Portfolio	\$ 18,866
Money Market Master Portfolio	\$518,726
Prime Money Market Master Portfolio	\$170,403
Treasury Money Market Master Portfolio	\$ 50,177

MIP entered into an administration services arrangement with BlackRock Institutional Trust Company, N.A. ("BTC"), which has agreed to provide general administration services (other than investment advice and related portfolio activities). BTC may delegate certain of its administration duties to sub-administrators. BTC, in consideration thereof, has agreed to bear all of the Master Portfolios' and MIP's ordinary operating expenses excluding, generally, investment advisory fees, distribution fees, brokerage and other expenses related to the execution of portfolio transactions, extraordinary expenses and certain other expenses which are borne by the Master Portfolios. Effective July 1, 2012, BlackRock Advisors, LLC ("BAL") replaced BTC as administrator and entered into an Administration Agreement with the Trust, on behalf of the Funds, on similar terms.

BAL, and previously BTC, is not entitled to compensation for providing administration services to the Master Portfolios, for so long as BAL, and previously BTC, is entitled to compensation for providing administration services to corresponding feeder funds that invest substantially all of their assets in the Master Portfolios, or BAL, and previously BTC, (or an affiliate) receives investment advisory fees from the Master Portfolios.

Certain officers and/or trustees of MIP are officers and/or directors of BlackRock or its affiliates.

### 3. Market and Credit Risk:

In the normal course of business, the Master Portfolios invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all of its obligations (issuer credit risk). The value of securities held by the Master Portfolios may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Master Portfolios; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Master Portfolios may be exposed to counterparty credit risk, or the risk that an entity with which the Master Portfolios have unsettled or open transactions may fail to or be unable to perform on its commitments. The Master Portfolios manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Master Portfolios to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Master Portfolios' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Master Portfolios.

### 4. Subsequent Events:

Management has evaluated the impact of all subsequent events on the Master Portfolios through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statements.

**To the Interestholders and Board of Trustees of  
Master Investment Portfolio:**

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Government Money Market Master Portfolio, Money Market Master Portfolio, Prime Money Market Master Portfolio and Treasury Money Market Master Portfolio, each a portfolio of Master Investment Portfolio (the “Master Portfolios”), at December 31, 2012, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Master Portfolios’ management. Our responsibility is to express an

opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which include confirmation of securities at December 31, 2012 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 22, 2013

