

Section 1: 10-Q (FORM 10-Q)

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended June 30, 2009

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from _____ to _____.

Commission file number 001-33099

BlackRock, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

32-0174431
(I.R.S. Employer
Identification No.)

40 East 52nd Street, New York, NY 10022
(Address of principal executive offices)
(Zip Code)

(212) 810-5300
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer a non-accelerated filer or, a smaller reporting company.

See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2009, there were 50,931,608 shares of the registrant’s common stock outstanding.

Table of Contents

**BlackRock, Inc.
Index to Form 10-Q**

PART I

FINANCIAL INFORMATION

	<u>Page</u>
Item 1. <u>Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Statements of Financial Condition</u>	1
<u>Condensed Consolidated Statements of Income</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income</u>	4
<u>Condensed Consolidated Statements of Changes in Equity</u>	5
<u>Condensed Consolidated Statements of Cash Flows</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	9
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	47
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	84
Item 4. <u>Controls and Procedures</u>	86

PART II

OTHER INFORMATION

Item 1. <u>Legal Proceedings</u>	86
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	86
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	87
Item 6. Exhibits	88

[Table of Contents](#)

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BlackRock, Inc.
Condensed Consolidated Statements of Financial Condition
(Dollar amounts in millions, except per share data)
(unaudited)

	June 30, 2009	December 31, 2008
Assets		
Cash and cash equivalents	\$ 2,305	\$ 2,032
Accounts receivable	1,067	901
Due from related parties	104	309
Investments	957	1,429
Separate account assets	3,131	2,623
Deferred mutual fund sales commissions, net	111	135
Property and equipment (net of accumulated depreciation of \$295 at June 30, 2009 and \$259 at December 31, 2008)	252	260
Intangible assets (net of accumulated amortization of \$396 at June 30, 2009 and \$324 at December 31, 2008)	6,371	6,441
Goodwill	5,723	5,533
Other assets	388	261
Total assets	<u>20,409</u>	<u>19,924</u>
Liabilities		
Accrued compensation and benefits	\$ 386	\$ 826
Accounts payable and accrued liabilities	628	545
Due to related parties	119	103
Short-term borrowings	200	200
Convertible debentures	247	245
Long-term borrowings	695	697
Separate account liabilities	3,131	2,623
Deferred tax liabilities	1,767	1,826
Other liabilities	263	299
Total liabilities	<u>7,436</u>	<u>7,364</u>
Commitments and contingencies (Note 12)		
Temporary equity		
Redeemable non-controlling interests	13	266
Convertible debentures	2	—
Total temporary equity	<u>15</u>	<u>266</u>

[Table of Contents](#)

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BlackRock, Inc.
Condensed Consolidated Statements of Financial Condition (continued)
(Dollar amounts in millions, except per share data)
(unaudited)

	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Permanent Equity		
BlackRock, Inc. stockholders' equity		
Common stock, \$0.01 par value;	1	1
Shares authorized: 500,000,000 at June 30, 2009 and December 31, 2008;		
Shares issued: 50,826,457 at June 30, 2009 and 118,573,367 at December 31, 2008;		
Shares outstanding: 49,915,191 at June 30, 2009 and 117,291,110 at December 31, 2008		
Preferred stock (Note 11)	1	—
Additional paid-in capital	10,891	10,473
Retained earnings	2,076	1,982
Accumulated other comprehensive (loss)	(81)	(186)
Escrow shares, common, at cost (911,266 shares held at June 30, 2009 and December 31, 2008)	(143)	(143)
Treasury stock, common, at cost (0 and 370,991 shares held at June 30, 2009 and December 31, 2008, respectively)	—	(58)
Total BlackRock, Inc. stockholders' equity	<u>12,745</u>	<u>12,069</u>
Nonredeemable non-controlling interests	213	225
Total permanent equity	<u>12,958</u>	<u>12,294</u>
Total liabilities, temporary equity and permanent equity	<u>\$20,409</u>	<u>\$ 19,924</u>

See accompanying notes to condensed consolidated financial statements.

[Table of Contents](#)**PART I – FINANCIAL INFORMATION (continued)****Item 1. Financial Statements (continued)**

BlackRock, Inc.
Condensed Consolidated Statements of Income
(Dollar amounts in millions, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue				
Investment advisory and administration base fees				
Related parties	\$ 589	\$ 830	\$ 1,138	\$ 1,632
Other third parties	261	331	511	661
Investment advisory performance fees	17	57	28	99
Investment advisory and administration base and performance fees	867	1,218	1,677	2,392
BlackRock Solutions and advisory	116	100	256	160
Distribution fees	23	34	48	69
Other revenue	23	35	35	66
Total revenue	<u>1,029</u>	<u>1,387</u>	<u>2,016</u>	<u>2,687</u>
Expenses				
Employee compensation and benefits	390	552	741	1,021
Portfolio administration and servicing costs				
Related parties	96	127	199	257
Other third parties	29	25	53	49
Amortization of deferred mutual fund sales commissions	26	33	53	63
General and administration	191	208	344	422
Restructuring charges	—	—	22	—
Amortization of intangible assets	36	37	72	74
Total expenses	<u>768</u>	<u>982</u>	<u>1,484</u>	<u>1,886</u>
Operating income	261	405	532	801
Non-operating income (expense)				
Net gain (loss) on investments	88	—	(84)	(20)
Interest and dividend income	4	14	12	32
Interest expense	(15)	(18)	(30)	(36)
Total non-operating income (expense)	<u>77</u>	<u>(4)</u>	<u>(102)</u>	<u>(24)</u>
Income before income taxes	338	401	430	777
Income tax expense	94	147	124	277
Net income	244	254	306	500
Less:				
Net income (loss) attributable to redeemable non-controlling interests	1	—	1	(3)
Net income (loss) attributable to nonredeemable non-controlling interests	25	(20)	3	(12)
Net income attributable to BlackRock, Inc.	<u>\$ 218</u>	<u>\$ 274</u>	<u>\$ 302</u>	<u>\$ 515</u>
Earnings per share attributable to BlackRock, Inc. common stockholders:				
Basic	\$ 1.62	\$ 2.04	\$ 2.25	\$ 3.85
Diluted	\$ 1.59	\$ 2.00	\$ 2.22	\$ 3.78
Cash dividends declared and paid per share	\$ 0.78	\$ 0.78	\$ 1.56	\$ 1.56
Weighted-average common shares outstanding:				
Basic	130,928,926	129,569,325	130,574,535	129,242,591
Diluted	133,364,611	132,032,538	132,668,695	131,812,500

See accompanying notes to condensed consolidated financial statements.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Dollar amounts in millions)
(unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income	\$ 244	\$ 254	\$ 306	\$ 500
Other comprehensive income:				
Change in net unrealized gain (loss) from available-for-sale investments, net of tax ⁽¹⁾	8	1	15	(4)
Minimum pension liability adjustment	—	—	1	(1)
Foreign currency translation adjustments	103	(1)	89	25
Comprehensive income attributable to BlackRock, Inc.	<u>\$ 355</u>	<u>\$ 254</u>	<u>\$ 411</u>	<u>\$ 520</u>

⁽¹⁾ The tax benefit (expense) on the change in net unrealized gain (loss) from available-for-sale investments was (\$2) and (\$1) during the three months ended June 30, 2009 and 2008, respectively, and (\$5) and \$1 during the six months ended June 30, 2009 and 2008, respectively.

See accompanying notes to condensed consolidated financial statements.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.
Condensed Consolidated Statement of Changes in Equity
(Dollar amounts in millions)
(unaudited)

	Common And Preferred Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Common Shares Held In Escrow	Treasury Stock Common	Total Stockholders' Equity	Nonredeemable Non-controlling Interests	Total Permanent Equity	Redeemable Non-controlling Interests (Temporary Equity)
December 31, 2008, as reported	\$ 1	\$ 10,461	\$ 1,991	\$ (186)	\$ (143)	\$ (58)	\$ 12,066	\$ —	\$ 12,066	\$ —
January 1, 2009 initial recognition of APB 14-1, SFAS No. 160 and EITF Topic No. D-98	—	12	(9)	—	—	—	3	225	228	266
December 31, 2008, as adjusted	1	10,473	1,982	(186)	(143)	(58)	12,069	225	12,294	266
Reclass to temporary equity – convertible debt	—	(2)	—	—	—	—	(2)	—	(2)	2
Net income	—	—	302	—	—	—	302	3	305	1
Dividends paid, net of dividend expense for unvested RSUs	—	—	(208)	—	—	—	(208)	—	(208)	—
Stock-based compensation	—	159	—	—	—	—	159	—	159	—
Issuance of common shares to institutional investor	1	299	—	—	—	—	300	—	300	—
Issuance of common shares for contingent consideration	—	43	—	—	—	—	43	—	43	—
Net issuance of common shares related to employee stock transactions	—	(83)	—	—	—	58	(25)	—	(25)	—
PNC capital contribution	—	6	—	—	—	—	6	—	6	—
Net tax shortfall from stock-based awards	—	(4)	—	—	—	—	(4)	—	(4)	—
Minimum pension liability adjustment	—	—	—	1	—	—	1	—	1	—
Subscriptions/ (redemptions/distributions) – non-controlling interest holders	—	—	—	—	—	—	—	(4)	(4)	(254)
Deconsolidation of sponsored investment funds	—	—	—	—	—	—	—	(9)	(9)	—
Foreign currency translation adjustments	—	—	—	89	—	—	89	—	89	—
Other changes in non-controlling interests	—	—	—	—	—	—	—	(2)	(2)	—
Change in net unrealized gain (loss) from available-for sale investments, net of tax	—	—	—	15	—	—	15	—	15	—
June 30, 2009	\$ 2	\$ 10,891	\$ 2,076	\$ (81)	\$ (143)	\$ —	\$ 12,745	\$ 213	\$ 12,958	\$ 15

See accompanying notes to condensed consolidated financial statements

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.
Condensed Consolidated Statement of Changes in Equity
(Dollar amounts in millions)
(unaudited)

	BlackRock, Inc. Stockholders' Equity									
	Common And Preferred Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Common Shares Held In Escrow	Treasury Stock Common	Total Stockholders' Equity	Nonredeemable Non-controlling Interests	Total Permanent Equity	Redeemable Non-controlling Interests (Temporary Equity)
December 31, 2007, as reported	\$ 1	\$ 10,274	\$ 1,622	\$ 71	\$ (188)	\$ (184)	\$ 11,596	\$ —	\$ 11,596	\$ —
Retrospective adoption of APB 14-1, SFAS No. 160 and EITF Topic No. D-98	—	12	(6)	—	—	—	6	549	555	29
December 31, 2007, as adjusted	1	10,286	1,616	71	(188)	(184)	11,602	549	12,151	29
Net income	—	—	515	—	—	—	515	(12)	503	(3)
Dividends paid, net of dividend expense for unvested RSUs	—	—	(208)	—	—	—	(208)	—	(208)	—
Release of common stock from escrow agent in connection with Quellos Transaction	—	—	—	—	45	—	45	—	45	—
Stock-based compensation	—	132	—	—	—	1	133	—	133	—
Net issuance of common shares related to employee stock transactions	—	(114)	—	—	—	91	(23)	—	(23)	—
PNC capital contribution	—	4	—	—	—	—	4	—	4	—
Net tax benefit from stock-based awards	—	47	—	—	—	—	47	—	47	—
Minimum pension liability adjustment	—	—	—	(1)	—	—	(1)	—	(1)	—
Subscriptions/ (redemptions/distributions) – non-controlling interest holders	—	—	—	—	—	—	—	5	5	(15)
Net deconsolidations of sponsored investment funds	—	—	—	—	—	—	—	—	—	(6)
Other changes in non-controlling interests	—	—	—	—	—	—	—	(3)	(3)	—
Foreign currency translation adjustments	—	—	—	25	—	—	25	—	25	—
Change in net unrealized gain (loss) from available-for sale investments, net of tax	—	—	—	(4)	—	—	(4)	—	(4)	—
June 30, 2008	<u>\$ 1</u>	<u>\$ 10,355</u>	<u>\$ 1,923</u>	<u>\$ 91</u>	<u>\$ (143)</u>	<u>\$ (92)</u>	<u>\$ 12,135</u>	<u>\$ 539</u>	<u>\$ 12,674</u>	<u>\$ 5</u>

See accompanying notes to condensed consolidated financial statements

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.
Condensed Consolidated Statements of Cash Flows
(Dollar amounts in millions)
(unaudited)

	Six Months Ended	
	June 30,	
	2009	2008
Cash flows from operating activities		
Net income	\$ 306	\$ 500
Adjustments to reconcile net income to cash from operating activities:		
Depreciation and other amortization	115	117
Amortization of deferred mutual fund sales commissions	53	63
Stock-based compensation	159	133
Deferred income tax expense (benefit)	(59)	(67)
Net gains (losses) on non-trading investments	9	19
Purchases of other investments within consolidated funds	(17)	(86)
Proceeds from sales and maturities of other investments within consolidated funds	245	83
(Earnings) losses from equity method investees	74	(10)
Distributions of earnings from equity method investees	6	14
Other adjustments	2	(1)
Changes in operating assets and liabilities:		
Accounts receivable	(164)	(324)
Due from related parties	170	(30)
Deferred mutual fund sales commissions	(29)	(57)
Investments, trading	(97)	222
Other assets	(137)	60
Accrued compensation and benefits	(434)	(415)
Accounts payable and accrued liabilities	69	256
Due to related parties	16	(20)
Other liabilities	(13)	24
Cash flows from operating activities	<u>274</u>	<u>481</u>
Cash flows from investing activities		
Purchases of investments	(14)	(285)
Purchases of assets held for sale	(1)	(59)
Proceeds from sales and maturities of investments	198	52
Return of capital from equity method investees	20	8
Net consolidations (deconsolidations) of sponsored investment funds	6	—
Contingent/other acquisition payments	(158)	—
Purchases of property and equipment	(33)	(40)
Proceeds from other investing activities	—	5
Cash flows from investing activities	<u>18</u>	<u>(319)</u>

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.
Condensed Consolidated Statements of Cash Flows (continued)
(Dollar amounts in millions)
(unaudited)

	Six Months Ended	
	June 30,	
	2009	2008
Cash flows from financing activities		
Repayment of long-term borrowings	(1)	(1)
Repayment of short-term borrowings	—	(100)
Proceeds from short-term borrowings	—	100
Cash dividends paid	(208)	(208)
Proceeds from stock options exercised	11	18
Proceeds from issuance of common stock	304	3
Repurchases of common stock	(40)	(43)
Net (redemptions/distributions paid)/ subscriptions received from non-controlling interest holders	(257)	(10)
Excess tax benefit from stock-based compensation	16	47
Net borrowings/ (repayment of borrowings) by consolidated sponsored investment funds	70	(202)
Cash flows from financing activities	<u>(105)</u>	<u>(396)</u>
Effect of exchange rate changes on cash and cash equivalents	86	6
Net increase (decrease) in cash and cash equivalents	273	(228)
Cash and cash equivalents, beginning of period	<u>2,032</u>	<u>1,656</u>
Cash and cash equivalents, end of period	<u>\$2,305</u>	<u>\$1,428</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 26	\$ 33
Cash paid for income taxes	\$ 340	\$ 295
Supplemental non-cash investing and financing activities:		
Issuance of common stock	\$ 77	\$ 109
Contingent common stock payment related to Quellos transaction	\$ 43	\$ —

See accompanying notes to condensed consolidated financial statements.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

BlackRock, Inc.

