

**BLACKROCK®**

## **Q4 2015 Earnings**

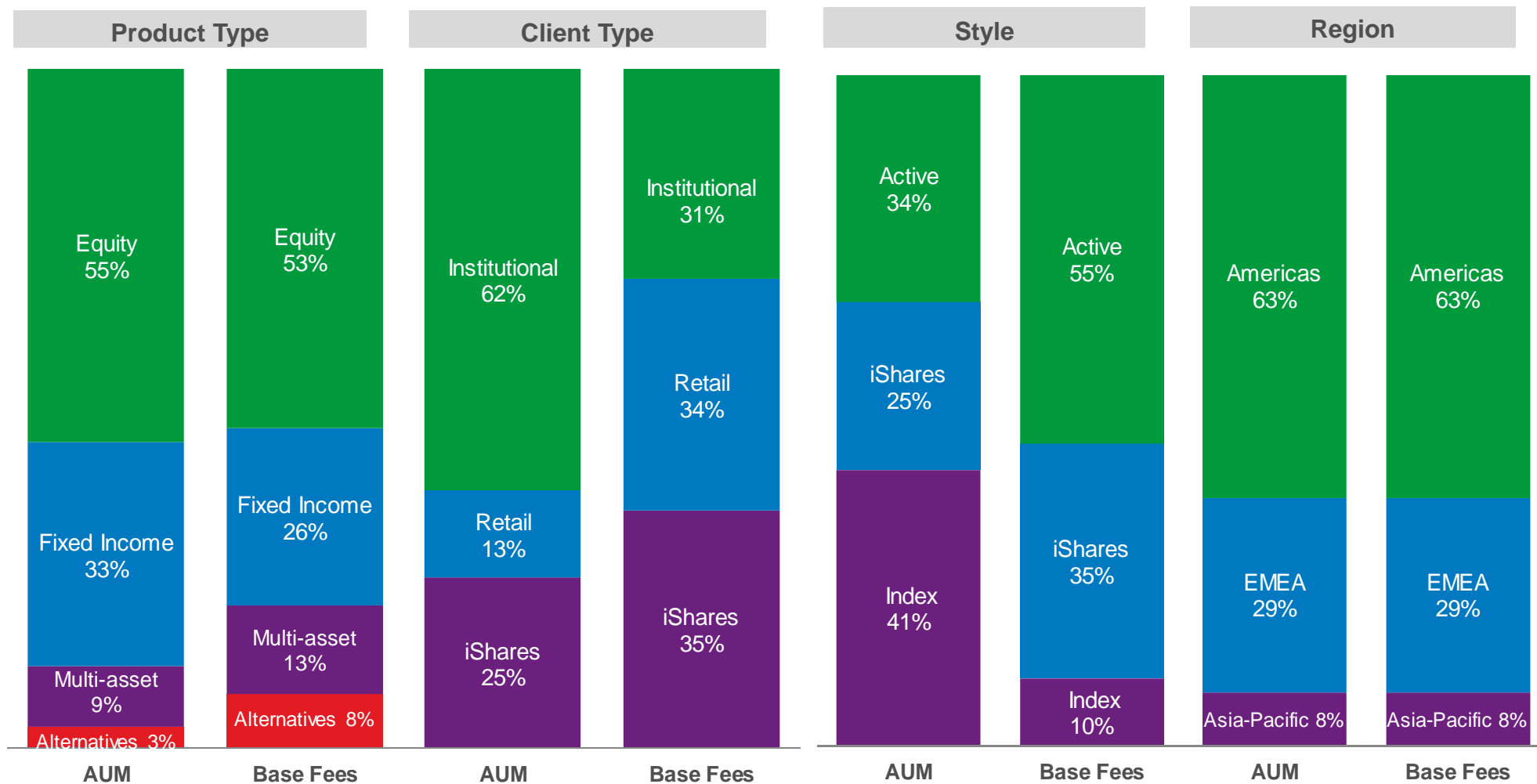
### **Earnings Release Supplement:**

*Results presented on an “as adjusted” basis, unless otherwise noted*

January 15, 2016

# A broadly diversified business across clients, products and geographies

Q4 2015 Long-term Base Fees of \$2.371 billion  
 Long-term Assets Under Management of \$4.335 trillion at December 31, 2015



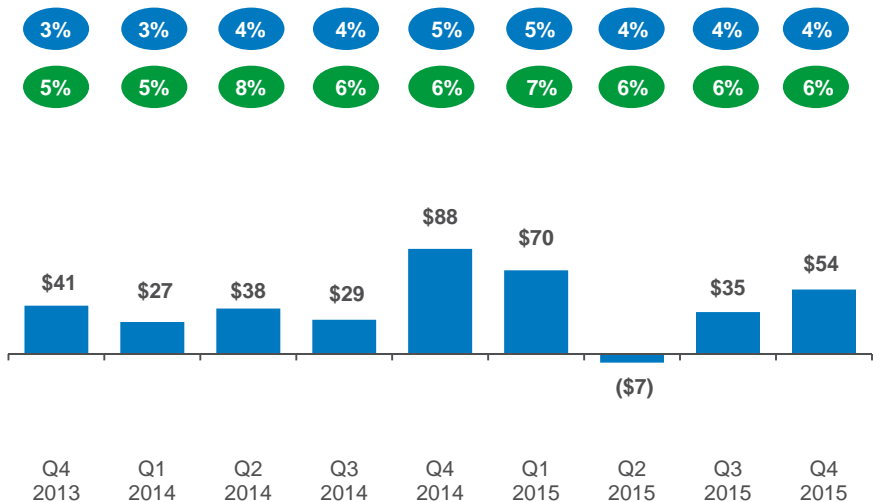
Note: Revenue and AUM by region data is based on client domicile.