## Officers and Trustees

Name, Address and Year of Birth	Position(s) Held with Trust/MIP	Length of Time Served as a Trustee <sup>2</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Directorships
<b>Independent Trustees<sup>1</sup></b>					
<b>Ronald W. Forbes</b> 55 East 52nd Street New York, NY 10055 1940	Co-Chairman of the Board and Trustee	Since 2009	Professor Emeritus of Finance, School of Business, State University of New York at Albany since 2000.	33 RICs consisting of 106 Portfolios	None
<b>Rodney D. Johnson</b> 55 East 52nd Street New York, NY 10055 1941	Co-Chairman of the Board and Trustee	Since 2009	President, Fairmount Capital Advisors, Inc. since 1987; Member of the Archdiocesan Investment Committee of the Archdiocese of Philadelphia since 2004; Director, The Committee of Seventy (civic) since 2006; Director, Fox Chase Cancer Center from 2004 to 2011.	33 RICs consisting of 106 Portfolios	None
<b>David O. Beim</b> 55 East 52nd Street New York, NY 10055 1940	Trustee	Since 2009	Professor of Professional Practice at the Columbia University Graduate School of Business since 1991; Trustee, Phillips Exeter Academy since 2002; Chairman, Wave Hill, Inc. (public garden and cultural center) from 1990 to 2006.	33 RICs consisting of 106 Portfolios	None
<b>Dr. Matina S. Horner</b> 55 East 52nd Street New York, NY 10055 1939	Trustee	Since 2009	Executive Vice President of Teachers Insurance and Annuity Association and College Retirement Equities Fund from 1989 to 2003.	33 RICs consisting of 106 Portfolios	NSTAR (electric and gas utility)
<b>Herbert I. London</b> 55 East 52nd Street New York, NY 10055 1939	Trustee	Since 2009	Professor Emeritus, New York University since 2005; John M. Olin Professor of Humanities, New York University from 1993 to 2005 and Professor thereof from 1980 to 2005; President Emeritus, Hudson Institute (policy research organization) since 2011, President thereof from 1997 to 2011 and Trustee since 1980; Chairman of the Board of Trustees for Grantham University since 2006; Director, InnoCentive, Inc. (strategic solutions company) since 2005; Director, Cerego, LLC (software development and design) since 2005; Director, Cybersettle (dispute resolution technology) since 2009.	33 RICs consisting of 106 Portfolios	AIMS Worldwide, Inc. (marketing)
<b>Ian A. MacKinnon</b> 55 East 52nd Street New York, NY 10055 1948	Trustee	Since 2012	Director, Kennett Capital, Inc. (investments) since 2006; Director, Free Library of Philadelphia from 1999 to 2008.	33 RICs consisting of 106 Portfolios	None
<b>Cynthia A. Montgomery</b> 55 East 52nd Street New York, NY 10055 1952	Trustee	Since 2009	Professor, Harvard Business School since 1989; Director, McLean Hospital since 2005; Director, Harvard Business School Publishing from 2005 to 2010.	33 RICs consisting of 106 Portfolios	Newell Rubbermaid, Inc. (manufacturing)
<b>Joseph P. Platt</b> 55 East 52nd Street New York, NY 10055 1947	Trustee	Since 2009	Director, The West Penn Allegheny Health System (a not-for-profit health system) since 2008; Director, Jones and Brown (Canadian insurance broker) since 1998; General Partner, Thorn Partners, LP (private investments) since 1998; Director, WQED Multi-Media (public broadcasting not-for-profit) since 2001; Partner, Amama Corporation, LLC (private investment company) from 2002 to 2008.	33 RICs consisting of 106 Portfolios	Greenlight Capital Re, Ltd. (reinsurance company)
<b>Robert C. Robb, Jr.</b> 55 East 52nd Street New York, NY 10055 1945	Trustee	Since 2009	Partner, Lewis, Eckert, Robb and Company (management and financial consulting firm) since 1981.	33 RICs consisting of 106 Portfolios	None
<b>Toby Rosenblatt</b> 55 East 52nd Street New York, NY 10055 1938	Trustee	Since 2009	President, Founders Investments Ltd. (private investments) since 1999; Director, Forward Management, LLC since 2007; Director, College Access Foundation of California (philanthropic foundation) since 2009; Director, A.P. Phama, Inc. (specialty pharmaceuticals) from 1983 to 2011; Director, The James Irvine Foundation (philanthropic foundation) from 1998 to 2008.	33 RICs consisting of 106 Portfolios	None

## Officers and Trustees (continued)

Name, Address and Year of Birth	Position(s) Held with Trust/MIP	Length of Time Served as a Trustee <sup>2</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Directorships
<b>Independent Trustees<sup>1</sup> (concluded)</b>					
<b>Kenneth L. Urish</b> 55 East 52nd Street New York, NY 10055 1951	Trustee	Since 2009	Managing Partner, Urish Popeck & Co., LLC (certified public accountants and consultants) since 1976; Chairman Elect of the Professional Ethics Committee of the Pennsylvania Institute of Certified Public Accountants and Committee Member thereof since 2007; Member of External Advisory Board, The Pennsylvania State University Accounting Department since 2001; Trustee, The Holy Family Institute from 2001 to 2010; President and Trustee, Pittsburgh Catholic Publishing Associates from 2003 to 2008; Director, Inter-Tel from 2006 to 2007.	33 RICs consisting of 106 Portfolios	None
<b>Frederick W. Winter</b> 55 East 52nd Street New York, NY 10055 1945	Trustee	Since 2009	Professor and Dean Emeritus of the Joseph M. Katz School of Business, University of Pittsburgh since 2005 and Dean thereof from 1997 to 2005; Director, Alkon Corporation (pneumatics) since 1992; Director, Tippman Sports (recreation) since 2005; Director, Indotronix International (IT services) from 2004 to 2008.	33 RICs consisting of 106 Portfolios	None

<sup>1</sup> Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The Board has approved one-year extensions in terms of Trustees who turn 72 prior to December 31, 2013.