Notes to Condensed Consolidated Financial Statements

(Dollar amounts in millions, except per share data)

(unaudited)

BlackRock, Inc. and its subsidiaries (“BlackRock” or the “Company”) provide diversified investment management services to institutional clients and individual investors through various investment vehicles. Investment management services primarily consist of the management of fixed income, cash management and equity client accounts, the management of a number of open-end and closed-end mutual fund families and other non-U.S. equivalent retail products serving the institutional and retail markets, and the management of alternative funds developed to serve various customer needs. In addition, BlackRock provides market risk management, financial markets advisory and enterprise investment system services to a broad base of clients. Financial markets advisory services include valuation services relating to illiquid securities, dispositions and workout assignments (including long-term portfolio liquidation assignments), risk management and strategic planning and execution.

In September 2006, Merrill Lynch & Co., Inc. (“Merrill Lynch”) contributed the entities and net assets that constituted its investment management business (the “MLIM Business”) to BlackRock via a capital contribution, referred to as the “MLIM Transaction”, and in October 2007, BlackRock acquired certain assets and assumed certain liabilities of the fund of funds business of Quellos Group, LLC (“Quellos”), referred to as the “Quellos Transaction”.

On January 1, 2009, Bank of America Corporation (“Bank of America”) acquired Merrill Lynch, which continues as a subsidiary of Bank of America. In connection with this transaction, BlackRock entered into exchange agreements with each of Merrill Lynch and The PNC Financial Services Group, Inc. (“PNC”) pursuant to which on February 27, 2009 each exchanged a portion of the BlackRock common stock it held for an equal number of shares of non-voting preferred stock. See Note 11, Capital Stock, for more details on these transactions.

In June 2009, BlackRock announced that it entered into a definitive purchase agreement (the “Barclays Purchase Agreement”) to acquire Barclays Global Investors (“BGI”) from Barclays Bank PLC (“Barclays”). See Note 16, Pending Transaction.

1. Significant Accounting Policies

Basis of Presentation

These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and include the accounts of the Company and its controlled subsidiaries. Non-controlling interests include the portion of consolidated sponsored investment funds in which the Company does not have direct equity ownership. Significant accounts and transactions between consolidated entities have been eliminated.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Basis of Presentation (continued)

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Certain financial information that normally is included in annual financial statements, including certain financial statement footnotes, is not required for interim reporting purposes and has been condensed or omitted herein. These financial statements should be read in conjunction with the Company's consolidated financial statements and notes related thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, which was filed with the Securities and Exchange Commission ("SEC") on March 2, 2009.

The interim financial information at June 30, 2009 and for the three and six months ended June 30, 2009 and 2008 is unaudited. However, in the opinion of management, the interim information includes all normal recurring adjustments necessary for the fair presentation of the Company's results for the periods presented. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year. Certain prior year amounts have been revised or reclassified to conform to the 2009 presentation including those required by the retrospective adoption of Financial Accounting Standards Board ("FASB") issued Staff Position ("FSP") APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* ("FSP APB 14-1") (Accounting Standards Codification ("ASC") 470-20, *Debt with Conversion and Other Options*), FSP Emerging Issues Task Force ("EITF") 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("FSP EITF 03-6-1") (ASC 260-10, *Earnings per Share*) and Statement of Financial Accounting Standards ("SFAS") No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* (ASC 810-10, *Consolidation*).

Fair Value Measurements

BlackRock adopted SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157") (ASC 820-10, *Fair Value Measurements and Disclosures*) as of January 1, 2008, which requires, among other things, enhanced disclosures about assets and liabilities that are measured and reported at fair value. SFAS No. 157 establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value and requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy (i.e., Level 1, 2, and 3 inputs, as defined). The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Additionally, companies are required to provide enhanced disclosure regarding instruments in the Level 3 category (which have inputs to the valuation techniques that are unobservable and require significant management judgment), including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date. Level 1 assets include listed mutual funds, equities and certain debt securities.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fair Value Measurements (continued)

Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Assets which generally are included in this category may include short-term floating rate notes and asset-backed securities held by consolidated sponsored cash management funds, securities held within consolidated hedge funds, certain limited partnership interests in hedge funds in which the valuations for substantially all of the investments within the fund are based upon Level 1 or Level 2 inputs, as well as restricted public securities valued at a discount.

Level 3 Inputs – Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. Assets included in this category generally include general and limited partnership interests in private equity funds, funds of private equity funds, real estate funds, hedge funds, and funds of hedge funds and certain held for sale real estate assets.

Level 3 inputs include BlackRock capital accounts for its partnership interests in various alternative investments, including distressed credit hedge funds, real estate and private equity funds. The various partnerships are investment companies which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the fund to utilize pricing/valuation information, including independent appraisals, from third party sources, however, in some instances current valuation information, for illiquid securities or securities in markets that are not active, may not be available from any third party source or fund management may conclude that the valuations that are available from third party sources are not reliable. In these instances fund management may perform model-based analytical valuations that may be used to value these investments.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Basis of Presentation (continued)

Classification and Measurement of Redeemable Securities

EITF Topic No. D-98, *Classification and Measurement of Redeemable Securities* (ASC 480-10, *Distinguishing Liabilities from Equity*), requires temporary equity classification for instruments that are currently redeemable or convertible for cash or other assets at the option of the holder. At June 30, 2009 and December 31, 2008 the Company determined that \$13 and \$266, respectively, of non-controlling interests related to certain consolidated sponsored investment funds were redeemable for cash or other assets, resulting in temporary equity classification on the condensed consolidated statements of financial condition. The amount of temporary equity related to convertible instruments is measured as the excess of the amount of cash required to be exchanged in a hypothetical settlement, as of the balance sheet date, over the current carrying amount of the liability component. During the six months ended June 30, 2009, the 2.625% convertible debentures became convertible at the option of the holders into cash and shares of the Company's common stock. The amount of cash required to be paid out in a hypothetical settlement exceeded the current carrying amount of the liability component by \$2, which was classified as temporary equity—convertible debentures on the condensed consolidated statement of financial condition.

Assets and Liabilities to be Disposed of by Sale

In the course of the business of establishing real estate and private equity sponsored investment funds, the Company may purchase land, properties and third party private equity funds while incurring liabilities directly associated with the assets, together a disposal group, with the intention to sell the disposal group to sponsored investment funds upon their launch. In accordance with the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets* (ASC 360-10, *Property, Plant and Equipment*) the Company treats these assets and liabilities as a “disposal group”, measured at the lower of the carrying amount or fair value. Losses are recognized for any initial or subsequent write-down to fair value and gains are recognized for any subsequent increase in fair value, but not in excess of the cumulative loss previously recognized.

At June 30, 2009, the Company held disposal group assets of \$50 and related liabilities of \$49 in other assets and other liabilities, respectively, on its condensed consolidated statement of financial condition. Disposal group liabilities include approximately \$47 of borrowings directly associated with the disposal group assets. During the three and six months ended June 30, 2009, the Company recorded a net loss of \$0 and \$1, respectively within non-operating income (expense) on its condensed consolidated statement of income related to the disposal group.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accounting Policies Adopted in the Six Months Ended June 30, 2009

Non-Controlling Interests

In December 2007, the FASB issued SFAS No. 160. SFAS No. 160 establishes accounting and reporting standards for a non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary and clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity, separate from the parent's equity, in the consolidated financial statements. In addition, consolidated net income should be adjusted to include the net income attributed to the non-controlling interests. The Company adopted SFAS No. 160 on January 1, 2009. SFAS No. 160 required retrospective adoption of the presentation and disclosure requirements for existing non-controlling interests. All other requirements of SFAS No. 160 are applied prospectively. The adoption of SFAS No. 160 did not impact BlackRock's stockholders' equity on the condensed consolidated statements of financial condition.

Convertible Debt Instruments

In May 2008, the FASB issued FSP APB 14-1. FSP APB 14-1 specifies that for convertible debt instruments that may be settled in cash upon conversion, issuers of such instruments should separately account for the liability and equity components in the statement of financial condition. The excess of the initial proceeds of the convertible debt instrument over the amount allocated to the liability component creates a debt discount which should be amortized as interest expense over the expected life of the liability. FSP APB 14-1 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008 and is to be applied retrospectively. At December 31, 2008, the Company had \$249 principal amount of convertible debentures outstanding, which were issued in February 2005, bear interest at a rate of 2.625%, and are due in 2035. The Company retrospectively adopted FSP APB 14-1 on January 1, 2009 resulting in a total cumulative impact of a \$9 reduction to retained earnings at December 31, 2008. The effective borrowing rate for nonconvertible debt at the time of issuance of the 2.625% convertible debentures was estimated to be 4.3%, which resulted in \$18 of the \$250 aggregate principal amount of the debentures issued, or \$12 after tax, being attributable to equity. At December 31, 2008 and June 30, 2009, \$4 and \$2, respectively, of the initial \$18 debt discount remained unamortized, and is expected to be amortized to the first put date of the convertible debentures in February 2010. The Company recognized approximately \$1 of additional interest expense in each of the three months ended June 30, 2009 and 2008 and \$2 of additional interest expense in each of the six months ended June 30, 2009 and 2008.

See below for retrospective EPS impact of adopting FSP APB 14-1 for the three and six months ended June 30, 2008.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accounting Policies Adopted in the Six Months Ended June 30, 2009 (continued)

Earnings Per Share

In June 2008, the FASB issued FSP EITF 03-6-1 which specifies that all outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends or dividend equivalents are considered participating securities and should be included in the computation of EPS pursuant to the two-class method as defined in SFAS No. 128, *Earnings per Share*. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. All prior period EPS data presented must be adjusted retrospectively. Prior to 2009, the Company awarded restricted stock and restricted stock units with nonforfeitable dividend equivalent rights. Restricted stock and restricted stock units awarded in 2009 are not considered participating securities as dividend equivalents are subject to forfeiture prior to vesting of the award. The Company adopted FSP EITF 03-6-1 on January 1, 2009. See below for the retrospective EPS impact of adopting FSP EITF 03-6-1 for the three and six months ended June 30, 2008.

EPS Impact of Adoption of FSP APB 14-1, FSP EITF 03-6-1 and SFAS No. 160

The following table illustrates the effect on net income attributable to BlackRock, Inc. and earnings per share upon retrospective application of FSP APB 14-1, FSP EITF 03-6-1 and SFAS No. 160 during the three and six months ended June 30, 2008.

	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Net income, as previously reported	\$ 274	\$ 516
Impact of FSP APB 14-1	—	(1)
Net income attributable to BlackRock, Inc., as currently reported	<u>\$ 274</u>	<u>\$ 515</u>
Earnings per share attributable to BlackRock, Inc. common stockholders:		
Basic earnings per common share, as previously reported	\$ 2.12	\$ 3.99
Basic earnings per common share, as currently reported	\$ 2.04	\$ 3.85
Diluted earnings per common share, as previously reported	\$ 2.05	\$ 3.87
Diluted earnings per common share, as currently reported	\$ 2.00	\$ 3.78

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accounting Policies Adopted in the Six Months Ended June 30, 2009 (continued)

Fair Value Measurements

In February 2008, the FASB issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157* (“FSP FAS 157-2”) (ASC 820-10, *Fair Value Measurements and Disclosures*). FSP FAS 157-2 delayed the effective date of the application of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all non-financial assets and liabilities recognized or disclosed at fair value in the financial statements on a non-recurring basis. Non-recurring non-financial assets and liabilities include goodwill, indefinite-lived and finite-lived intangible assets and long-lived assets each measured at fair value for purposes of impairment testing, asset retirement and guarantee obligations initially measured at fair value, and those assets and liabilities initially measured at fair value in a business combination or asset purchase. The adoption of the provisions of FSP FAS 157-2 on January 1, 2009 for non-recurring non-financial assets and liabilities did not have a material impact on Company’s condensed consolidated financial statements.

Fair Value Measurements Disclosures and Impairments of Securities:

In April 2009, the FASB issued the following three FSPs intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities:

FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (“FSP FAS 115-2 and FAS 124-2”) (ASC 320-10, *Investments – Debt and Equity Securities*) amends current other-than-temporary impairment guidance in GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. Under FSP FAS 115-2 and FAS 124-2, an other-than-temporary impairment is triggered if (1) an entity has the intent to sell the security, (2) it is more likely than not that an entity will be required to sell the security before recovery, or (3) an entity does not expect to recover the entire amortized cost basis of the security. If an entity does not intend to sell a security and it is not more likely than not that the entity will be required to sell the security, but the security has suffered a credit loss, the impairment charge will be separated into the credit loss component, which is recorded in earnings, and the remainder is recorded in other comprehensive income. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities.

FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (“FSP FAS 157-4”) (ASC 820-10, *Fair Value Measurements and Disclosures*), provides additional guidance on determining when the volume and level of activity for an asset or liability has significantly decreased. FSP FAS 157-4 also includes guidance on identifying circumstances that indicate a transaction is not orderly.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accounting Policies Adopted in the Six Months Ended June 30, 2009 (continued)

Fair Value Measurements Disclosures and Impairments of Securities (continued):

FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (“FSP FAS 107-1 and APB 28-1”) (ASC 825-10, *Financial Instruments*), amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to expand the required qualitative and quantitative disclosures about fair value of financial instruments to interim reporting periods for publicly traded entities. FSP FAS 107-1 and APB 28-1 also amends APB Opinion No. 28, *Interim Financial Reporting* (ASC 270-10, *Interim Reporting*), to require those disclosures in summarized financial information at interim reporting periods.

The adoption of all three FSPs as of April 1, 2009, did not materially impact the Company’s condensed consolidated financial statements.

Business Combinations

In December 2007, the FASB issued SFAS No. 141 (revised), *Business Combinations* (ASC 805, *Business Combinations*), and in April 2009, the FASB issued FSP 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise From Contingencies*, together (“SFAS No. 141(R)”). SFAS No. 141(R) replaces SFAS No. 141, *Business Combinations* (“SFAS No. 141”), while retaining the fundamental requirements of SFAS No. 141 that the acquisition method of accounting (the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141(R) further defines the acquirer, establishes the acquisition date and broadens the scope of transactions that qualify as business combinations.

Additionally, SFAS No. 141(R) changes the fair value measurement provisions for assets acquired, liabilities assumed and any non-controlling interest in the acquiree, provides guidance for the measurement of fair value in a step acquisition, changes the requirements for recognizing assets acquired and liabilities assumed subject to contingencies, provides guidance on recognition and measurement of contingent consideration and requires that acquisition-related costs of the acquirer generally be expensed as incurred. Liabilities for unrecognized tax benefits related to tax positions assumed in business combinations that settled prior to the adoption of SFAS No. 141 (R) affected goodwill. If such liabilities reverse subsequent to the adoption of SFAS No. 141(R), such reversals will affect the income tax provision in the period of reversal. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company adopted SFAS No. 141(R) on January 1, 2009. The adoption of SFAS No. 141(R) impacted the Company’s condensed consolidated financial statements in the six months ended June 30, 2009 as certain acquisition related costs in connection with the Barclays Global Investors Transaction have been expensed as incurred. See Note 16, Pending Transaction.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accounting Policies Adopted in the Six Months Ended June 30, 2009 (continued)

Useful Life of Intangible Assets

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets* (“FSP FAS 142-3”) (ASC 350-30, *Intangibles – Goodwill and Other*). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (“SFAS No. 142”) (ASC 350-30, *Intangibles – Goodwill and Other*). FSP FAS 142-3 requires that an entity shall consider its own experience in renewing similar arrangements. FSP FAS 142-3 is intended to improve the consistency between the useful life of an intangible asset determined under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R) and other GAAP. FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption on January 1, 2009 of FSP FAS 142-3 did not materially impact the Company’s condensed consolidated financial statements.