# Long-term net flows (\$ in billions)

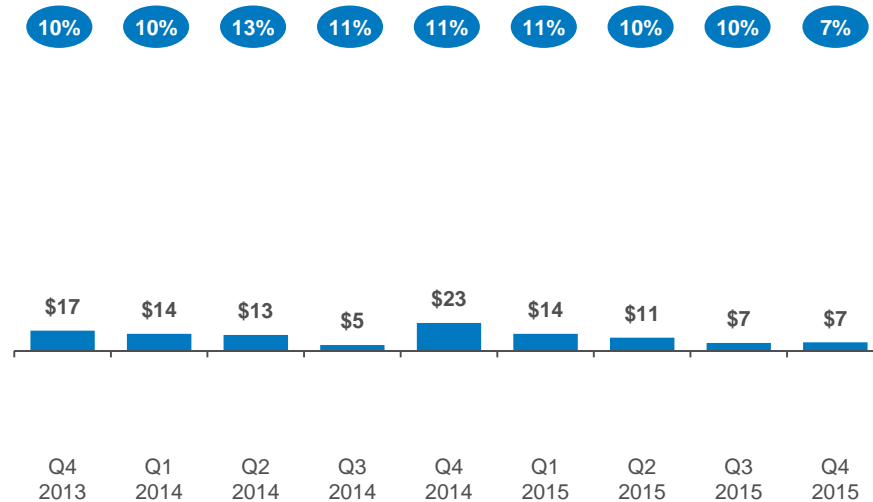
● LTM organic asset growth rate (%)

● LTM organic base fee growth rate (%)

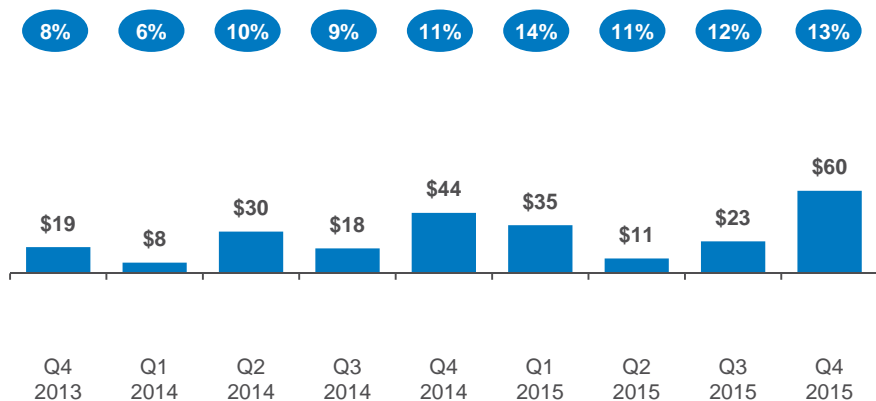
## Total Long-Term



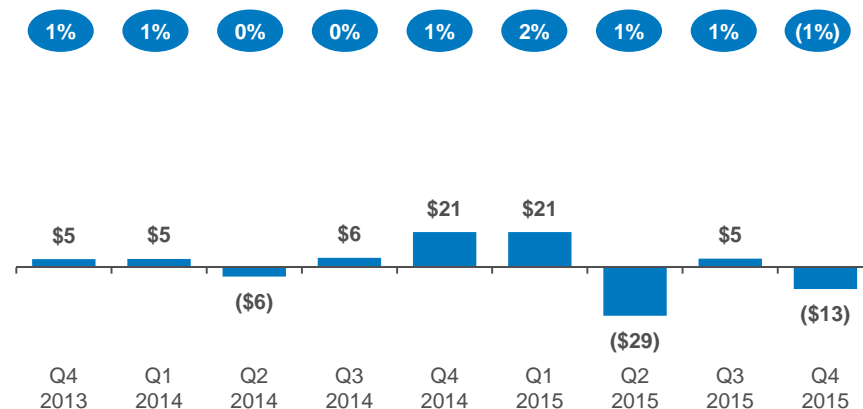
## Retail



## iShares



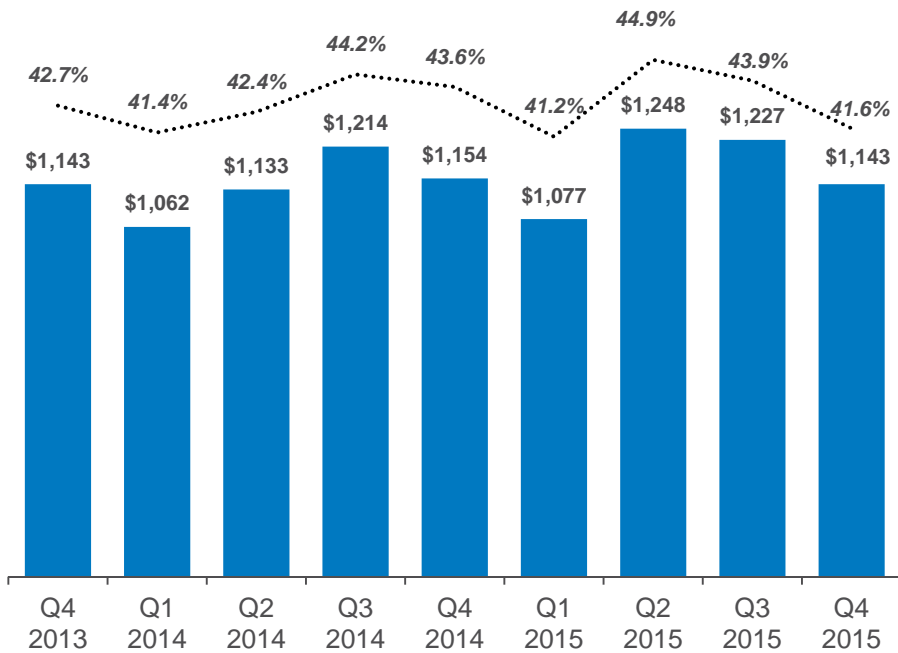
## Institutional



Note: LTM organic asset growth rate measures rolling last twelve months net flows over beginning of period assets.