<sup>2</sup> Date shown is the earliest date a person has served for the Trust/MIP covered by this annual report. In connection with the acquisition of Barclays Global Investors by BlackRock, Inc. ("BlackRock") in December 2009, the Trustees were elected to the Trust's/MIP's Board. As a result, although the chart shows certain Trustees as joining the Trust's/MIP's board in 2009, each Trustee first became a member of the boards of other funds advised by BlackRock Advisors, LLC or its affiliates as follows: David O. Beim, 1998; Ronald W. Forbes, 1977; Dr. Matina S. Horner, 2004; Rodney D. Johnson, 1995; Herbert I. London, 1987; Cynthia A. Montgomery, 1994; Joseph P. Platt, 1999; Robert C. Robb, Jr., 1998; Toby Rosenblatt, 2005; Kenneth L. Urish, 1999; and Frederick W. Winter, 1999.

<b>Interested Trustees<sup>3</sup></b>					
<b>Paul L. Audet</b> 55 East 52nd Street New York, NY 10055 1953	Trustee	Since 2011	Senior Managing Director of, BlackRock, and Head of U.S. Mutual Funds since 2011; Chair of the U.S. Mutual Funds Committee reporting to the Global Executive Committee since 2011; Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees and of the BlackRock Alternative Investors Executive Committee and Investment Committee for the Private Equity Fund of Funds business since 2008; Head of BlackRock's Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005.	155 RICs consisting of 278 Portfolios	None
<b>Henry Gabbay</b> 55 East 52nd Street New York, NY 10055 1947	Trustee	Since 2007	Consultant, BlackRock from 2007 to 2008; Managing Director, BlackRock from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007 and Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.	155 RICs consisting of 278 Portfolios	None

<sup>3</sup> Mr. Audet is an "interested person," as defined in the 1940 Act, of the Trust/MIP based on his position with BlackRock and its affiliates. Mr. Gabbay is an "interested person" of the Trust/MIP based on his former positions with BlackRock and its affiliates as well as his ownership of BlackRock and The PNC Financial Services Group, Inc. securities. Mr. Audet and Mr. Gabbay are also Trustees of the BlackRock registered closed-end funds and Trustees of other BlackRock registered open-end funds. Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

## Officers and Trustees (concluded)

Name, Address and Year of Birth	Position(s) Held with the Trust/MIP	Length of Time Served	Principal Occupation(s) During Past Five Years
<b>Trust/MIP Officers<sup>1</sup></b>			
<b>John M. Perlowski</b> 55 East 52nd Street New York, NY 10055 1964	President and Chief Executive Officer	Since 2010	Managing Director of BlackRock since 2009; Global Head of BlackRock Fund Administration since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009.
<b>Richard Hoerner, CFA</b> 55 East 52nd Street New York, NY 10055 1958	Vice President	Since 2009	Managing Director of BlackRock since 2000; Co-head of BlackRock's Cash Management Portfolio Management Group since 2002; Member of the Cash Management Group Executive Committee since 2005.
<b>Brendan Kyne</b> 55 East 52nd Street New York, NY 10055 1977	Vice President	Since 2009	Managing Director of BlackRock since 2010; Director of BlackRock from 2008 to 2009; Head of Product Development and Management for BlackRock's U.S. Retail Group since 2009 and Co-head thereof from 2007 to 2009; Vice President of BlackRock from 2005 to 2008.
<b>Simon Mendelson</b> 55 East 52nd Street New York, NY 10055 1964	Vice President	Since 2009	Managing Director of BlackRock since 2005; Co-head of the Global Cash and Securities Lending Group since 2010; Chief Operating Officer and Head of the Global Client Group for BlackRock's Global Cash Management Business from 2007 to 2010; Head of BlackRock's Strategy and Development Group from 2005 to 2007; Partner of McKinsey & Co. from 1997 to 2005.
<b>Christopher Stavrakos, CFA</b> 55 East 52nd Street New York, NY 10055 1959	Vice President	Since 2009	Managing Director of BlackRock since 2006; Co-head of BlackRock's Cash Management Portfolio Management Group since 2006; Senior Vice President, CIO, and Director of Liability Management for the Securities Lending Group at Mellon Bank from 1999 to 2006.
<b>Neal Andrews</b> 55 East 52nd Street New York, NY 10055 1966	Chief Financial Officer	Since 2007	Managing Director of BlackRock since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.
<b>Jay Fife</b> 55 East 52nd Street New York, NY 10055 1970	Treasurer	Since 2007	Managing Director of BlackRock since 2007; Director of BlackRock in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.
<b>Brian Kindelan</b> 55 East 52nd Street New York, NY 10055 1959	Chief Compliance Officer and Anti-Money Laundering Officer	Since 2007	Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock since 2005.
<b>Benjamin Archibald</b> 55 East 52nd Street New York, NY 10055 1975	Secretary	Since 2012	Director of BlackRock since 2010; Assistant Secretary to the funds from 2010 to 2012; General Counsel and Chief Operating Officer of Uhuru Capital Management from 2009 to 2010; Executive Director and Counsel of Goldman Sachs Asset Management from 2005 to 2009.