Disclosures about Derivative Instruments

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an amendment of SFAS No. 133* (“SFAS No. 161”) (ASC 815-10, *Derivatives and Hedging*). SFAS No. 161 expands the disclosure requirements for derivative instruments and hedging activities. SFAS No. 161 specifically requires enhanced disclosures addressing: a) how and why an entity uses derivative instruments, b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations and c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The adoption on January 1, 2009 of the additional disclosure requirements of SFAS No. 161 did not materially impact the Company’s condensed consolidated financial statements.

Meaning of Indexed to a Company’s Own Stock

In June 2008, the FASB issued EITF No. 07-5, *Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity’s Own Stock* (“EITF 07-5”) (ASC 815-40, *Derivatives and Hedging: Contracts in Entity’s Own Entity*). EITF 07-5 provides guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity’s own stock. To meet the definition of “indexed to its own stock,” an instrument’s contingent exercise provisions must not be based on an observable market other than the market for the issuer’s stock, and its settlement amount must be based only on those variables that are inputs to the fair value of a “fixed-for-fixed” forward or option on an entity’s equity shares. EITF 07-5 was adopted on January 1, 2009 and did not change the classification or measurement of the Company’s financial instruments.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accounting Policies Adopted in the Six Months Ended June 30, 2009 (continued)

Subsequent Events

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (“SFAS No. 165”) (ASC 855-10, *Subsequent Events*), which provides guidance to establish general standards of accounting for and disclosures of events that occur after balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 is effective for interim or fiscal periods ending after June 15, 2009. The Company adopted SFAS No. 165 on June 30, 2009. The adoption of SFAS No. 165 did not materially impact the Company’s condensed consolidated financial statements. See Note 17, Subsequent Events, for further discussion.

Recent Accounting Developments

New Consolidation Guidance for Variable Interest Entities:

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (“SFAS No. 167”), which amends the consolidation guidance for variable interest entities under FIN 46(R). The amendments include: (1) the elimination of the exemption from consolidation for qualifying special purpose entities, (2) a new approach for determining the primary beneficiary of a variable interest entity (“VIE”), which requires that the primary beneficiary have both (i) the power to control the most significant activities of the VIE and (ii) either the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, and (3) the requirement to continually reassess who should consolidate a variable-interest entity. SFAS No. 167 is effective for the beginning of an entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter.

The Company does not expect the adoption of SFAS No. 167 to impact net income attributable to BlackRock, Inc. or its stockholders’ equity, however, it is currently evaluating the impact to its condensed consolidated financial statements, as a result of consolidating the assets and liabilities and net income (loss) of certain VIEs in addition to a corresponding non-controlling interest liability and allocation of net income (loss) to non-controlling interests.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Investments

A summary of the carrying value of total investments is as follows:

	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Available-for-sale investments	\$ 70	\$ 101
Trading investments	134	122
Other investments:		
Consolidated sponsored investment funds (non cash management funds)	342	349
Consolidated sponsored cash management funds	—	326
Equity method investments	387	501
Deferred compensation plan hedge fund equity method investments	<u>24</u>	<u>30</u>
Total other investments	<u>753</u>	<u>1,206</u>
Total investments	<u>\$ 957</u>	<u>\$ 1,429</u>

At June 30, 2009, the Company had \$418 of total investments held by consolidated sponsored investment funds of which \$76 and \$342 were classified as trading investments and other investments, respectively.

At December 31, 2008, the Company had \$728 of total investments held by consolidated sponsored investment funds of which \$53 and \$675 were classified as trading investments and other investments, respectively.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Investments (continued)

Available-for-sale investments

A summary of the cost and carrying value of investments classified as available-for-sale, is as follows:

<u>June 30, 2009</u>	<u>Cost</u>	<u>Gross Unrealized</u>		<u>Carrying Value</u>
		<u>Gains</u>	<u>Losses</u>	
Available-for-sale investments:				
<u>Equity securities:</u>				
Sponsored investment funds	\$ 8	\$ —	\$ (2)	\$ 6
Collateralized debt obligations (“CDOs”)	3	—	—	3
<u>Debt securities:</u>				
Mortgage debt	40	—	—	40
Asset-backed debt	14	1	—	15
Corporate debt	3	—	—	3
Foreign government debt	2	1	—	3
Total available-for-sale investments	<u>\$ 70</u>	<u>\$ 2</u>	<u>\$ (2)</u>	<u>\$ 70</u>
<u>December 31, 2008</u>	<u>Cost</u>	<u>Gross Unrealized</u>		<u>Carrying Value</u>
		<u>Gains</u>	<u>Losses</u>	
Available-for-sale investments:				
Sponsored investment funds	\$109	\$ —	\$ (16)	\$ 93
Collateralized debt obligations	6	—	(2)	4
Other debt securities	4	—	—	4
Total available-for-sale investments	<u>\$119</u>	<u>\$ —</u>	<u>\$ (18)</u>	<u>\$ 101</u>

Available-for-sale investments includes debt securities received upon closure of an enhanced cash fund, in lieu of the Company’s remaining investment in the fund and securities purchased from another enhanced cash fund.

During the six months ended June 30, 2009 and 2008, the Company recorded other-than-temporary impairments of \$4, including \$2 related to credit loss impairments on debt securities, and \$5, respectively which was recorded in non-operating income (expense) on the condensed consolidated statements of income. The \$2 credit loss impairment was determined by comparing the estimated discounted cash flows versus the amortized cost for each individual security.

The Company has reviewed the gross unrealized losses of \$2 as of June 30, 2009 related to available-for-sale equity securities, of which \$1 had been in a loss position for greater than twelve months, and determined that these unrealized losses were not other-than-temporary primarily because the Company has the ability and intent to hold the securities for a period of time sufficient to allow for recovery of such unrealized losses. As a result, the Company did not record additional impairments on such equity securities.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Investments (continued)

Available-for-sale investments (continued)

The Company has reviewed the gross unrealized losses of less than \$1 as of June 30, 2009 related to available-for-sale debt securities, of which less than \$1 has been in a loss position of greater than twelve months, and determined that these unrealized losses were not other-than-temporary primarily because the Company did not have the intent to sell the securities and it was not more likely than not that the Company would be required to sell the security prior to recovery of its amortized costs basis. As a result, the Company did not record additional impairments on such debt securities.

Trading and Other Investments

A summary of the cost and carrying value of trading and other investments is as follows:

	June 30, 2009		December 31, 2008	
	Cost	Carrying Value	Cost	Carrying Value
Trading investments:				
Deferred compensation plan mutual fund investments	\$ 39	\$ 37	\$ 32	\$ 29
Equity securities	108	76	109	75
Debt securities:				
Municipal debt	11	10	9	7
Foreign government debt	9	9	8	7
Corporate debt	1	1	1	1
U.S. government debt	1	1	3	3
Total trading investments	\$ 169	\$ 134	\$ 162	\$ 122
Other investments:				
Consolidated sponsored investment funds (non cash management)	\$ 383	\$ 342	\$ 376	\$ 349
Consolidated sponsored cash management funds	—	—	333	326
Equity method	705	387	752	501
Deferred compensation plan hedge fund equity method investments	40	24	39	30
Total other investments	\$1,128	\$ 753	\$1,500	\$ 1,206

Trading investments include certain deferred compensation plan mutual fund investments, equity and debt securities within certain consolidated sponsored investment funds and equity and debt securities held in separate accounts for the purpose of establishing an investment history in various investment strategies before being marketed to investors.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Investments (continued)

Maturity Dates

The carrying value of debt securities, classified as available-for-sale, trading or other investments, by maturity at June 30, 2009 and December 31, 2008 is as follows:

<u>Maturity date</u>	<u>June 30, 2009</u>	<u>December 31, 2008</u>
<1 year	\$ 39	\$ 329
>1-5 years	7	2
>5-10 years	7	3
> 10 years	<u>29</u>	<u>14</u>
Total	<u>\$ 82</u>	<u>\$ 348</u>

At June 30, 2009, the debt securities in the table above primarily consisted of mortgage, asset-backed, municipal, corporate, U.S. and foreign government debt securities a portion of which are held by consolidated sponsored investment funds which are consolidated in the Company's condensed consolidated statements of financial condition. In addition, at December 31, 2008, the debt securities in the table above included floating rate notes and asset backed securities held by consolidated sponsored cash management funds.

Impact of Consolidated Sponsored Investment Funds

The Company consolidates certain sponsored investment funds primarily because it is deemed to control such investments in accordance with GAAP. The investments that are owned by these consolidated sponsored investment funds are classified as other or trading investments. At June 30, 2009 and December 31, 2008, the following balances related to these funds were consolidated in the condensed consolidated statements of financial condition:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Cash and cash equivalents	\$ 49	\$ 61
Investments	418	728
Other net assets (liabilities)	(7)	12
Non-controlling interests	<u>(226)</u>	<u>(491)</u>
Total net interests in consolidated investment funds	<u>\$ 234</u>	<u>\$ 310</u>

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

2. Investments (continued)

Impact of Consolidated Sponsored Investment Funds (continued)

BlackRock's total exposure to consolidated sponsored investment funds of \$234 and \$310 at June 30, 2009 and December 31, 2008, respectively, represents the fair value of the Company's economic ownership interest in these sponsored investment funds. Valuation changes associated with these consolidated investment funds are reflected in non-operating income (expense) and net income (loss) attributable to non-controlling interests. During the three months ended June 30, 2009, BlackRock took necessary steps to grant additional rights to the unaffiliated investors in one consolidated sponsored investment fund, which resulted in deconsolidation of this fund and the elimination of \$85, \$76, and \$9 of investments, borrowings, and nonredeemable non-controlling interests, respectively. Approximately \$0 and \$6 of borrowings by consolidated sponsored investment funds at June 30, 2009 and December 31, 2008, respectively, were included in other liabilities on the condensed consolidated statements of financial condition.

The Company may not be readily able to access cash and cash equivalents held by consolidated sponsored investment funds to use in its operating activities. In addition, the Company may not be readily able to sell investments held by consolidated sponsored investment funds in order to obtain cash for use in its operations.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

3. Fair Value Disclosures

Assets measured at fair value on a recurring basis at June 30, 2009 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Other Assets Not Held at Fair Value ⁽¹⁾	June 30, 2009
Assets:					
Investments:					
Available-for-sale	\$ 8	\$ 59	\$ 3	\$ —	\$ 70
Trading	124	10	—	—	134
Other investments:					
Consolidated sponsored investment funds (non cash management funds)	10	1	331	—	342
Equity method	10	—	348	29	387
Deferred compensation plan hedge fund equity method investments	—	10	14	—	24
Total investments	152	80	696	29	957
Separate account assets	3,020	88	3	20	3,131
Other assets ⁽²⁾	—	11	50	—	61
Total assets measured at fair value	\$ 3,172	\$ 179	\$ 749	\$ 49	\$ 4,149

(1) Comprised of equity method investments, which include investment companies, and other assets which in accordance with GAAP are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and financial liabilities under fair value measures; therefore, the Company's investment in such equity method investee may not represent fair value.

(2) Includes disposal group assets and company-owned and split-dollar life insurance policies.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

3. Fair Value Disclosures (continued)

Assets measured at fair value on a recurring basis at December 31, 2008 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Other Assets Not Held at Fair Value ⁽¹⁾	December 31, 2008
Assets:					
Investments:					
Available-for-sale	\$ 63	\$ 34	\$ 4	\$ —	\$ 101
Trading	113	9	—	—	122
Other investments:					
Consolidated sponsored investment funds (non cash management funds)	—	21	328	—	349
Consolidated sponsored cash management funds	—	326	—	—	326
Equity method	—	—	461	40	501
Deferred compensation plan hedge fund investments	—	10	20	—	30
Total investments	176	400	813	40	1,429
Separate account assets	2,461	85	4	73	2,623
Other assets ⁽²⁾	—	9	64	—	73
Total assets measured at fair value	\$ 2,637	\$ 494	\$ 881	\$ 113	\$ 4,125

⁽¹⁾ Comprised of equity method investments, which include investment companies, and other assets which in accordance with GAAP are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and financial liabilities under fair value measures; therefore, the Company's investment in such equity method investee may not represent fair value.

⁽²⁾ Includes disposal group assets and company-owned and split-dollar life insurance policies.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

3. Fair Value Disclosures (continued)

Fair Value Measurements (continued)

BlackRock Pensions Limited, a wholly-owned subsidiary of the Company is a registered life insurance company that maintains separate account assets, representing segregated funds held for purposes of funding individual and group pension contracts, and equal and offsetting separate account liabilities. At June 30, 2009 and December 31, 2008, the Level 3 separate account assets were approximately \$3 and \$4, respectively. The changes in Level 3 assets primarily relate to purchases, sales and gains/(losses). The net investment income and net gains and losses attributable to separate account assets accrue directly to the contract owner and are not reported as non-operating income (expense) on the condensed consolidated statements of income.

Level 3 assets, which include equity method investments and consolidated investments of real estate funds, private equity funds and funds of private equity funds, are valued based upon valuations received from internal as well as third party fund managers. Fair valuations at the underlying funds are based on a combination of methods, which may include third-party independent appraisals and discounted cash flow techniques. Direct investments in private equity companies held by funds of private equity funds are valued based on an assessment of each underlying investment, incorporating evaluation of additional significant third party financing, changes in valuations of comparable peer companies, the business environment of the companies and market indices, among other factors.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended June 30, 2009

	<u>Investments</u>	<u>Other Assets</u>	<u>Other Liabilities</u>
March 31, 2009	\$ 666	\$ 51	\$ 76
Realized and unrealized gains / (losses), net	78	(1)	—
Purchases, sales, other settlements and issuances, net	(48)	—	(76)
Net transfers in and/or out of Level 3	—	—	—
June 30, 2009	<u>\$ 696</u>	<u>\$ 50</u>	<u>\$ —</u>
Total net gains (losses) for the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	\$ 76	\$ (1)	\$ —

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

3. Fair Value Disclosures (continued)

Fair Value Measurements (continued)

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Six Months Ended June 30, 2009

	<u>Investments</u>	<u>Other Assets</u>
December 31, 2008	\$ 813	\$ 64
Realized and unrealized gains / (losses), net	(40)	(15)
Purchases, sales, other settlements and issuances, net	(58)	1
Net transfers in and/or out of Level 3	(19)	—
June 30, 2009	<u>\$ 696</u>	<u>\$ 50</u>
Total net (losses) for the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	\$ (40)	\$ (15)

Changes in Level 3 Investments Measured at Fair Value on a Recurring Basis for the Three and Six Months Ended June 30, 2008

	<u>Three Months Ended June 30, 2008</u>	<u>Six Months Ended June 30, 2008</u>
Beginning of period	\$ 1,289	\$ 1,240
Realized and unrealized gains / (losses), net	(8)	(1)
Purchases, sales, other settlements and issuances, net	137	179
Net transfers in and/or out of Level 3	(32)	(32)
June 30, 2008	<u>\$ 1,386</u>	<u>\$ 1,386</u>
Total net (losses) for the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	\$ (13)	\$ (19)

Realized and unrealized gains and losses recorded for Level 3 investments are reported in non-operating income (expense) on the condensed consolidated statements of income. A portion of net income (loss) for consolidated investments is allocated to non-controlling interests to reflect net income (loss) not attributable to the Company.