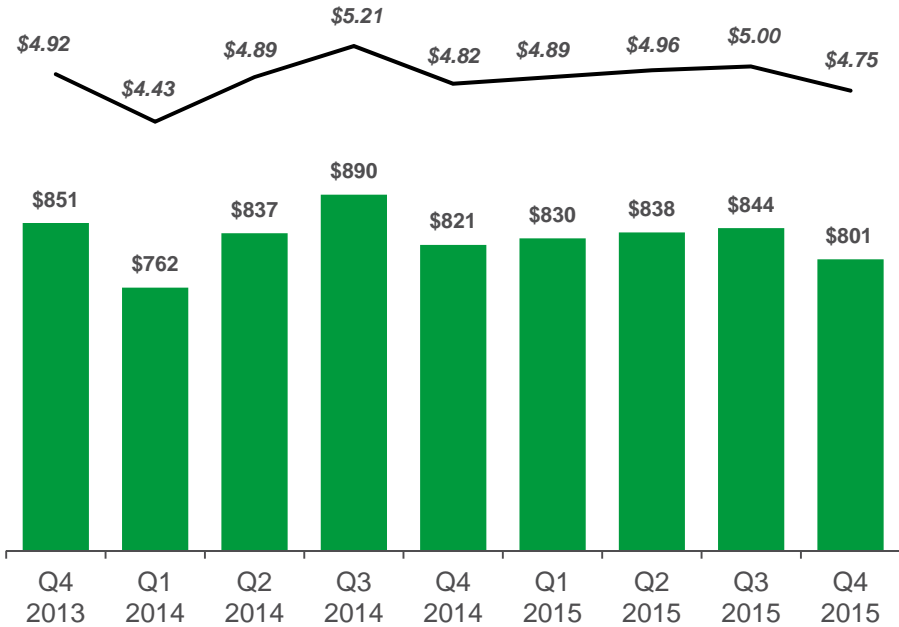
# Profitability (\$ in millions, except per share data)

Operating Income and Margin, as adjusted



Operating Income    Operating Margin

Net Income and EPS, as adjusted

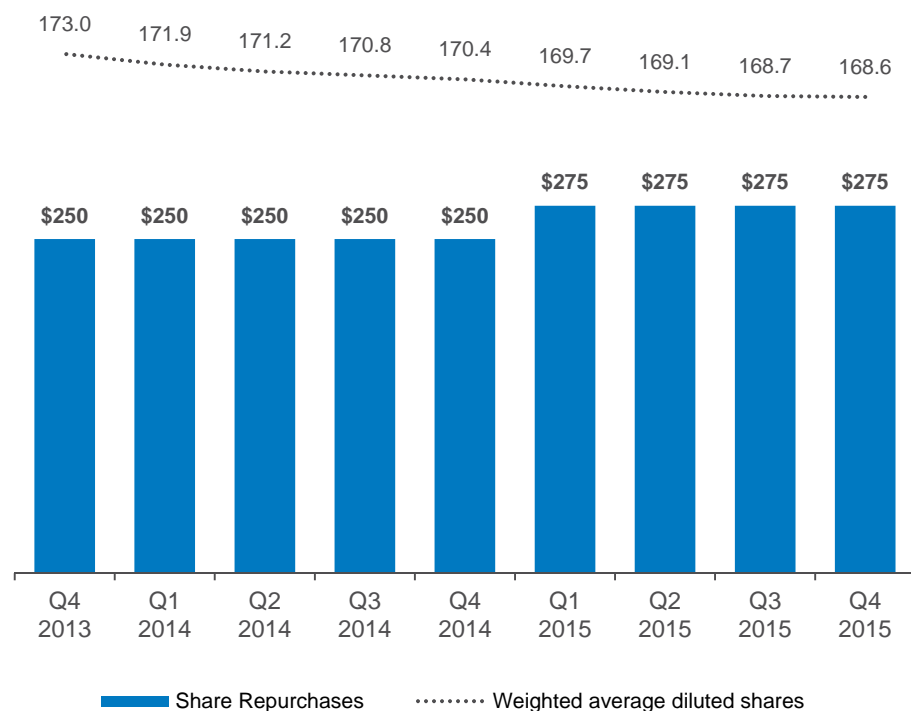


Net Income    EPS

For further information and reconciliation between GAAP and as adjusted, see page 12 of this earnings release supplement, notes (1) through (4) in the current earnings release as well as previously filed Form 10-Ks, 10-Qs and 8-Ks.

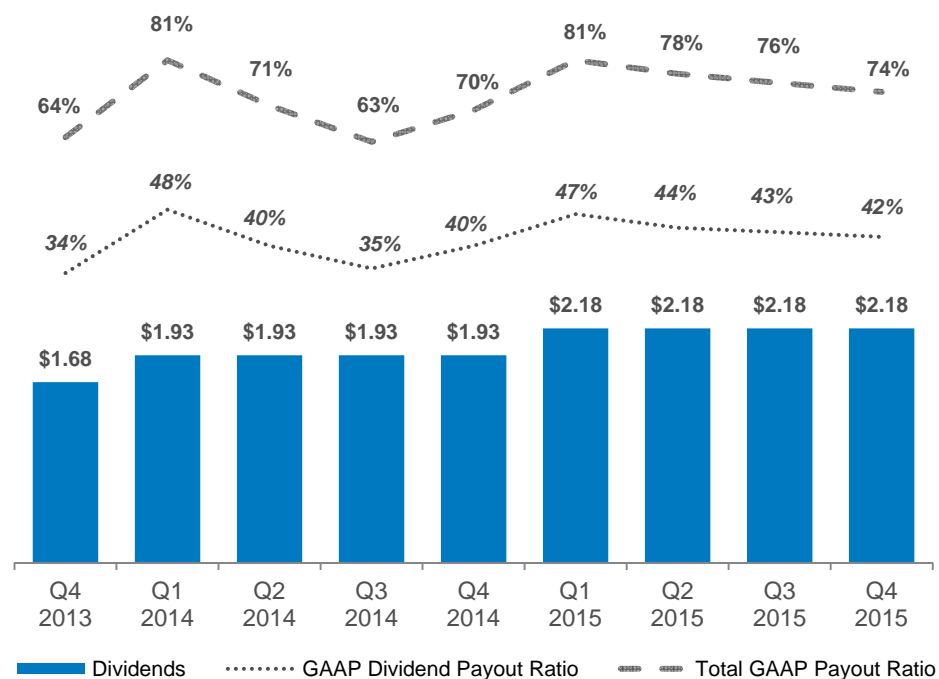
# Capital management (amounts in millions, except per share data)

## Share repurchases and weighted average diluted shares



Amounts above exclude repurchases of employee tax withholdings related to employee stock transactions.