<sup>1</sup> Officers of the Trust/MIP serve at the pleasure of the Board.

**Investment Advisor**  
BlackRock Fund Advisors  
San Francisco, CA 94105

**Custodian, Transfer Agent and Accounting Agent**  
State Street Bank and Trust Company  
Boston, MA 02110

**Distributor**  
BlackRock Investments, LLC  
New York, NY 10022

**Address of the Trust/MIP**  
400 Howard Street  
San Francisco, CA 94105

**Administrator**  
BlackRock Advisors LLC  
Wilmington, DE 19809

**Independent Registered Public Accounting Firm**  
PricewaterhouseCoopers LLP  
New York, NY 10017

**Legal Counsel**  
Sidley Austin LLP  
New York, NY 10019

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## Additional Information

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### General Information

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#### Electronic Delivery

Electronic copies of most financial reports and prospectuses are available on the Funds' websites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports and prospectuses by enrolling in the Funds' electronic delivery program.

To enroll:

#### Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor. Please note that not all investment advisors, banks or brokerages may offer this service.

#### Shareholders Who Hold Accounts Directly with BlackRock:

- 1) Access the BlackRock website at <http://www.blackrock.com/edelivery>
- 2) Select "eDelivery" under the "More Information" section
- 3) Log into your account

#### Householding

The Funds will mail only one copy of shareholder documents, including prospectuses [open end only], annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 441-7762.

#### Availability of Quarterly Portfolio Schedule

The Funds/Master Portfolios file their complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each Fund's/Master Portfolio's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on how to access documents on the SEC's website without charge may be obtained by calling (202) SEC-0330. Each Fund's/Master Portfolio's Forms N-Q may also be obtained upon request and without charge by calling (877) 244-1544.

#### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds/Master Portfolios use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (877) 244-1544; (2) at [www.blackrock.com](http://www.blackrock.com); and (3) on the Securities and Exchange Commission's (the "SEC") website at <http://www.sec.gov>.

#### Availability of Proxy Voting Record

Information about how each Fund/Master Portfolio voted proxies relating to securities held in the Fund's/Master Portfolio's portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (877) 244-1544 and (2) on the SEC's website at <http://www.sec.gov>.

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### Shareholder Privileges

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#### Account Information

Call us at (877) 244-1544 from 8:00 AM to 6:00 PM EST on any business day to get information about your account balances, recent transactions and share prices. You can also reach us on the Web at <http://www.blackrock.com/funds>.

#### Automatic Investment Plans

Investor Class shareholders who want to invest regularly can arrange to have \$50 or more automatically deducted from their checking or savings account and invested in any of the BlackRock funds.

#### Systematic Withdrawal Plans

Investor Class shareholders can establish a systematic withdrawal plan and receive periodic payments of \$50 or more from their BlackRock funds, as long as their account balance is at least \$10,000.

#### Retirement Plans

Shareholders may make investments in conjunction with Traditional, Rollover, Roth, Coverdell, Simple IRAs, SEP IRAs and 403(b) Plans.

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## Additional Information (concluded)

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### BlackRock Privacy Principles

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BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, “Clients”) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

This report is transmitted to shareholders only. It is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Funds unless accompanied or preceded by the Funds' current prospectus. An investment in a Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a Fund. Performance data quoted represents past performance and does not guarantee future results. Total return information assumes reinvestment of all distributions. Current performance may be higher or lower than the performance data quoted. For current month-end performance information, call (800) 768-2836. Each Fund's current 7-day yield more closely reflects the current earnings of the Fund than the total returns quoted. Statements and other information herein are as dated and are subject to change.

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