The Company transfers assets in and/or out of Level 3 as of the beginning of the period when significant inputs, including performance attributes, used for the fair value measurement become observable or when the book value of certain equity method investments no longer represent fair value as determined under fair value methodologies.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

4. Variable Interest Entities (“VIEs”)

In the normal course of business, the Company is the manager of various types of sponsored investment vehicles, including collateralized debt obligations and sponsored investment funds, which may be considered VIEs. The Company receives management fees or other incentive related fees for its services and may from time to time own equity or debt securities or enter into derivatives with the vehicles, each of which are considered variable interests. The Company enters into these variable interests principally to address client needs through the launch of such investment vehicles. The VIEs are primarily financed via capital contributed by equity and debt holders. The Company’s involvement in financing the operations of the VIEs is limited to its equity interests, unfunded capital commitments for certain sponsored investment funds and two capital support agreements for two enhanced cash funds at December 31, 2008 both of which have been terminated in 2009, due to closure of the funds.

The primary beneficiary of a VIE is the enterprise that has a variable interest (or combination of variable interests, including those of related parties) that will absorb a majority of the entity’s expected losses, receive a majority of the entity’s expected residual returns or both. In order to determine whether the Company is the primary beneficiary of a VIE, management must make significant estimates and assumptions of probable future cash flows and assign probabilities to different cash flow scenarios. Assumptions made in such analyses include, but are not limited to, market prices of securities, market interest rates, potential credit defaults on individual securities or default rates on a portfolio of securities, realization of gains, liquidity or marketability of certain securities, discount rates and the probability of certain other outcomes.

VIEs in which BlackRock is the Primary Beneficiary

As a result of consolidating one VIE, a private sponsored investment fund, at June 30, 2009, the Company recorded \$52 of net assets, primarily investments and cash and cash equivalents. These net assets were offset by \$52 of nonredeemable non-controlling interests which reflect the equity ownership of third parties, on the Company’s condensed consolidated statements of financial condition. For the period ended June 30, 2009, the Company recorded a non-operating expense of \$6 offset by a \$6 net loss attributable to nonredeemable non-controlling interests on its condensed consolidated statements of income. The Company has no risk of loss with its involvement with this VIE.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

4. Variable Interest Entities (continued)

As of December 31, 2008

	VIE Net Assets That the Company Consolidates	Maximum Risk of Loss		
		Equity Interests	Capital Support Agreements	Total
Sponsored enhanced cash management funds	\$ 328	\$ 88	\$ 45	\$133
Other sponsored investment funds	55	—	—	—
Total	\$ 383	\$ 88	\$ 45	\$133

As a result of consolidating three private investment funds at December 31, 2008, the Company recorded \$383 of net assets, primarily investments and cash and cash equivalents. These net assets were offset by \$319 of non-controlling interests which reflect the equity ownership of third parties, on its condensed consolidated statements of financial condition.

The maximum risk of loss related to the capital support agreements in the table above reflect the Company's total obligation under the capital support agreements with the two enhanced cash funds. The fair value of the Company's obligation related to the two capital support agreements recorded at December 31, 2008 was \$18.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

4. Variable Interest Entities (continued)

VIEs in which BlackRock holds significant variable interests or is the sponsor that holds a variable interest but is not the Primary Beneficiary of the VIE

At June 30, 2009 and December 31, 2008, the Company's carrying value of assets and liabilities and its maximum risk of loss related to VIEs in which it holds a significant variable interest or is the sponsor that holds a variable interest, but for which it was not the primary beneficiary, was as follows:

As of June 30, 2009

	VIE Assets That the Company Does Not Consolidate	VIE Liabilities That the Company Does Not Consolidate	Variable Interests on the Condensed Statement of Financial Condition			Maximum Risk of Loss
			Investments	Receivables	Other Net Assets (Liabilities)	
CDOs	\$ 6,348	\$ 14,276	\$ 3	\$ 3	\$ (1)	\$ 22
Sponsored cash management fund	1,333	—	—	—	—	—
Other sponsored investment funds	10,163	2,010	11	11	7	22
Total	<u>\$ 17,844</u>	<u>\$ 16,286</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 6</u>	<u>\$ 44</u>

The assets of the VIEs are primarily comprised of cash and cash equivalents and investments and the liabilities are primarily comprised of debt obligations (CDO debt holders) and various accruals.

At June 30, 2009, BlackRock's maximum risk of loss associated with these VIEs primarily relates to: (i) BlackRock's equity investments, (ii) management fee receivables and (iii) credit protection sold by BlackRock to a third party in a synthetic CDO transaction.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

4. Variable Interest Entities (continued)

As of December 31, 2008

	VIE Assets That the Company Does Not Consolidate	VIE Liabilities That the Company Does Not Consolidate	Variable Interests on the Condensed Statement of Financial Condition			Maximum Risk of Loss
			Investments	Receivables	Other Net Assets (Liabilities)	
CDOs	\$ 6,660	\$ 14,487	\$ 4	\$ 5	\$ (1)	\$ 25
Sponsored cash management fund	733	—	—	—	—	—
Other sponsored investment funds	5,813	440	9	9	(6)	18
Total	<u>\$ 13,206</u>	<u>\$ 14,927</u>	<u>\$ 13</u>	<u>\$ 14</u>	<u>\$ (7)</u>	<u>\$ 43</u>

The assets of the VIEs are primarily comprised of cash and cash equivalents and investments and the liabilities are primarily comprised of debt obligations (CDO debt holders) and various accruals.

At December 31, 2008, BlackRock's maximum risk of loss associated with these VIEs primarily relates to: (i) BlackRock's equity investments, (ii) management fee receivables and (iii) credit protection sold by BlackRock to a third party in a synthetic CDO transaction.

5. Derivatives and Hedging

For the six months ended June 30, 2009 and 2008, the Company did not hold any derivatives designated in a formal hedge relationship under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (ASC 815, *Derivatives and Hedging*), as amended.

During the six months ended June 30, 2009 and 2008, the Company was a counterparty to a series of total return swaps to economically hedge against changes in fair value of certain investments in sponsored investment products. At June 30, 2009, the outstanding total return swaps had an aggregate notional value of approximately \$36 and net realized and change in unrealized gains/losses of approximately (\$2) and \$12 for the six months ended June 30, 2009 and 2008, respectively, which were included in non-operating income (expense) in the Company's condensed consolidated statements of income. At June 30, 2009, an unrealized gain of less than \$1 was included in other assets on the condensed consolidated statement of financial condition.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

5. Derivatives and Hedging (continued)

In December 2007, BlackRock entered into capital support agreements, up to \$100, with two enhanced cash funds. These capital support agreements were backed by letters of credit issued under BlackRock's revolving credit facility. In December 2008, the capital support agreements were modified to be up to \$45 and were no longer backed by the letters of credit. In January and May 2009, the capital support agreements were terminated, due to the closure of the related funds. During the six months ended June 30, 2009, the Company provided approximately \$4 of capital contributions to the funds under the capital support agreements. At December 31, 2008, the derivative liability for the fair value of the capital support agreements for two funds totaled approximately \$18. The fair value of these liabilities increased and decreased as BlackRock's obligation under the guarantee fluctuated based on the fair value of the derivative. Upon closure of the funds, the liability decreased \$11, while the change in the liability was included in general and administration expenses.

6. Goodwill

Goodwill at June 30, 2009 and changes during the six months ended June 30, 2009 were as follows:

December 31, 2008	\$5,533
Net additions related to:	
Quellos	189
Other	<u>1</u>
June 30, 2009	<u>\$5,723</u>

During the six months ended June 30, 2009, the Company increased goodwill by \$190. The increase relates primarily to a \$156 cash payment and a common stock issuance of \$43 related to the first contingent payment in connection with the Quellos Transaction, offset by a \$10 decline related to tax benefits realized from tax-deductible goodwill in excess of book goodwill.

At June 30, 2009, the balance of the Quellos tax-deductible goodwill in excess of book goodwill was approximately \$391. Goodwill related to the Quellos Transaction will continue to be reduced in future periods by the amount of tax benefits realized from tax-deductible goodwill in excess of book goodwill.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

7. Intangible Assets

The carrying amounts of identifiable intangible assets are summarized as follows:

	<u>Indefinite-lived intangible assets</u>	<u>Finite-lived intangible assets</u>	<u>Total</u>
December 31, 2008	\$ 5,378	\$ 1,063	\$6,441
Addition	—	2	2
Amortization expense	—	(72)	(72)
June 30, 2009	<u>\$ 5,378</u>	<u>\$ 993</u>	<u>\$6,371</u>

In April 2009, the Company acquired \$2 of finite-life management contracts with a five-year estimated useful life associated with the acquisition of the R3 Capital Partners funds.

8. Borrowings

Short-Term Borrowings

In August 2007, the Company entered into a five-year \$2,500 unsecured revolving credit facility (“the 2007 facility”). The 2007 facility requires the Company not to exceed a maximum leverage ratio (ratio of net debt to earnings before interest, taxes, depreciation and amortization, where net debt equals total debt less domestic unrestricted cash) of 3 to 1, which was satisfied at June 30, 2009.

At June 30, 2009, the Company had \$200 outstanding under the 2007 facility with an interest rate of 0.49% and a maturity date during July 2009. During July 2009, the Company rolled over the \$200 in borrowings with an interest rate of 0.47% and a maturity date in August 2009.

Lehman Commercial Paper, Inc. has a \$140 participation under the 2007 facility; however, BlackRock does not expect that Lehman Commercial Paper, Inc. will honor its commitment to fund additional amounts.

Bank of America, a related party, has a \$140 participation under the 2007 facility.

In June 2009, BlackRock Japan Co., Ltd., a wholly owned subsidiary of the Company, renewed its five billion Japanese yen commitment-line agreement with a banking institution (the “Japan Commitment-line”) for a term of one year. The Japan Commitment-line is intended to provide liquidity flexibility for operating requirements in Japan. At June 30, 2009, the Company had no borrowings outstanding under the Japan Commitment-line.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

8. Borrowings (continued)

Convertible Debentures

The carrying value of the convertible debentures included the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
<u>2.625% Convertible debentures due in 2035</u>		
Maturity amount	\$ 249	\$ 249
Unamortized discount	(2)	(4)
Total	<u>\$ 247</u>	<u>\$ 245</u>

The Company recognized \$6 in each of the six months ended June 30, 2009 and 2008 of interest expense, comprised in both periods of \$4 related to the coupon and \$2 related to amortization of the discount. At June 30, 2009, the estimated fair value of the convertible debentures was \$442, which was estimated using a market price at June 30, 2009.

Long-Term Borrowings

The carrying value of long-term borrowings included the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
<u>6.25% Senior notes due in 2017</u>		
Maturity amount	\$ 700	\$ 700
Unamortized discount	(5)	(5)
Total long-term senior notes	695	695
Other long-term borrowings	—	2
Total long-term borrowings	<u>\$ 695</u>	<u>\$ 697</u>

At June 30, 2009, the estimated fair value of the senior notes was \$699, which was estimated using an applicable bond index at June 30, 2009.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

9. Related Party Transactions

At June 30, 2009, the Company was committed to provide financing of up to \$60, until March 2010, to Anthracite Capital, Inc. (“Anthracite”), a specialty commercial real estate finance company that is managed by a subsidiary of BlackRock. The financing is collateralized by Anthracite pledging its ownership interest in an investment fund which is also managed by a subsidiary of BlackRock. At June 30, 2009, \$33.5 of financing was outstanding which matured in July 2009. Upon maturity Anthracite rolled over the borrowings with a new maturity date of October 2009. As of June 2009, the value of the collateral was estimated to be \$28.5, which resulted in the Company reducing the outstanding balance included in due from related parties on the Company’s condensed consolidated statement of financial condition by \$5 and recorded a charge to general and administration expense. Based on the value of the collateral and the borrowings outstanding of such date, the Company has no obligation to loan new amounts to Anthracite under this facility. The Company has granted waivers for certain breaches of financial covenants of Anthracite’s credit facility.

In July 2008, the Company entered into an amended and restated stockholder agreement and an amended and restated global distribution agreement with Merrill Lynch.

These changes to the stockholder agreement with Merrill Lynch, among other items, (i) provide Merrill Lynch with additional flexibility to form or acquire asset managers substantially all of the business of which is devoted to non-traditional investment management strategies such as short selling, leverage, arbitrage, specialty finance and quantitatively-driven structured trades; (ii) expand the definition of change in control of Merrill Lynch to include the disposition of two-thirds or more of its Global Private Client business; (iii) extend the general termination date to the later of July 16, 2013 or the date Merrill Lynch’s beneficial ownership of BlackRock voting securities falls below 20%; and (iv) clarify certain other provisions in the agreement.

The changes in the global distribution agreement in relation to the prior agreement, among other things, (i) provide for an extension of the term to five years from the date of a change in control of Merrill Lynch (to January 1, 2014 following Bank of America’s acquisition of Merrill Lynch) and one automatic 3-year extension if certain conditions are satisfied; (ii) strengthen the obligations of Merrill Lynch to achieve revenue neutrality across the range of BlackRock products distributed by Merrill Lynch if the pricing or structure of particular products is required to be changed; (iii) obligate Merrill Lynch to seek to obtain distribution arrangements for BlackRock products from buyers of any portion of its distribution business on the same terms as the global distribution agreement for a period of at least 3 years; and (iv) restrict the manner in which products managed by alternative asset managers in which Merrill Lynch has an interest may be distributed by Merrill Lynch.

In connection with the closings under the exchange agreements, (see Note 11, Capital Stock), on February 27, 2009 BlackRock entered into a second amended and restated stockholder agreement with Merrill Lynch and an amended and restated implementation and stockholder agreement with PNC, and a third amendment to the share surrender agreement with PNC.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

9. Related Party Transactions (continued)

The changes contained in the amended and restated stockholder agreement with Merrill Lynch, in relation to the prior agreement, among other things, (i) revised the definitions of “Fair Market Value,” “Ownership Cap” and “Significant Stockholder”; and (ii) amended or supplemented certain other definitions and provisions therein to incorporate series B preferred stock and series C preferred stock, respectively. The changes contained in the amended and restated stockholder agreement with PNC, in relation to the prior agreement, among other things, (i) revised the definitions of “Fair Market Value,” “Ownership Cap,” “Ownership Percentage,” “Ownership Threshold” and “Significant Stockholder”; and (ii) amended or supplemented certain other provisions therein to incorporate series B preferred stock and series C preferred stock, respectively.

The amendment to the share surrender agreement provided for the substitution of series C preferred stock for the shares of common stock subject to the share surrender agreement.

10. Restructuring Charges

During the three months ended March 31, 2009, the Company continued to reduce its workforce globally. This action was the result of business reengineering efforts designed to streamline operations, enhance competitiveness and better position the Company in the asset management marketplace. The Company recorded a pre-tax restructuring charge of \$22 (\$14 after-tax) for the three months ended March 31, 2009. This charge was comprised of \$15 of severance and associated outplacement costs, \$4 of property costs associated with the lease payments for the remaining term in excess of the estimated sublease proceeds and \$3 of expenses related to the accelerated amortization of previously granted stock-based compensation awards.

The following table presents a rollforward of the Company’s restructuring liability, which is included within other liabilities on the Company’s condensed consolidated statements of financial condition.