## Dividends and Payout Ratios



GAAP Dividend Payout Ratio = Dividends declared / GAAP net income.

Total GAAP Payout Ratio = (Dividends declared + share repurchases) / GAAP net income.

## Major market indices and exchange rates

	Spot			% Change 12/31/2015 vs.		Average			% Change Q4 2015 vs.	
	12/31/2014	9/30/2015	12/31/2015	9/30/2015	12/31/2014	Q4 2014	Q3 2015	Q4 2015	Q3 2015	Q4 2014
<b>Equity Indices:</b>										
<i>Domestic</i>										
S&P 500	2,059	1,920	2,044	6%	(1%)	2,011	2,026	2,053	1%	2%
<i>Global</i>										
MSCI Barra World Index	1,710	1,582	1,663	5%	(3%)	1,695	1,691	1,677	(1%)	(1%)
MSCI Europe Index	117	117	123	5%	5%	114	127	125	(2%)	10%
MSCI AC Asia Pacific Index	138	124	132	6%	(4%)	139	135	132	(2%)	(5%)
MSCI Emerging Markets Index	956	792	794	0%	(17%)	982	860	828	(4%)	(16%)
S&P Global Natural Resources	3,147	2,365	2,376	0%	(24%)	3,249	2,714	2,509	(8%)	(23%)
<b>Fixed Income Index:</b>										
Barclays U.S. Aggregate Bond Index	1,915	1,936	1,925	(1%)	1%	1,905	1,924	1,933	0%	1%
<b>Foreign Exchange Rates:</b>										
GBP to USD	1.56	1.51	1.47	(3%)	(6%)	1.58	1.55	1.52	(2%)	(4%)
EUR to USD	1.21	1.12	1.09	(3%)	(10%)	1.25	1.11	1.09	(2%)	(13%)

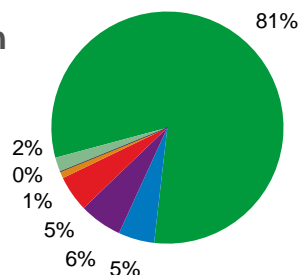
Source: Bloomberg

# Quarterly revenue

## Total Revenue

Q4 2015

\$2,863 million



- Base Fees ex. Securities Lending
- Securities Lending
- Performance Fees
- Aladdin
- Other BRS
- Distribution Fees
- Other Revenue

### Percentage Change

- Base Fees ex. SL
- Securities Lending
- Performance Fees
- Aladdin
- Other BRS
- Distribution Fees
- Other Revenue

### Year-over-Year

- 2%
- 17%
- 17%
- 9%
- (23%)
- (31%)
- (10%)

### Sequential

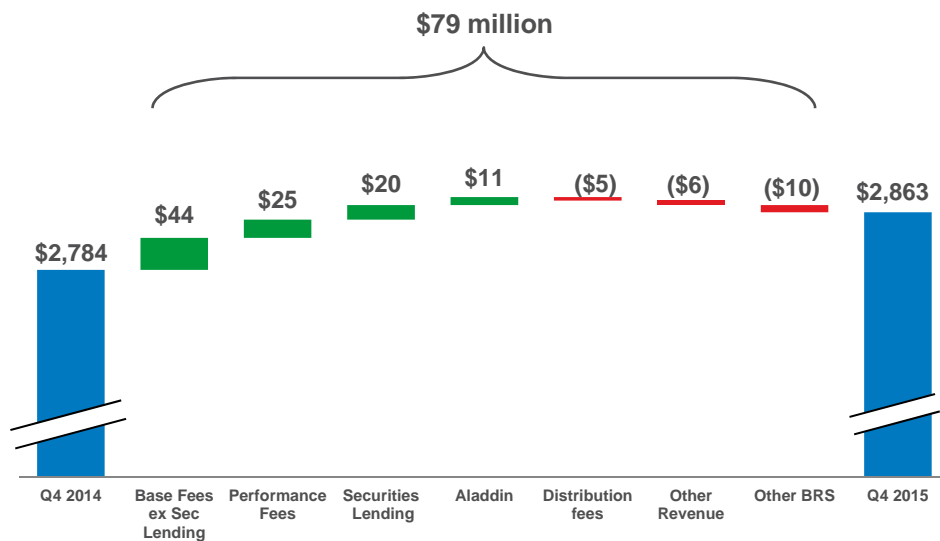
- (1%)
- 19%
- (19%)
- 2%
- 3%
- (21%)
- (20%)

**Total**

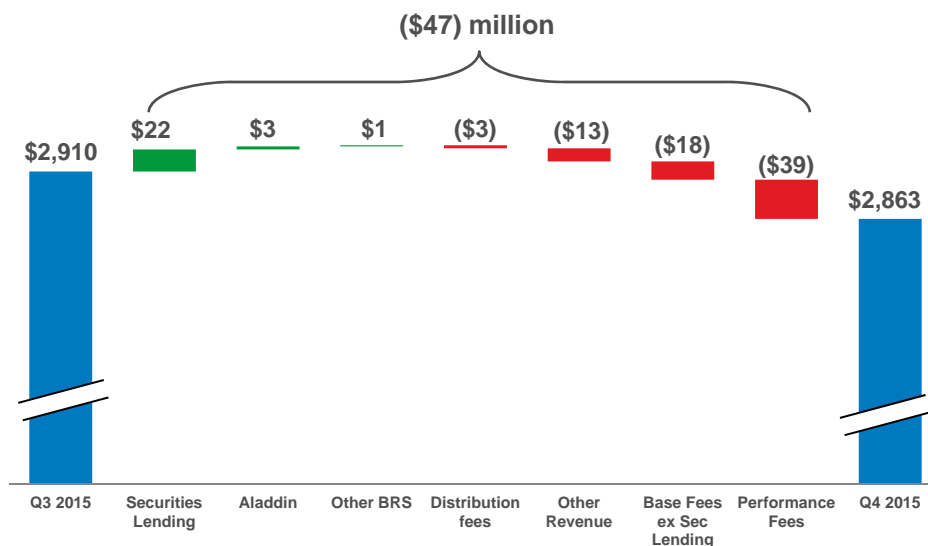
3%

(2%)