Liability as of December 31, 2008	\$ 21
Additions	22
Cash payments	(30)
Non-cash charges	(3)
Liability as of June 30, 2009	<u>\$ 10</u>

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

11. Capital Stock

On January 1, 2009, Bank of America acquired Merrill Lynch. In connection with this transaction, BlackRock entered into exchange agreements with each of Merrill Lynch and PNC pursuant to which each agreed to exchange a portion of the BlackRock common stock it held for an equal number of shares of non-voting participating preferred stock. On February 27, 2009, Merrill Lynch exchanged (i) 49,865,000 shares of BlackRock's common stock for a like number of shares of BlackRock's series B non-voting participating preferred stock, and (ii) 12,604,918 shares of BlackRock's series A preferred stock for a like number of shares of series B preferred stock, and PNC exchanged (i) 17,872,000 shares of BlackRock's common stock for a like number of shares of series B preferred stock and (ii) 2,889,467 shares of BlackRock's common stock for a like number of shares of BlackRock's series C non-voting participating preferred stock. On June 30, 2009, Bank of America/Merrill Lynch owned approximately 4.6% of BlackRock's voting common stock and 46.3% of BlackRock's capital stock on a fully diluted basis, and PNC owned approximately 43.9% of BlackRock's voting common stock and 30.8% of BlackRock's capital stock on a fully diluted basis.

Below is a summary description of the series B and C preferred stock issued in the exchanges.

The series B non-voting participating preferred stock:

- is non-voting except as otherwise provided by applicable law;
- participates in dividends on a basis generally equal to the common stock;
- benefits from a liquidation preference of \$0.01 per share; and
- is mandatorily convertible to BlackRock common stock upon transfer to an unrelated party.

The series C non-voting participating preferred stock:

- is non-voting except as otherwise provided by applicable law;
- participates in dividends on a basis generally equal to the common stock;
- benefits from a liquidation preference of \$40.00 per share; and
- is only convertible to BlackRock common stock upon the termination of the obligations of PNC under its share surrender agreement with BlackRock.

In June 2009, the Company issued 2,133,713 shares of BlackRock's common stock at \$140.60 per share. The proceeds of the issuance will be used to fund the purchase of Barclays Global Investors (see Note 16, Pending Transaction).

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

11. Capital Stock (continued)

At June 30, 2009 and December 31, 2008, BlackRock had 20,000,000 series A non-voting participating preferred shares, \$0.01 par value, authorized. At June 30, 2009, BlackRock had 150,000,000 and 6,000,000 series B and series C, respectively non-voting participating preferred shares, \$0.01 par value, authorized.

The Company's common and preferred shares issued and outstanding and activity for the six months ended June 30, 2009 was as follows:

	Shares Issued						Shares Outstanding			
	Common Shares	Escrow Common Shares	Treasury Common Shares	Preferred Shares Series A	Preferred Shares Series B	Preferred Shares Series C	Common Shares	Preferred Shares Series A	Preferred Shares Series B	Preferred Shares Series C
December 31, 2008	118,573,367	(911,266)	(370,991)	12,604,918	—	—	117,291,110	12,604,918	—	—
Issuance of common shares to institutional investor	2,133,713	—	—	—	—	—	2,133,713	—	—	—
Issuance of common shares for contingent consideration	330,341	—	—	—	—	—	330,341	—	—	—
Net issuance of common shares related to employee stock transactions	415,503	—	422,390	—	—	—	837,893	—	—	—
Exchange of preferred shares series A for preferred shares series B	—	—	—	(12,604,918)	12,604,918	—	—	(12,604,918)	12,604,918	—
Exchange of common shares for preferred shares series B	(67,737,000)	—	—	—	67,737,000	—	(67,737,000)	—	67,737,000	—
Exchange of common shares for preferred shares series C	(2,889,467)	—	—	—	—	2,889,467	(2,889,467)	—	—	2,889,467
PNC capital contribution	—	—	(51,399)	—	—	—	(51,399)	—	—	—
June 30, 2009	<u>50,826,457</u>	<u>(911,266)</u>	<u>—</u>	<u>—</u>	<u>80,341,918</u>	<u>2,889,467</u>	<u>49,915,191</u>	<u>—</u>	<u>80,341,918</u>	<u>2,889,467</u>

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

12. Commitments and Contingencies

Commitments

Investment / Loan Commitments

At June 30, 2009, the Company had approximately \$277 of investment commitments relating primarily to funds of private equity funds, real estate funds and hedge funds. Amounts to be funded generally are callable at any point prior to the expiration of the commitment.

Legal Proceedings

From time to time, BlackRock receives subpoenas or other requests for information from various U.S. federal, state governmental and regulatory authorities in connection with certain industry-wide or other investigations or proceedings. It is BlackRock's policy to cooperate fully with such inquiries. The Company and certain of its subsidiaries have been named as defendants in various legal actions, including arbitrations and other litigation arising in connection with BlackRock's activities. Additionally, certain of the investment funds that the Company manages are subject to lawsuits, any of which potentially could harm the investment returns of the applicable fund or result in the Company being liable to the funds for any resulting damages.

Management, after consultation with legal counsel, currently does not anticipate that the aggregate liability, if any, arising out of regulatory matters or lawsuits will have a material adverse effect on BlackRock's earnings, financial position, or cash flows although, at the present time, management is not in a position to determine whether any such pending or threatened matters will have a material adverse effect on BlackRock's results of operations in any future reporting period.

Indemnifications

In the ordinary course of business, BlackRock enters into contracts pursuant to which it may agree to indemnify third parties in certain circumstances. The terms of these indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined.

Under the Transaction Agreement in the MLIM Transaction, the Company has agreed to indemnify Merrill Lynch for losses it may incur arising from (1) any alleged or actual breach, failure to comply, violation or other deficiency with respect to any regulatory or fiduciary requirements relating to the operation of BlackRock's business, (2) any fees or expenses incurred or owed by BlackRock to any brokers, financial advisors or comparable other persons retained or employed by BlackRock in connection with the MLIM Transaction, and (3) certain specified tax covenants.

Management believes that the likelihood of any liability arising under these indemnification provisions is remote. Management cannot estimate any potential maximum exposure due both to the remoteness of any potential claims and the fact that items that would be included within any such calculated claim would be beyond the control of BlackRock. Consequently, no liability has been recorded on the condensed consolidated statements of financial condition.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

12. Commitments and Contingencies (continued)

Contingent Payments Related to Quellos Transaction

On October 1, 2007, the Company acquired the fund of funds business of Quellos. As part of this transaction Quellos is entitled to receive two contingent payments upon achieving certain investment advisory revenue measures through December 31, 2010, totaling up to an additional \$969 in a combination of cash and stock. The first contingent payment, of up to \$374, was payable in second quarter 2009 and the second contingent payment, of up to \$595 is payable in cash in 2011.

During second quarter 2009, the Company determined the first contingent payment to be \$219, of which \$11 was previously paid in cash during 2008. Of the remaining \$208, \$156 was paid in cash and \$52 was paid in common stock, or approximately 330,000 shares converted at a price of \$157.33. Quellos may also be entitled to a “catch-up” payment if certain performance measures are met in 2011 as the value of the first contingent payment was less than \$374.

13. Stock-Based Compensation

The components of the Company’s stock-based compensation expense are comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Stock-based compensation:				
Restricted stock and restricted stock units (“RSUs”)	\$ 59	\$ 48	\$ 123	\$ 99
Stock options	3	—	6	4
Long-term incentive plans funded by PNC	15	15	30	30
Total stock-based compensation	<u>\$ 77</u>	<u>\$ 63</u>	<u>\$ 159</u>	<u>\$ 133</u>

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

13. Stock-Based Compensation (continued)

Stock Options

Options outstanding at June 30, 2009 and changes during the six months ended June 30, 2009 were as follows:

<u>Outstanding at</u>	<u>Shares Under Option</u>	<u>Weighted Average Exercise Price</u>
December 31, 2008	3,140,517	\$ 88.82
Exercised	(310,846)	\$ 36.64
June 30, 2009	<u>2,829,671</u>	\$ 94.55

The aggregate intrinsic value of options exercised during the six months ended June 30, 2009 was \$33.

At June 30, 2009, the Company had \$27 in unrecognized stock-based compensation expense related to unvested stock options. The unrecognized compensation cost is expected to be recognized over a remaining weighted-average period of 2.3 years.

Restricted Stock and RSUs

Restricted stock and RSU activity at June 30, 2009 and changes during the six months ended June 30, 2009 were as follows:

<u>Outstanding at</u>	<u>Unvested Restricted Stock and Units</u>	<u>Weighted Average Grant Date Fair Value</u>
December 31, 2008	4,603,953	\$ 174.24
Granted	1,855,077	\$ 117.73
Converted	(818,013)	\$ 179.46
Forfeited	(192,807)	\$ 156.37
June 30, 2009	<u>5,448,210</u>	\$ 154.85

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

13. Stock-Based Compensation (continued)

The Company values restricted stock and RSUs at their grant-date fair value as measured by BlackRock's common stock price.

In January 2009, the Company granted 23,417 RSUs as long-term incentive compensation, which will be partially funded by shares currently held by PNC (see Long-Term Incentive Plans Funded by PNC below). The awards cliff vest five years from the date of grant.

In January 2009, the Company granted 1,789,685 RSUs to employees as part of annual incentive compensation under the BlackRock, Inc. 1999 Stock Award and Incentive Plan (the "Award Plan") that vest ratably over three years from the date of grant.

At June 30, 2009, there was \$442 in total unrecognized compensation cost related to unvested restricted stock and RSUs. The unrecognized compensation cost is expected to be recognized over the remaining weighted average period of 2.1 years.

Long-Term Incentive Plans Funded by PNC

Under a share surrender agreement, PNC committed to provide up to 4,000,000 shares of BlackRock common stock, held by PNC, to fund certain BlackRock long-term incentive plans ("LTIP").

During 2007, the Company granted additional long-term incentive awards, out of the Award Plan of approximately 1,600,000 RSUs that will be settled using BlackRock shares held by PNC in accordance with the share surrender agreement. The RSU awards vest on September 29, 2011 provided that BlackRock has actual GAAP earnings per share of at least \$5.20 in 2009, \$5.52 in 2010 or \$5.85 in 2011 or has attained an alternative performance hurdle based on the Company's earnings per share growth rate versus certain peers over the term of the awards. The value of the RSUs was calculated using BlackRock's closing stock price on the date of grant. The grant date fair value of the RSUs is being amortized as an expense on the straight-line method over the vesting period, net of expected forfeitures. The maximum value of awards that may be funded by PNC, prior to the earlier of September 29, 2011 or the date the performance criteria are met is approximately \$271, all of which has been granted as of June 30, 2009.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended June 30, 2009 and 2008:

	Three Months Ended			
	June 30,			
	2009		2008	
	Basic	Diluted	Basic	Diluted
Net income attributable to BlackRock, Inc. allocated to:				
Common shares	\$ 212	\$ 212	\$ 264	\$ 264
Participating RSUs	6	6	10	10
Total net income attributable to BlackRock, Inc.	<u>\$ 218</u>	<u>\$ 218</u>	<u>\$ 274</u>	<u>\$ 274</u>
Weighted-average common shares outstanding	130,928,916	130,928,916	129,569,325	129,569,325
Dilutive effect of stock options and non-participating restricted stock units		1,392,767		1,231,272
Dilutive effect of convertible debt		1,042,928		655,806
Dilutive effect of acquisition-related contingent stock payments		—		576,135
Total weighted-average shares outstanding		<u>133,364,611</u>		<u>132,032,538</u>
Earnings per share attributable to BlackRock, Inc., common stockholders:	\$ 1.62	\$ 1.59	\$ 2.04	\$ 2.00

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the six months ended June 30, 2009 and 2008:

	Six Months Ended			
	June 30,			
	2009		2008	
	Basic	Diluted	Basic	Diluted
Net income attributable to BlackRock, Inc. allocated to:				
Common shares	\$ 294	\$ 294	\$ 498	\$ 498
Participating RSUs	8	8	17	17
Total net income attributable to BlackRock, Inc.	<u>\$ 302</u>	<u>\$ 302</u>	<u>\$ 515</u>	<u>\$ 515</u>
Weighted-average common shares outstanding	130,574,535	130,574,535	129,242,591	129,242,591
Dilutive potential shares from stock options and non-participating restricted stock units		1,154,851		1,325,001
Dilutive potential shares from convertible debt		939,309		668,773
Dilutive potential shares from acquisition-related contingent stock payments		—		576,135
Total weighted-average shares outstanding		<u>132,668,695</u>		<u>131,812,500</u>
Earnings per share attributable to BlackRock, Inc., common stockholders:	\$ 2.25	\$ 2.22	\$ 3.85	\$ 3.78

Due to the similarities in terms between BlackRock series A, B and C non-voting participating preferred stock and the Company's common stock, the Company considers the series A, B and C non-voting participating preferred stock to be common stock equivalents for purposes of earnings per share calculations. As such, the Company has included the outstanding series A, B and C non-voting participating preferred stock in the calculation of average basic and diluted shares outstanding for the three and six months ended June 30, 2009 and 2008.

For the three and six months ended June 30, 2009, 1,244,100 stock options and 1,249,792 RSUs and stock options, respectively, were excluded from the calculation of diluted earnings per share because to include them would have an anti-dilutive effect.

Shares issued in acquisition

On October 1, 2007, the Company acquired the fund of funds business of Quellos. The Company issued 1,191,785 shares of newly-issued BlackRock common stock that were placed into an escrow account. In April 2008, 280,519 common shares were released to Quellos in accordance with the Quellos asset purchase agreement, which resulted in an adjustment to the recognized purchase price and had a dilutive effect in 2008. The remaining 911,266 common shares may have a dilutive effect in future periods based on the timing of the release of shares from the escrow account in accordance with the Quellos asset purchase agreement. The release of the remaining escrow shares could begin to occur in 2009 and be completed in 2010.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

15. Segment Information

The Company's management directs BlackRock's operations as one business, the asset management business. As such, the Company believes it operates in one business segment in accordance with SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information* (ASC 280-10, *Segment Reporting*).

The following table illustrates investment advisory and administration base and performance fees, *BlackRock Solutions* and advisory, distribution fees and other revenue for the three and six months ended June 30, 2009 and 2008, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Fixed income	\$ 212	\$ 234	\$ 414	\$ 457
Cash management	166	184	341	359
Equity and balanced	384	631	727	1,271
Alternative investment products	105	169	195	305
Total investment advisory and administration base and performance fees	867	1,218	1,677	2,392
<i>BlackRock Solutions</i> and advisory	116	100	256	160
Distribution fees	23	34	48	69
Other revenue	23	35	35	66
Total revenue	<u>\$ 1,029</u>	<u>\$ 1,387</u>	<u>\$ 2,016</u>	<u>\$ 2,687</u>

The following tables illustrate the Company's total revenue for the three and six months ended June 30, 2009 and 2008 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the customer is sourced.

Revenues	Three Months Ended June 30,			
	2009	% of total	2008	% of total
North America	\$ 764	74%	\$ 915	66%
Europe	223	22%	389	28%
Asia-Pacific	42	4%	83	6%
Total revenues	<u>\$1,029</u>	<u>100%</u>	<u>\$1,387</u>	<u>100%</u>

Revenues	Six Months Ended June 30,			
	2009	% of total	2008	% of total
North America	\$1,531	75%	\$1,744	65%
Europe	414	21%	806	30%
Asia-Pacific	71	4%	137	5%
Total revenues	<u>\$2,016</u>	<u>100%</u>	<u>\$2,687</u>	<u>100%</u>

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued)

15. Segment Information (continued)

The following table shows the Company's long-lived assets, including goodwill and property and equipment at June 30, 2009 and December 31, 2008 and does not necessarily reflect where the asset is physically located.

<u>Long-Lived Assets</u>	<u>June 30,</u> <u>2009</u>		<u>December 31,</u> <u>2008</u>	
North America	\$5,899	99%	\$5,714	99%
Europe	28	0%	27	0%
Asia-Pacific	48	1%	52	1%
Total long-lived assets	<u>\$5,975</u>	<u>100%</u>	<u>\$5,793</u>	<u>100%</u>

North America primarily is comprised of the United States, while Europe primarily is comprised of the United Kingdom and Asia-Pacific primarily is comprised of Japan, Australia and Hong Kong.

16. Pending Transaction

BlackRock will acquire from Barclays all of the outstanding equity interests of subsidiaries of Barclays conducting the business of BGI in exchange for an aggregate of approximately 37.8 million shares of BlackRock common stock and participating preferred stock, subject to certain adjustments, and \$6,600 in cash, subject to certain adjustments (the "BGI Transaction"). The value of the 37.8 million shares will be determined at the time of closing, which is expected in December 2009, or early 2010, pending regulatory approvals and satisfaction of other customary closing conditions.

The shares of common stock issued to Barclays pursuant to the BGI Transaction will represent approximately 4.9% of the outstanding shares of common stock of BlackRock immediately following the closing of the transaction, and the total equity consideration will represent approximately an aggregate 19.9% economic interest in BlackRock immediately following the closing of the transaction.

The cash portion of the purchase price will be funded through a combination of existing cash, committed debt facilities and proceeds from the issuance of 19.9 million capital shares to a group of institutional investors, including PNC. Both the debt facilities and the issuance of capital shares are 100% committed subject to the closing of the BGI Transaction.

17. Subsequent Events

The Company has reviewed subsequent events occurring through August 7, 2009, the date that these financial statements were issued and determined that no subsequent events occurred that would require accrual or additional disclosure.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This report, and other statements that BlackRock may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to BlackRock’s future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as “trend,” “potential,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “assume,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve,” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may” or similar expressions.

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 (“SEC”) reports and those identified elsewhere in this report 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 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 capital improvement projects; (6) the impact of future acquisitions or divestitures; (7) the unfavorable resolution of legal proceedings; (8) the extent and timing of any share repurchases; (9) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (10) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to BlackRock, Barclays PLC, Bank of America Corporation, Merrill Lynch & Co., Inc. or The PNC Financial Services Group, Inc.; (11) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, specific industries or BlackRock; (12) the ability to attract and retain highly talented professionals; (13) fluctuations in the carrying value of BlackRock’s investments; (14) fluctuations in foreign currency exchange rates, which may adversely affect the value of investment advisory and administration fees earned by BlackRock or the carrying value of certain assets and liabilities denominated in foreign currencies; (15) the impact of changes to tax legislation and, generally, the tax position of the Company; (16) BlackRock’s success in maintaining the distribution of its products; (17) the impact of BlackRock electing to provide support to its products from time to time; (18) the impact of problems at other financial institutions or the failure or negative performance of products at other financial institutions; and (19) the ability of BlackRock to complete the transaction with Barclays Bank PLC and integrate the operations of Barclays Global Investors.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview

BlackRock, Inc. (“BlackRock” or the “Company”) is one of the largest publicly traded investment management firms in the world with \$1.373 trillion of assets under management (“AUM”) at June 30, 2009. BlackRock manages assets on behalf of institutional and individual investors worldwide through a variety of fixed income, cash management, equity and balanced and alternative investment separate accounts and funds. In addition, *BlackRock Solutions*® provides market risk management, financial markets advisory and enterprise investment system services to a broad base of clients. Financial markets advisory services include valuation of illiquid securities, dispositions and workout assignments (including long-term portfolio liquidation assignments), risk management and strategic planning and execution.

On January 1, 2009, Bank of America Corporation (“Bank of America”) acquired Merrill Lynch & Co., Inc. (“Merrill Lynch”). In connection with this transaction, BlackRock entered into exchange agreements with each of Merrill Lynch and The PNC Financial Services Group, Inc. (“PNC”) pursuant to which each agreed to exchange a portion of the BlackRock voting common stock they held for non-voting preferred stock. On June 30, 2009, Bank of America/Merrill Lynch owned approximately 4.6% of BlackRock’s voting common stock and 46.3% of BlackRock’s capital stock on a fully diluted basis, and PNC owned approximately 43.9% of BlackRock’s voting common stock and 30.8% of BlackRock’s capital stock on a fully diluted basis.

On June 16, 2009, BlackRock announced that Barclays Bank PLC (“Barclays”) accepted its offer to acquire all of the outstanding equity interests of subsidiaries of Barclays conducting the business of Barclays Global Investors (“BGI”) and entered into a definitive purchase agreement to acquire BGI from Barclays (the “BGI Transaction”). The price consideration consists of \$6.6 billion in cash, subject to certain adjustments, and approximately 37.8 million shares of common and participating preferred stock, subject to certain adjustments. The cash portion of the transaction will be financed by \$800 million from BlackRock’s cash position, a new \$2 billion credit facility, which is expected to eventually be replaced with term debt, \$1 billion of additional short-term debt, and \$2.8 billion of capital from a group of institutional investors. The shares of common stock issued to Barclays pursuant to the BGI Transaction will represent approximately 4.9% of the outstanding shares of common stock of BlackRock immediately following the closing of the BGI Transaction, and the total equity consideration will represent approximately an aggregate 19.9% economic interest in BlackRock immediately following the closing of the transaction.

In connection with the execution by BlackRock of the Barclays Purchase Agreement, on June 11, 2009, BlackRock entered into Amendment No. 1 (the “Merrill Lynch Amendment”) to the Second Amended and Restated Stockholder Agreement, by and among Merrill Lynch & Co., Inc., Merrill Lynch Group, Inc. and BlackRock (the “Merrill Lynch Stockholder Agreement”) and Amendment No. 1 (the “PNC Amendment”) to the Amended and Restated Implementation and Stockholder Agreement between PNC and BlackRock (the “PNC Stockholder Agreement”). The Merrill Lynch Amendment and the PNC Amendment will become effective only upon the closing of the BGI Transaction.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.
Financial Highlights
(Dollar amounts in millions, except per share data)
(unaudited)

The following table summarizes BlackRock’s operating performance for each of the three months ended June 30, 2009, March 31, 2009 and June 30, 2008 and the six months ended June 30, 2009 and 2008. Certain prior year amounts have been revised or reclassified to conform to 2009 presentation including those required by the retrospective adoption of FASB Staff Position (“FSP”) APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (“FSP APB 14-1”) (Accounting Standards Codification (“ASC”) 470-20, *Debt with Conversion and Other Options*), FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (“FSP EITF 03-6-1”) (ASC 260-10, *Earnings per Share*) and Statement of Financial Accounting Standards (“SFAS”) No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* (ASC 810-10, *Consolidation*). For more information please refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2008, which was filed with the Securities and Exchange Commission on March 2, 2009.

	Three Months Ended			Variance vs. Three Months Ended			
	June 30,		March 31, 2009	June 30, 2008		March 31, 2009	
	2009	2008		Amount	% Change	Amount	% Change
GAAP basis:							
Total revenue	\$ 1,029	\$ 1,387	\$ 987	\$ (358)	(26)%	\$ 42	4%
Total expenses	\$ 768	\$ 982	\$ 716	\$ (214)	(22)%	\$ 52	7%
Operating income	\$ 261	\$ 405	\$ 271	\$ (144)	(36)%	\$ (10)	(4)%
Operating margin	25.4%	29.2%	27.5%	(4)%	(13)%	(2)%	(8)%
Non-operating income (expense), less net income (loss) attributable to non-controlling interests	\$ 51	\$ 16	\$ (157)	\$ 35	219%	\$ 208	132%
Net income attributable to BlackRock, Inc.	\$ 218	\$ 274	\$ 84	\$ (56)	(20)%	\$ 134	160%
Diluted earnings per common share ^(e)	\$ 1.59	\$ 2.00	\$ 0.62	\$ (0.41)	(21)%	\$ 0.97	156%
As adjusted:							
Operating income ^(a)	\$ 302	\$ 447	\$ 307	\$ (145)	(32)%	\$ (5)	(2)%
Operating margin ^(a)	34.4%	37.8%	37.2%	(3)%	(9)%	(3)%	(8)%
Non-operating income (expense), less net income (loss) attributable to non-controlling interests ^(b)	\$ 42	\$ (9)	\$ (153)	\$ 51	NM	\$ 195	127%
Net income attributable to BlackRock, Inc. ^{(c),(d)}	\$ 239	\$ 285	\$ 110	\$ (46)	(16)%	\$ 129	117%
Diluted earnings per common share ^{(c),(d),(e)}	\$ 1.75	\$ 2.08	\$ 0.81	\$ (0.33)	(16)%	\$ 0.94	116%
Other:							
Diluted weighted-average common shares outstanding ^(e)	133,364,611	132,032,538	131,797,189	1,332,073	1%	1,567,422	1%
Assets under management	\$ 1,373,160	\$ 1,427,543	\$ 1,283,355	\$ (54,383)	(4)%	\$ 89,805	7%

NM – Not Meaningful

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.
Financial Highlights (continued)
(Dollar amounts in millions, except per share data)
(unaudited)

	Six Months Ended June 30,		Variance vs. Six Months Ended June 30, 2008	
	2009	2008	Amount	% Change
GAAP basis:				
Total revenue	\$ 2,016	\$ 2,687	\$ (671)	(25)%
Total expenses	\$ 1,484	\$ 1,886	\$ (402)	(21)%
Operating income	\$ 532	\$ 801	\$ (269)	(34)%
Operating margin	26.4%	29.8%	(3)%	(11)%
Non-operating income (expense), less net income (loss) attributable to non-controlling interests	\$ (106)	\$ (9)	\$ (97)	NM
Net income attributable to BlackRock, Inc.	\$ 302	\$ 515	\$ (213)	(41)%
Diluted earnings per common share ^(e)	\$ 2.22	\$ 3.78	\$ (1.56)	(41)%
As adjusted:				
Operating income ^(a)	\$ 609	\$ 860	\$ (251)	(29)%
Operating margin ^(a)	35.8%	37.7%	(2)%	(5)%
Non-operating income (expense), less net income (loss) attributable to non-controlling interests ^(b)	\$ (111)	\$ (33)	\$ (78)	(236)%
Net income attributable to BlackRock, Inc. ^{(c),(d)}	\$ 349	\$ 537	\$ (188)	(35)%
Diluted earnings per common share ^{(c),(d),(e)}	\$ 2.56	\$ 3.94	\$ (1.38)	(35)%
Other:				
Diluted weighted-average common shares outstanding ^(e)	132,668,695	131,812,500	856,195	1%
Assets under management	\$ 1,373,160	\$ 1,427,543	\$ (54,383)	(4)%

NM – Not Meaningful

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.
Financial Highlights
(continued)

BlackRock reports its financial results on a GAAP basis; however, management believes that evaluating the Company’s ongoing operating results may be enhanced if investors have additional non-GAAP basis financial measures. Management reviews non-GAAP financial measures to assess ongoing operations and, for the reasons described below, considers them to be effective indicators, for both management and investors, of BlackRock’s financial performance over time. BlackRock’s management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Certain prior period non-GAAP data has been reclassified to conform to the current presentation. Computations for all periods are derived from the Company’s condensed consolidated statements of income as follows:

(a) Operating income, as adjusted, and operating margin, as adjusted:

Operating income, as adjusted, equals operating income, GAAP basis, excluding certain items deemed non-recurring by management or transactions that ultimately will not impact BlackRock’s book value, as indicated in the table below. Operating income used for operating margin measurement equals operating income, as adjusted, excluding the impact of closed-end fund launch costs and commissions. Operating margin, as adjusted, equals operating income used for operating margin measurement, divided by revenue used for operating margin measurement, as indicated in the table below.

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2009	2008	2009	2009	2008
Operating income, GAAP basis	\$ 261	\$ 405	\$ 271	\$ 532	\$ 801
Non-GAAP adjustments:					
Restructuring charges	—	—	22	22	—
PNC LTIP funding obligation	15	15	15	30	30
Merrill Lynch compensation contribution	2	2	3	5	5
Barclays Global Investors (“BGI”) transaction/integration costs	15	—	—	15	—
Compensation expense related to (depreciation) appreciation on deferred compensation plans	9	25	(4)	5	24
Operating income, as adjusted	302	447	307	609	860
Closed-end fund launch costs	—	5	2	2	9
Closed-end fund launch commissions	—	—	1	1	—
Operating income used for operating margin measurement	\$ 302	\$ 452	\$ 310	\$ 612	\$ 869
Revenue, GAAP basis	\$1,029	\$1,387	\$ 987	\$2,016	\$2,687
Non-GAAP adjustments:					
Portfolio administration and servicing costs	(125)	(152)	(127)	(252)	(306)
Amortization of deferred mutual fund sales commissions	(26)	(33)	(27)	(53)	(63)
Reimbursable property management compensation	—	(6)	—	—	(12)
Revenue used for operating margin measurement	\$ 878	\$1,196	\$ 833	\$1,711	\$2,306
Operating margin, GAAP basis	25.4%	29.2%	27.5%	26.4%	29.8%
Operating margin, as adjusted	34.4%	37.8%	37.2%	35.8%	37.7%

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.
Financial Highlights
(continued)

(a) (continued)

Management believes that operating income, as adjusted, and operating margin, as adjusted, are effective indicators of BlackRock’s performance over time. As such, management believes that operating income, as adjusted, and operating margin, as adjusted, provide useful disclosure to investors.

Operating income, as adjusted:

Restructuring charges recorded in 2009 consist of compensation costs, occupancy costs and professional fees and have been deemed non-recurring by management and thus have been excluded from operating income, as adjusted, to help ensure the comparability of this information to prior periods. BGI transaction/integration costs recorded in 2009 consist principally of certain advisory and legal fees incurred in conjunction with the announced transaction. As such, management believes that operating margins exclusive of these costs are useful measures in evaluating BlackRock’s operating performance for the respective periods.

The portion of compensation expense associated with certain long-term incentive plans (“LTIP”) that will be funded through the distribution to participants of shares of BlackRock stock held by PNC and the anticipated Merrill Lynch compensation contribution have been excluded because these charges ultimately do not impact BlackRock’s book value.

Compensation expense associated with appreciation (depreciation) on assets related to certain BlackRock deferred compensation plans has been excluded as returns on investments set aside for these plans, which substantially offset this expense, are reported in non-operating income.

Operating margin, as adjusted:

Operating income used for measuring operating margin, as adjusted, is equal to operating income, as adjusted, excluding the impact of closed-end fund launch costs and commissions. Management believes that excluding such costs and commissions is useful because these costs can fluctuate considerably and revenues associated with the expenditure of these costs will not fully impact the Company’s results until future periods.