## Q4 2015 Compared to Q4 2014



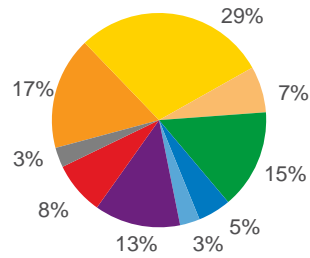
## Q4 2015 Compared to Q3 2015



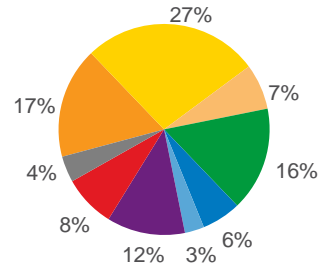
# Quarterly investment advisory, administration fees and securities lending revenue

## Investment advisory, administration fees and securities lending revenue

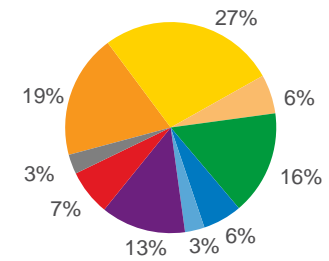
Q4 2014: \$2,396 million



Q4 2015: \$2,460 million

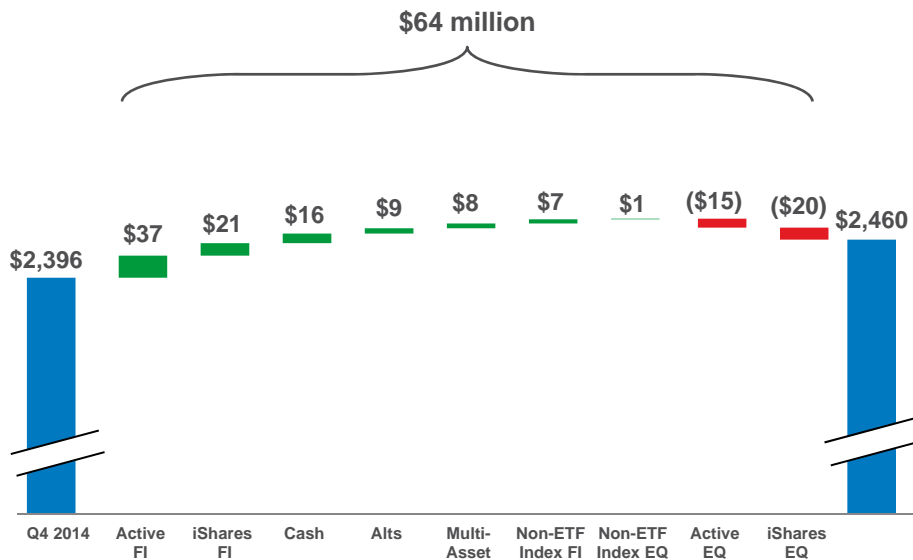


Q3 2015: \$2,456 million

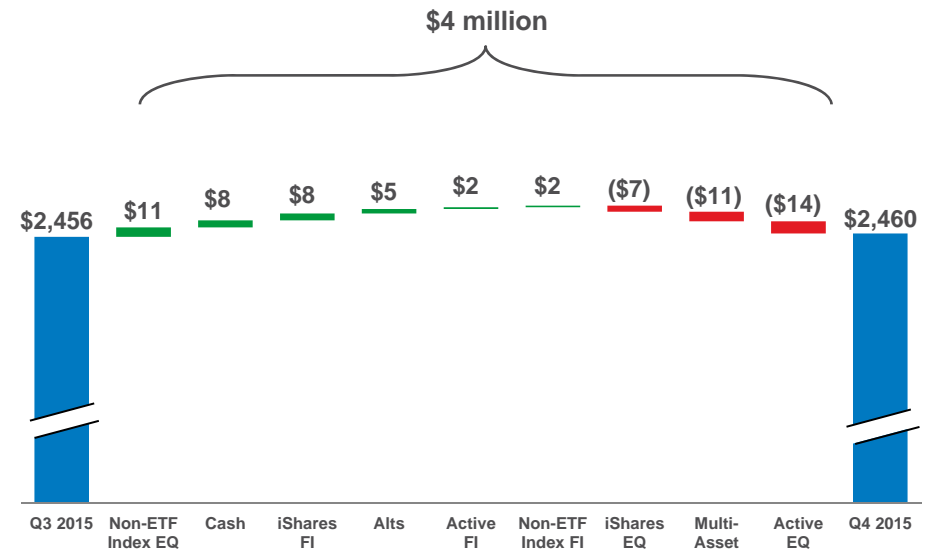


■ Active Equity 
 ■ iShares Equity 
 ■ Non-ETF Index Equity 
 ■ Active Fixed Income 
 ■ iShares Fixed Income 
 ■ Non-ETF Index Fixed Income 
 ■ Multi-Asset 
 ■ Alternatives 
 ■ Cash