Operating margin, as adjusted, allows the Company to compare performance from year-to-year by adjusting for items that may not recur, recur infrequently or may fluctuate based on market movement, such as restructuring charges, transaction/integration costs, closed-end fund launch costs and fluctuations in compensation expense based on mark-to-market movements in investments held to fund certain compensation plans. The Company also uses operating margin, as adjusted, to monitor corporate performance and efficiency and as a benchmark to compare its performance to other companies. Management uses both the GAAP and non-GAAP financial measures. The non-GAAP measure by itself may pose limitations because it does not include all of the Company’s revenues and expenses.

Revenue used for operating margin, as adjusted, excludes portfolio administration and servicing costs paid to related parties and to other third parties. Management believes that excluding such costs is useful because the Company receives offsetting revenue for these services. Amortization of deferred mutual fund sales commissions is excluded from revenue used for operating margin measurement, as adjusted, because such costs, over time, offset distribution fee revenue earned by the Company. Reimbursable property management compensation represented compensation and benefits paid to personnel of Metric Property Management, Inc. (“Metric”), a subsidiary of BlackRock Realty Advisors, Inc. (“Realty”). These employees were retained on Metric’s payroll when certain properties were acquired by Realty’s clients. The related compensation and benefits were fully reimbursed by Realty’s clients and have been excluded from revenue used for operating margin, as adjusted, because they bear no economic cost to BlackRock. For each of these items, BlackRock excludes from revenue used for operating margin, as adjusted, the costs related to each of these items as a proxy for such revenues.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.
Financial Highlights
(continued)

(b) Non-operating income (expense), less net income (loss) attributable to non-controlling interests, as adjusted:

Non-operating income (expense), less net income (loss) attributable to non-controlling interests, as adjusted, equals non-operating income (expense), GAAP basis, less net income (loss) attributable to non-controlling interests, GAAP basis, adjusted for compensation expense associated with depreciation (appreciation) on assets related to certain BlackRock deferred compensation plans. The compensation expense offset is recorded in operating income. This compensation expense has been included in non-operating income (expense), less net income (loss) attributable to non-controlling interests, as adjusted, to offset returns on investments set aside for these plans, which are reported in non-operating income (expense), GAAP basis.

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2009	2008	2009	2009	2008
Non-operating income (expense), GAAP basis	\$ 77	\$ (4)	\$ (179)	\$ (102)	\$ (24)
Net income (loss) attributable to non-controlling interests, GAAP basis	26	(20)	(22)	4	(15)
Non-operating income (expense), less net income (loss) attributable to non-controlling interests	51	16	(157)	(106)	(9)
Compensation expense related to (appreciation) depreciation on deferred compensation plans	(9)	(25)	4	(5)	(24)
Non-operating income (expense), less net income (loss) attributable to non-controlling interests, as adjusted	\$42	\$ (9)	\$ (153)	\$ (111)	\$ (33)

Management believes that non-operating income (expense), less net income (loss) attributable to non-controlling interests, as adjusted, provides for comparability of this information to prior periods and is an effective measure for reviewing BlackRock’s non-operating contribution to its results. As compensation expense on the deferred compensation plans, which is included in operating income, offsets the gain/(loss) on the investments set aside for these plans, management believes that non-operating income (expense), less net income (loss) attributable to non-controlling interests, as adjusted, provides useful measures to investors of BlackRock’s non-operating results.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock, Inc.
Financial Highlights
(continued)

(c) Net income attributable to BlackRock, Inc., as adjusted:

Management believes that net income attributable to BlackRock, Inc., as adjusted, and diluted common earnings per share, as adjusted, are useful measures of BlackRock’s profitability and financial performance. Net income attributable to BlackRock, Inc., as adjusted, equals net income attributable to BlackRock, Inc., GAAP basis, adjusted for significant non-recurring items as well as charges that ultimately will not impact BlackRock’s book value.

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2009	2008	2009	2009	2008
Net income attributable to BlackRock, Inc., GAAP basis	\$ 218	\$ 274	\$ 84	\$ 302	\$ 515
Non-GAAP adjustments, net of tax:(d)					
Restructuring charges	—	—	14	14	—
PNC LTIP funding obligation	10	10	10	20	19
Merrill Lynch compensation contribution	1	1	2	3	3
BGI transaction/integration costs	10	—	—	10	—
Net income attributable to BlackRock, Inc., as adjusted	\$ 239	\$ 285	\$ 110	\$ 349	\$ 537
Allocation of net income attributable to BlackRock, Inc., as adjusted:(f)					
Common shares(e)	\$ 233	\$ 275	\$ 107	\$ 339	\$ 520
Participating RSUs	6	10	3	10	17
Net income attributable to BlackRock, Inc., as adjusted	\$ 239	\$ 285	\$ 110	\$ 349	\$ 537
Diluted weighted average common shares outstanding(e)	133,364,611	132,032,538	131,797,189	132,668,695	131,812,500
Diluted earnings per common share, GAAP basis(e)	\$ 1.59	\$ 2.00	\$ 0.62	\$ 2.22	\$ 3.78
Diluted earnings per common share, as adjusted(e)	\$ 1.75	\$ 2.08	\$ 0.81	\$ 2.56	\$ 3.94

The restructuring charges and BGI transaction/integration costs reflected in GAAP net income attributable to BlackRock, Inc. have been deemed non-recurring by management and have been excluded from net income attributable to BlackRock, Inc., as adjusted, to help ensure the comparability of this information to prior reporting periods.

The portion of the compensation expense associated with LTIP awards that will be funded through the distribution to participants of shares of BlackRock stock held by PNC and the anticipated Merrill Lynch compensation contribution have been excluded from net income, as adjusted, because these charges ultimately do not impact BlackRock’s book value.

(d) The tax rates used represent BlackRock’s corporate effective tax rates in the respective periods, which exclude certain adjustments that were recorded. For each of the quarters ended June 30, 2009, June 30, 2008 and March 31, 2009, non-GAAP adjustments were tax effected at 35%. For each of the six months ended June 30, 2009 and 2008, non-GAAP adjustments were tax effected at 35%.

(e) Series A, B and C non-voting participating preferred stock are considered to be common stock equivalents for purposes of determining basic and diluted earnings per share calculations. Certain unvested restricted stock units are not included in this number as they are deemed participating securities in accordance with FSP EITF 03-6-1 (ASC 260-10, *Earnings per Share*).

(f) Allocation of net income attributable to BlackRock, Inc., as adjusted, to common shares and participating RSUs is calculated pursuant to the two-class method as defined in SFAS No. 128, *Earnings per Share* (ASC 260-10, *Earnings per Share*).

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

BlackRock has portfolio managers located around the world, including the United States, the United Kingdom, the Netherlands, Japan, Hong Kong and Australia. The Company provides a wide array of taxable and tax-exempt fixed income, equity and balanced mutual funds and separate accounts, as well as a wide assortment of index-based equity and alternative investment products for a diverse global clientele. BlackRock provides global advisory services for mutual funds and other non-U.S. equivalent retail products. The Company's non-U.S. mutual funds are based in a number of domiciles and cover a range of asset classes, including cash management, fixed income and equities. The BlackRock Global Funds, the Company's primary retail fund group offered outside the United States, are authorized for distribution in more than 35 jurisdictions worldwide. In the United States, the primary retail offerings include various open-end and closed-end funds. Additional fund offerings include structured products, real estate funds, hedge funds, hedge funds of funds, private equity funds and funds of funds, managed futures funds and exchange funds. These products are sold to both U.S. and non-U.S. high net worth, retail and institutional investors in a wide variety of active and passive strategies covering both equity and fixed income assets.

BlackRock's client base consists of financial institutions and other corporate clients, pension funds, high net worth individuals and retail investors around the world. BlackRock maintains a significant sales and marketing presence both inside and outside the United States that is focused on establishing and maintaining retail and institutional investment management relationships by marketing its services to retail and institutional investors directly and through financial professionals, pension consultants and establishing third-party distribution relationships. BlackRock also distributes its products and services through Merrill Lynch under the global distribution agreement, which, following Bank of America's acquisition of Merrill Lynch, runs through January 2014. After such term, the agreement will renew for one automatic three-year extension if certain conditions are met.

BlackRock derives a substantial portion of its revenue from investment advisory and administration fees, which are recognized as the services are performed. Such fees are primarily based on pre-determined percentages of the market value of AUM, percentages of committed capital during investment periods of certain products, or, in the case of certain real estate equity separate accounts, net operating income generated by the underlying properties, and are affected by changes in AUM, including market appreciation or depreciation, foreign exchange gains or losses and net subscriptions or redemptions. Net subscriptions or redemptions represent the sum of new client assets, additional fundings from existing clients (including dividend reinvestment), withdrawals of assets from, and termination of, client accounts and purchases and redemptions of mutual fund shares. Market appreciation or depreciation includes current income earned on, and changes in the fair value of, securities held in client accounts.

Investment advisory agreements for certain separate accounts and BlackRock's alternative investment products provide for performance fees, based upon relative and/or absolute investment performance, in addition to base fees based on AUM. Investment advisory performance fees generally are earned after a given period of time or when investment performance exceeds a contractual threshold. As such, the timing of recognition of performance fees may increase the volatility of BlackRock's revenue and earnings.

BlackRock provides a variety of risk management, investment analytic and investment system and advisory services to financial institutions, pension funds, asset managers, foundations, consultants, mutual fund sponsors, real estate investment trusts and government agencies. These services are provided under the brand name *BlackRock Solutions*[®] and include a wide array of risk management services, valuation services related to illiquid securities, disposition and workout assignments (including long-term portfolio liquidation assignments), strategic planning and execution, and enterprise investment system outsourcing to clients. Fees earned for *BlackRock Solutions* and advisory services are determined using some, or all, of the following methods: (i) fixed fees, (ii) percentages of various attributes of advisory assets under management and (iii) performance fees if contractual thresholds are met.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Overview (continued)

Operating expenses reflect employee compensation and benefits, portfolio administration and servicing costs, amortization of deferred mutual fund sales commissions, general and administration expenses and amortization of intangible assets. Employee compensation and benefits expense reflects salaries, commissions, deferred and incentive compensation, stock-based compensation and related benefit costs. Portfolio administration and servicing costs include payments made to Merrill Lynch-affiliated entities under a global distribution agreement and to PNC-affiliated entities, as well as third parties, primarily associated with the administration and servicing of client investments in certain BlackRock products.

BlackRock holds investments primarily in sponsored investment products that invest in a variety of asset classes, including real estate, private equity, and hedge funds. Investments generally are made for co-investment purposes, to establish a performance track record or to hedge exposure to certain deferred compensation plans. Non-operating income (expense) includes the impact of changes in the valuations of these investments.

Assets Under Management

AUM for reporting purposes is generally based upon how investment advisory and administration fees are calculated for each portfolio. Net asset values, total assets, committed assets or other measures may be used to determine portfolio AUM.

BlackRock, Inc. **Assets Under Management Summary** **(Dollar amounts in millions)**

	<u>June 30,</u>		<u>June 30,</u>	<u>Variance vs.</u>	
	<u>2009</u>	<u>March 31,</u>		<u>2008</u>	<u>March 31,</u>
				<u>2009</u>	<u>2008</u>
Fixed income	\$ 509,656	\$ 474,299	\$ 527,186	7%	(3)%
Cash management	316,702	322,485	344,944	(2)%	(8)%
Equity and balanced	329,622	265,733	435,676	24%	(24)%
Alternative investment products	51,562	51,693	76,103	—	(32)%
Sub Total	1,207,542	1,114,210	1,383,909	8%	(13)%
Advisory AUM ¹	165,618	169,145	43,634	(2)%	280%
Total	<u>\$1,373,160</u>	<u>\$1,283,355</u>	<u>\$1,427,543</u>	7%	(4)%

¹ Advisory AUM represents long-term portfolio liquidation assignments.

NM – Not Meaningful

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Assets Under Management (continued)

The following table presents the component changes in BlackRock's AUM for the three months ended June 30, 2009.

BlackRock, Inc.
Component Changes in Assets Under Management
For the Three Months Ended June 30, 2009
(Dollar amounts in millions)

	March 31, 2009	Net subscriptions (redemptions) ¹	Acquisition ²	Market Appreciation	Foreign exchange ³	June 30, 2009
Fixed income	\$ 474,299	\$ 15,471	\$ —	\$ 15,159	\$ 4,727	\$ 509,656
Cash management	322,485	(7,504)	—	237	1,484	316,702
Equity and balanced	265,733	15,609	—	39,270	9,010	329,622
Alternative investment products	51,693	(2,651)	1,344	520	656	51,562
Sub Total	1,114,210	20,925	1,344	55,186	15,877	1,207,542
Advisory AUM ⁴	169,145	(5,766)	—	291	1,948	165,618
Total	\$1,283,355	\$ 15,159	\$ 1,344	\$ 55,477	\$ 17,825	\$1,373,160

¹ Includes distributions representing return of capital and return on investment to investors.

² Net assets acquired from R3 Capital Management, LLC in April 2009.

³ Foreign exchange reflects the impact of converting non-dollar denominated AUM into U.S. dollars for reporting.

⁴ Advisory AUM represents long-term portfolio liquidation assignments.

AUM increased approximately \$90 billion, or 7%, to \$1.373 trillion at June 30, 2009, compared to \$1.283 trillion at March 31, 2009. The growth in AUM was attributable to \$55 billion in net market appreciation, \$18 billion in foreign exchange translation, \$15 billion in net subscriptions and \$1 billion as a result of the acquisition of the R3 Capital Partners funds. Net market appreciation of \$55 billion included \$39 billion of appreciation in equity and balanced assets due to an increase in global equity markets and \$15 billion in fixed income products due to current income and changes in interest rate spreads. The \$18 billion increase in AUM from foreign exchange was across all asset classes due to the weakening of the U.S. dollar primarily against the British pound, which resulted in an increase in AUM from converting non-dollar denominated AUM into U.S. dollars.

Net subscriptions of \$10 billion from institutional clients and \$5 billion from retail and high net worth clients for the three months ended June 30, 2009 were the result of net subscriptions of \$16 billion in equity and balanced products including \$8 billion in passive index strategies and \$3 billion in global allocation and balanced products; \$15 billion in fixed income products spread across all major product categories, partially offset by \$8 billion in cash management net outflows primarily in government and tax exempt funds, \$6 billion of distributions in long-term advisory liquidation assignments and \$3 billion of net outflows in alternative investment products primarily in funds of funds and hedge funds.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Assets Under Management (continued)

The following table presents the component changes in BlackRock's AUM for the six months ended June 30, 2009.

BlackRock, Inc.
Component Changes in Assets Under Management
For the Six Months Ended June 30, 2009
(Dollar amounts in millions)

	December 31, 2008	Net subscriptions (redemptions) ¹	Acquisition ²	Market appreciation (depreciation)	Foreign exchange ³	June 30, 2009
Fixed income	\$ 483,173	\$ 9,081	\$ —	\$ 14,864	\$ 2,538	\$ 509,656
Cash management	338,439	(23,146)	—	85	1,324	316,702
Equity and balanced	280,821	21,364	—	22,150	5,287	329,622
Alternative investment products	59,723	(5,247)	1,344	(4,678)	420	51,562
Sub Total	1,162,156	2,052	1,344	32,421	9,569	1,207,542
Advisory AUM ⁴	144,995	18,754	—	180	1,689	165,618
Total	\$ 1,307,151	\$ 20,806	\$ 1,344	\$ 32,601	\$ 11,258	\$1,373,160

¹ Includes distributions representing return of capital and return on investment to investors.

² Net assets acquired from R3 Capital Management, LLC in April 2009.