### Q4 2015 Compared to Q4 2014



### Q4 2015 Compared to Q3 2015



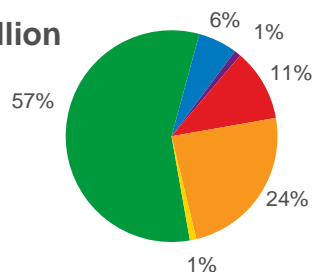


# Quarterly expense

## Expense, as adjusted, by category

Q4 2015

\$1,720 million

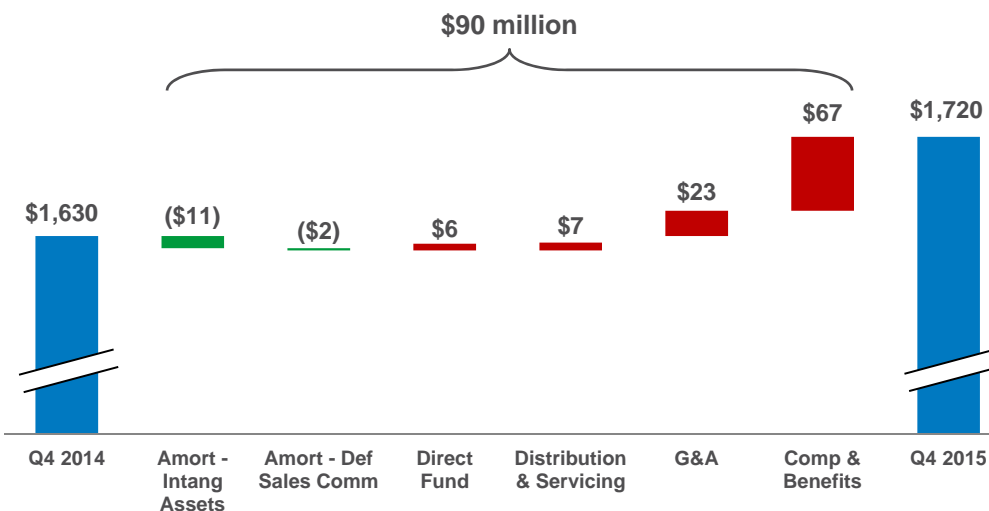


- Employee Comp. & Benefits
- Distribution & Servicing Costs
- Amort. of Deferred Sales Commissions
- Direct Fund Expense
- General & Administration
- Amortization of Intangibles

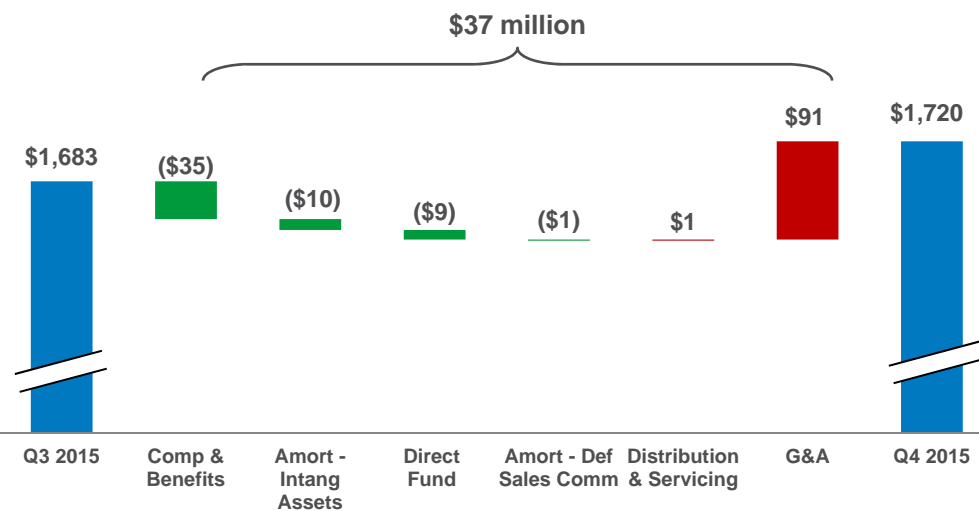
### Percentage Change

	Year-over-Year	Sequential
Employee Comp. & Benefits	7%	(3%)
Distribution & Servicing Costs	7%	1%
Amort. of Deferred Sales Commissions	(15%)	(8%)
Direct Fund Expense	3%	(5%)
General & Administrative	6%	29%
Amortization of Intangibles	(31%)	(29%)
<b>Total</b>	<b>6%</b>	<b>2%</b>

## Q4 2015 Compared to Q4 2014, as adjusted



## Q4 2015 Compared to Q3 2015, as adjusted

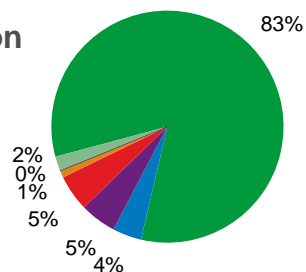


For further information and reconciliation between GAAP and as adjusted, see page 12 of this earnings release supplement and notes (1) through (4) in the current earnings release.

# Full year revenue

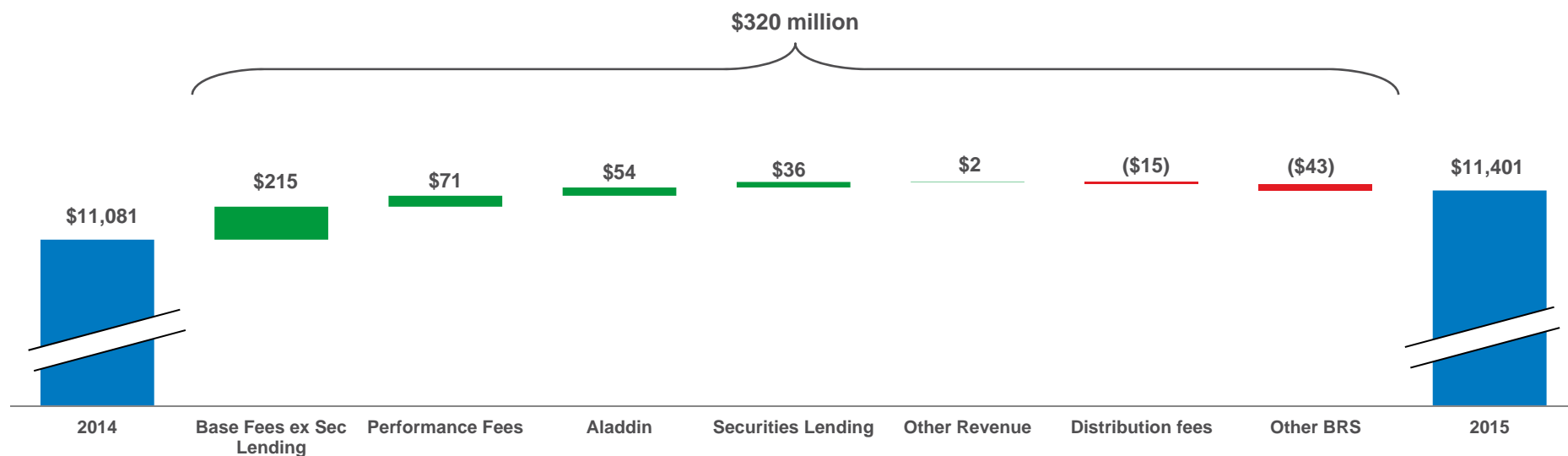
## Total Revenue

Full year 2015  
\$11,401 million



	Percentage Change	Year-over-Year
Base Fees ex. Securities Lending	Base Fees ex. SL	2%
Securities Lending	Securities Lending	8%
Performance Fees	Performance Fees	13%
Aladdin	Aladdin	11%
Other BRS	Other BRS	(27%)
Distribution Fees	Distribution Fees	(21%)
Other Revenue	Other Revenue	1%
<b>Total</b>	<b>Total</b>	<b>3%</b>

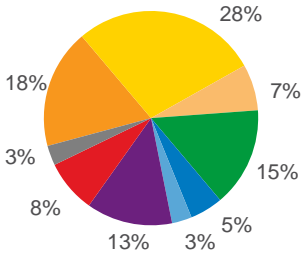
## 2015 Compared to 2014



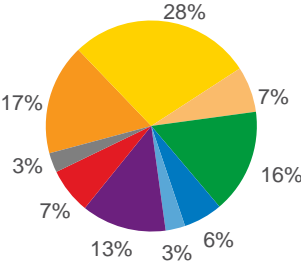
# Full year investment advisory, administration fees and securities lending revenue

## Investment advisory, administration fees and securities lending revenue

Full year 2014: \$9,589 million

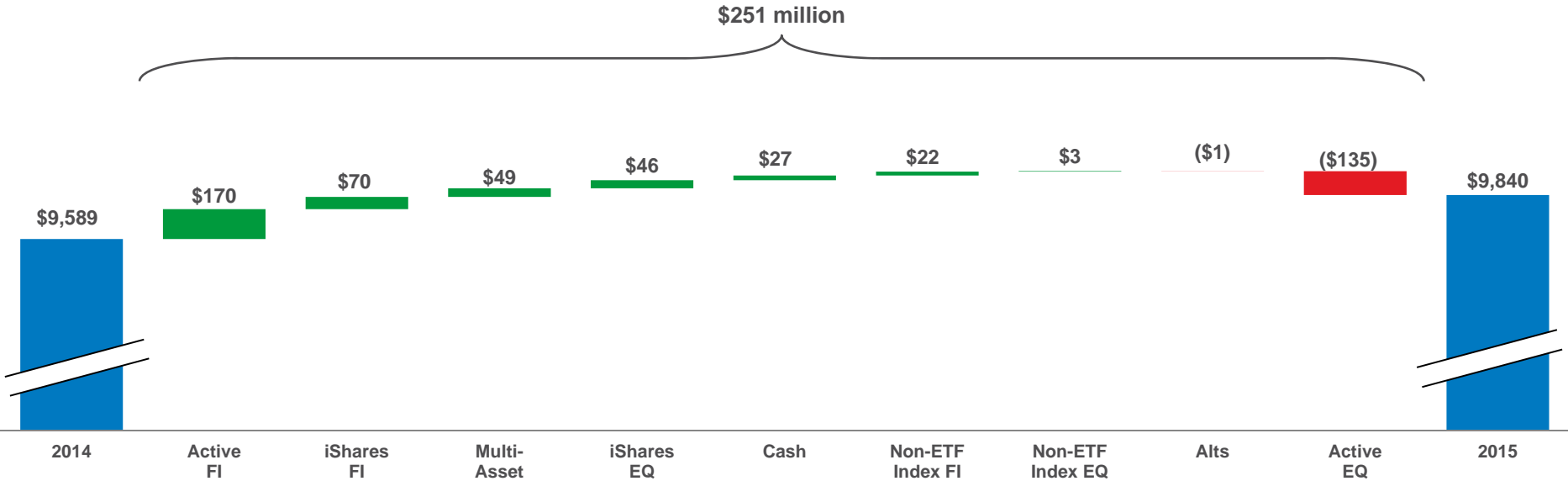


Full year 2015: \$9,840 million



■ Active Equity 
 ■ iShares Equity 
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 ■ Alternatives 
 ■ Cash

## 2015 Compared to 2014

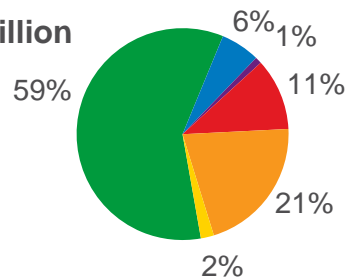


# Full year expense

## Expense, as adjusted, by category

Full year 2015

\$6,706 million



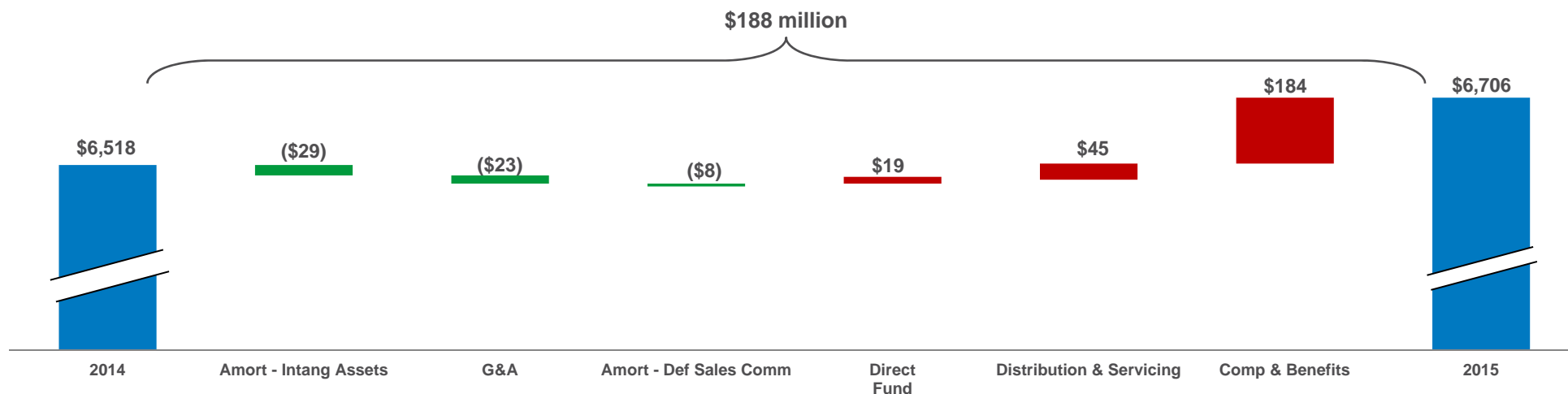
- Employee Comp. & Benefits
- Distribution & Servicing Costs
- Amort. of Deferred Sales Commissions
- Direct Fund Expense
- General & Administration
- Amortization of Intangibles

### Percentage Change

### Year-over-Year

Category	Year-over-Year
Employee Comp. & Benefits	5%
Distribution & Servicing Costs	12%
Amort. of Deferred Sales Commissions	(14%)
Direct Fund Expense	3%
General & Administrative	(2%)
Amortization of Intangibles	(18%)
<b>Total</b>	<b>3%</b>

## 2015 Compared to 2014, as adjusted



For further information and reconciliation between GAAP and as adjusted, see page 12 of this earnings release supplement and notes (1) through (4) in the current earnings release.

## Reconciliation between GAAP and as adjusted (\$ in millions)

	2013	2014				2015			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Operating Income</b>									
GAAP	\$1,133	\$1,051	\$1,122	\$1,157	\$1,144	\$1,067	\$1,238	\$1,222	\$1,137
Non-GAAP adjustments	10	11	11	57	10	10	10	5	6
As Adjusted	<u>\$1,143</u>	<u>\$1,062</u>	<u>\$1,133</u>	<u>\$1,214</u>	<u>\$1,154</u>	<u>\$1,077</u>	<u>\$1,248</u>	<u>\$1,227</u>	<u>\$1,143</u>
<b>Nonoperating Income (Expense)</b>									
GAAP	\$24	\$17	\$16	(\$52)	(\$60)	\$16	(\$41)	(\$48)	\$11
Non-GAAP adjustments	(11)	9	(36)	44	6	(5)	(9)	16	(10)
As Adjusted	<u>\$13</u>	<u>\$26</u>	<u>(\$20)</u>	<u>(\$8)</u>	<u>(\$54)</u>	<u>\$11</u>	<u>(\$50)</u>	<u>(\$32)</u>	<u>\$1</u>
<b>Net Income</b>									
GAAP	\$841	\$756	\$808	\$917	\$813	\$822	\$819	\$843	\$861
Non-GAAP adjustments	10	6	29	(27)	8	8	19	1	(60)
As Adjusted	<u>\$851</u>	<u>\$762</u>	<u>\$837</u>	<u>\$890</u>	<u>\$821</u>	<u>\$830</u>	<u>\$838</u>	<u>\$844</u>	<u>\$801</u>

Non-GAAP adjustments include amounts related to the reduction of an indemnification asset, PNC LTIP funding obligation, compensation related to appreciation (depreciation) on certain deferred compensation plans and noncash income tax matters, as applicable.

For further information and reconciliation between GAAP and as adjusted, see notes (1) through (4) in the current earnings release as well as previously filed Form 10-Ks, 10-Qs and 8-Ks.

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BlackRock cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and BlackRock assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to risk factors previously disclosed in BlackRock’s Securities and Exchange Commission reports and those identified elsewhere in this presentation, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes and volatility in political, economic or industry conditions, the interest rate environment, foreign exchange rates or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the relative and absolute investment performance of BlackRock’s investment products; (4) the impact of increased competition; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property, information and cyber security protection; (9) the impact of legislative and regulatory actions and reforms, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, and regulatory, supervisory or enforcement actions of government agencies relating to BlackRock or The PNC Financial Services Group, Inc.; (10) terrorist activities, international hostilities and natural disasters, which may adversely affect the general economy, domestic and local financial and capital markets, specific industries or BlackRock; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in the carrying value of BlackRock’s economic investments; (13) the impact of changes to tax legislation, including income, payroll and transaction taxes, and taxation on products or transactions, which could affect the value proposition to clients and, generally, the tax position of BlackRock; (14) BlackRock’s success in maintaining the distribution of its products; (15) the impact of BlackRock electing to provide support to its products from time to time and any potential liabilities related to securities lending or other indemnification obligations; and (16) the impact of problems at other financial institutions or the failure or negative performance of products at other financial institutions.

This presentation also includes non-GAAP financial measures. You can find our presentations on the most directly comparable GAAP financial measures calculated in accordance with GAAP and our reconciliations on page 12 of this earnings release supplement, our current earnings release dated January 15, 2016, and BlackRock’s other periodic reports, which are available on BlackRock’s web site at [www.blackrock.com](http://www.blackrock.com).