³ Foreign exchange reflects the impact of converting non-dollar denominated AUM into U.S. dollars for reporting.

⁴ Advisory AUM represents long-term portfolio liquidation assignments.

AUM increased approximately \$66 billion, or 5%, to \$1.373 trillion at June 30, 2009, compared with \$1.307 trillion at December 31, 2008. The increase in AUM was attributable to \$33 billion in net market appreciation, \$21 billion in net subscriptions and \$1 billion as a result of the acquisition of the R3 Capital Partners funds, and \$11 billion in AUM from foreign exchange translation. Net market appreciation of \$33 billion included \$22 billion of appreciation in equity and balanced and \$15 billion in fixed income products due to significant improvements in the second quarter in both the equity and fixed income markets, partially offset by \$5 billion of market depreciation in alternative investment products primarily in real estate products. The \$11 billion increase in AUM from foreign exchange was across all asset classes due to the weakening of the U.S. dollar primarily against the British pound, which resulted in an increase in AUM from converting non-dollar denominated AUM into U.S. dollars.

Net subscriptions of \$14 billion from institutional clients and \$7 billion from retail and high net worth clients for the six months ended June 30, 2009 were attributable to net new business of \$19 billion in long-term advisory liquidation assignments, \$21 billion in equity and balanced products including \$12 billion in passive index strategies and \$9 billion in fixed income products partially offset by \$23 billion of net outflows in cash management products primarily in government and tax exempt funds, and \$5 billion in alternative products.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Assets Under Management (continued)

The following table presents the component changes in BlackRock's AUM for the twelve months ended June 30, 2009.

BlackRock, Inc.
Component Changes in Assets Under Management
For the Twelve Months Ended June 30, 2009
(Dollar amounts in millions)

	June 30, 2008	Net subscriptions (redemptions) ¹	Acquisition ²	Market appreciation (depreciation)	Foreign exchange ³	June 30, 2009
Fixed income	\$ 527,186	\$ (11,310)	\$ —	\$ 97	\$ (6,317)	\$ 509,656
Cash management	344,944	(28,019)	—	661	(884)	316,702
Equity and balanced	435,676	16,588	—	(103,944)	(18,698)	329,622
Alternative investment products	76,103	(7,174)	1,344	(17,492)	(1,219)	51,562
Sub Total	1,383,909	(29,915)	1,344	(120,678)	(27,118)	1,207,542
Advisory AUM ⁴	43,634	119,876	—	419	1,689	165,618
Total	\$1,427,543	\$ 89,961	\$ 1,344	\$ (120,259)	\$ (25,429)	\$1,373,160

¹ Includes distributions representing return of capital and return on investment to investors.

² Net assets acquired from R3 Capital Management, LLC in April 2009.

³ Foreign exchange reflects the impact of converting non-dollar denominated AUM into U.S. dollars for reporting.

⁴ Advisory AUM represents long-term portfolio liquidation assignments.

AUM decreased approximately \$54 billion, or 4%, to \$1.373 trillion at June 30, 2009, compared with \$1.428 trillion at June 30, 2008. The decline in AUM was attributable to \$120 billion in net market depreciation and \$25 billion in foreign exchange translation, partially offset by \$90 billion in net subscriptions and \$1 billion as a result of an acquisition of the R3 Capital Partners funds. Net market depreciation of \$121 billion was primarily due to the depreciation in equity and balanced assets of \$104 billion, as equity markets declined during the twelve months ended June 30, 2009 and \$17 billion in alternative products. The \$25 billion reduction in AUM from foreign exchange was across all asset classes other than advisory due to the strengthening of the U.S. dollar, which resulted in foreign exchange translation from converting non-dollar denominated AUM into U.S. dollars.

Net subscriptions of \$90 billion for the twelve months ended June 30, 2009 were attributable to net new business of \$120 billion in long-term advisory liquidation assignments, \$17 billion in equity and balanced products primarily related to U.S. index products, partially offset by \$28 billion of net outflows in cash management products primarily related to prime funds, securities lending portfolios, and tax exempt products, \$11 billion in fixed income products and \$7 billion in alternative products.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008.

Revenue

(Dollar amounts in millions)	Three Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
Investment advisory and administration fees:				
Fixed income	\$ 207	\$ 234	\$ (27)	(12)%
Cash management	166	184	(18)	(10)%
Equity and balanced	382	601	(219)	(36)%
Alternative investment products	95	142	(47)	(33)%
Investment advisory and administration base fees	850	1,161	(311)	(27)%
Fixed income	5	—	5	NM
Equity and balanced	2	30	(28)	(93)%
Alternative investment products	10	27	(17)	(63)%
Investment advisory performance fees	17	57	(40)	(70)%
Total investment advisory and administration base and performance fees	867	1,218	(351)	(29)%
BlackRock Solutions and advisory	116	100	16	16%
Distribution fees	23	34	(11)	(32)%
Other revenue	23	35	(12)	(34)%
Total revenue	\$ 1,029	\$ 1,387	\$ (358)	(26)%

NM – Not Meaningful

Total revenue for the three months ended June 30, 2009 decreased \$358 million, or 26%, to \$1,029 million, compared with \$1,387 million for the three months ended June 30, 2008. The \$358 million decrease was the result of a \$351 million decrease in total investment advisory and administration base and performance fees, a \$12 million decrease in other revenue and an \$11 million decrease in distribution fees, partially offset by a \$16 million increase in *BlackRock Solutions* and advisory revenue.

Investment Advisory and Administration Fees

The decrease in investment advisory and administration fees of \$351 million, or 29%, was the result of a decrease in investment advisory and administration base fees of \$311 million, or 27%, to \$850 million for the three months ended June 30, 2009, compared with \$1,161 million for the three months ended June 30, 2008 and a decrease of \$40 million in performance fees.

The decrease in investment advisory and administration base fees of \$311 million for the three months ended June 30, 2009, compared with the three months ended June 30, 2008 consisted of decreases in base fees of \$219 million in equity and balanced products, \$47 million in alternative products, \$27 million in fixed income products and \$18 million in cash management products as a result of decreased average AUM in 2009 compared to 2008 for all asset classes.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Revenue (continued)

Investment Advisory and Administration Fees (continued)

Investment advisory performance fees decreased \$40 million, or 70%, to \$17 million for the three months ended June 30, 2009, as compared to \$57 million for the three months ended June 30, 2008, primarily due to a reduction in performance fees in international equity separate accounts and equity and fixed income hedge funds.

BlackRock Solutions and Advisory

BlackRock Solutions and advisory revenue for the three months ended June 30, 2009 increased \$16 million, or 16%, compared with the three months ended June 30, 2008. The increase in *BlackRock Solutions* and advisory revenue was primarily due to additional advisory assignments with fees based on advisory AUM as well as additional Aladdin mandates. Revenue earned on advisory assignments was comprised of advisory and portfolio structuring assignment fees and ongoing fees based on AUM of the respective portfolio assignments.

Distribution Fees

Distribution fees decreased \$11 million to \$23 million for the three months ended June 30, 2009, as compared to \$34 million for the three months ended June 30, 2008. The decrease in distribution fees was primarily the result of lower sales, redemptions and AUM in certain share classes of open-end funds.

Other Revenue

Other revenue of \$23 million for the three months ended June 30, 2009 decreased \$12 million compared with the three months ended June 30, 2008. Other revenue for the three months ended June 30, 2009 included \$7 million of net interest related to securities lending, \$5 million of unit trust sales commissions and \$11 million of other revenue.

The decrease in other revenue of \$12 million, or 34%, for the three months ended June 30, 2009, as compared to the three months ended June 30, 2008, was primarily the result of a \$9 million decline in real estate property management fees primarily related to the outsourcing in the fourth quarter of 2008 of Metric contracts with BlackRock real estate clients, a \$3 million decrease in net interest earned related to securities lending and a \$2 million decline in unit trust sales commissions.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Expenses

(Dollar amounts in millions)	Three Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
Expenses:				
Employee compensation and benefits	\$ 390	\$ 552	\$ (162)	(29)%
Portfolio administration and servicing costs	125	152	(27)	(18)%
Amortization of deferred mutual fund sales commissions	26	33	(7)	(21)%
General and administration	191	208	(17)	(8)%
Amortization of intangible assets	36	37	(1)	(3)%
Total expenses	\$ 768	\$ 982	\$ (214)	(22)%

Total expenses decreased \$214 million, or 22%, to \$768 million for the three months ended June 30, 2009, compared with \$982 million for the three months ended June 30, 2008. The decrease is primarily attributable to decreases in employee compensation and benefits, portfolio administration and servicing costs and general and administration expenses.

Employee Compensation and Benefits

Employee compensation and benefits expense decreased \$162 million, or 29%, to \$390 million, at June 30, 2009, compared to \$552 million for the three months ended June 30, 2008. The decrease in employee compensation and benefits expense was primarily attributable to a \$87 million decline in incentive compensation associated with the decrease in operating income and performance fees, a \$61 million decrease in salaries, benefits and commissions primarily due to lower headcount as a result of the BlackRock’s cost control efforts and a \$14 million decrease in deferred compensation expense, which is primarily linked to a decrease in appreciation on assets related to certain deferred compensation plans. Employees at June 30, 2009 totaled 4,984 as compared to 6,069 (including 410 Metric employees) and 5,659 (excluding Metric employees) at June 30, 2008.

Portfolio Administration and Servicing Costs

Portfolio administration and servicing costs decreased \$27 million to \$125 million during the three months ended June 30, 2009, compared to \$152 million for the three months ended June 30, 2008. These costs include payments to Bank of America/Merrill Lynch under a global distribution agreement, and payments to PNC as well as other third parties, primarily associated with the administration and servicing of client investments in certain BlackRock products. The \$27 million decrease primarily related to lower levels of average AUM serviced by third parties across all asset classes.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Expenses (continued)

Portfolio Administration and Servicing Costs (continued)

Portfolio administration and servicing costs for the three months ended June 30, 2009 included \$91 million of costs attributable to Bank of America/Merrill Lynch and affiliates and \$5 million of costs attributable to PNC and affiliates as compared to \$118 million and \$9 million, respectively, in the three months ended June 30, 2008. Portfolio administration and servicing costs related to other non-related parties increased \$4 million to \$29 million for the three months ended June 30, 2009, as compared to \$25 million for the three months ended June 30, 2008 due to an expansion of distribution platforms.

Amortization of Deferred Mutual Fund Sales Commissions

Amortization of deferred mutual fund sales commissions decreased to \$26 million for the three months ended June 30, 2009, as compared to \$33 million for the three months ended June 30, 2008. The decrease in amortization of deferred mutual fund sales commissions was primarily the result of lower sales and redemptions in certain share classes of open-end funds.

General and Administration Expenses

(Dollar amounts in millions)	Three Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
General and administration expenses:				
Marketing and promotional	\$ 18	\$ 45	\$ (27)	(60)%
Professional services	29	18	11	61%
Portfolio services	37	48	(11)	(23)%
Technology	26	30	(4)	(13)%
Closed-end fund launch costs	—	5	(5)	(100)%
Occupancy	35	34	1	3%
Other general and administration	46	28	18	64%
Total general and administration expenses	\$ 191	\$ 208	\$ (17)	(8)%

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Expenses (continued)

General and Administration Expenses (continued)

General and administration expenses decreased \$17 million, or 8%, for the three months ended June 30, 2009 compared with the three months ended June 30, 2008. Marketing and promotional expenses decreased \$27 million, or 60%, primarily due to a decline in travel and promotional expenses. Portfolio service costs decreased \$11 million, or 23%, to \$37 million. Closed-end funds launch costs decreased \$5 million as compared to the three months ended June 30, 2008 as a result of one alternative asset fund launched on the London Stock Exchange in the three months ended June 30, 2008 which generated \$300 million in AUM. Technology expenses decreased \$4 million, or 13%, to \$26 million compared to \$30 million for the three months ended June 30, 2008 primarily due to a decrease in technology consulting. Professional services increased \$11 million, or 61%, to \$29 million compared to \$18 million for the three months ended June 30, 2008 primarily related to legal and advisory costs in connection with the BGI Transaction. Other general and administration expenses increased \$18 million, or 64%, to \$46 million from \$28 million, primarily related to a \$16 million increase in expense due to balance sheet related foreign currency effects, expenses for potentially uncollectible receivables, offset by a reduction of various expenses primarily the result of cost control efforts.

Non-Operating Income (Expense), Less Net Income (Loss) Attributable to Non-Controlling Interests

Non-operating income (expense), less net income (loss) attributable to non-controlling interests for the three months ended June 30, 2009 and 2008 was as follows:

(Dollar amounts in millions)	Three Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
Total non-operating income (expense)	\$ 77	\$ (4)	\$ 81	NM
Net income (loss) attributable to non-controlling interests	26	(20)	46	230%
Total non-operating income (expense), less net income (loss) attributable to non-controlling interests	<u>\$ 51</u>	<u>\$ 16</u>	<u>\$ 35</u>	219%

NM – Not Meaningful

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Non-Operating Income (Expense), Less Net Income (Loss) Attributable to Non-Controlling Interests (continued)

The components of non-operating income (expense), less net income (loss) attributable to non-controlling interests, for the three months ended June 30, 2009 and 2008 were as follows:

(Dollar amounts in millions)	Three Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
Net gain (loss) on investments ¹				
Private equity	\$ 11	\$ 2	\$ 9	450%
Real estate	(12)	(8)	(4)	(50)%
Distressed hedge funds	44	7	37	NM
Hedge funds/funds of hedge funds	8	5	3	60%
Other investments ²	2	(10)	12	120%
Sub-total	53	(4)	57	NM
Investments related to deferred compensation plans	9	25	(16)	(64)%
Total net gain (loss) on investments ¹	62	21	41	195%
Net income (loss) attributable to other non-controlling interests ³	—	(1)	1	100%
Interest and dividend income	4	14	(10)	(71)%
Interest expense	(15)	(18)	3	17%
Total non-operating income (expense) ¹	51	16	35	219%
Compensation expense related to (appreciation) on deferred compensation plans	(9)	(25)	16	64%
Non-operating income (expense), as adjusted ¹	\$ 42	\$ (9)	\$ 51	NM

NM – Not Meaningful

¹ Includes net income (loss) attributable to non-controlling interests (redeemable and nonredeemable) related to investment activities.

² Includes net gains/(losses) related to equity and fixed income investments and BlackRock’s seed capital hedging program.

³ Includes non-controlling interests related to operating entities (non-investment activities).

Non-operating income, net of non-controlling interests, increased \$35 million to \$51 million for the three months ended June 30, 2009, as compared to \$16 million for the three months ended June 30, 2008. The \$51 million non-operating income, net of non-controlling interests, related to the Company’s co-investments and seed investments included, net gains in distressed hedge funds of \$44 million, private equity products of \$11 million, hedge funds/funds of hedge funds of \$8 million, fixed income and equity investments of \$2 million, and investments related to deferred compensation plans of \$9 million, offset by a decrease in valuations from real estate equity/debt products of \$12 million. In addition, net interest expense was \$11 million, an increase of \$7 million primarily due to a decline in interest rates.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Net Economic Investment Portfolio

The Company reviews its net economic exposure to its investment portfolio by reducing its GAAP investments by the net assets attributable to non-controlling interests of consolidated sponsored investment funds. Changes in the investment portfolio are due to purchases, sales, maturities, distributions as well as the impact of valuations. The following table represents the percentage ranges, by asset type, of the net “economic” investment portfolio, excluding investments related to deferred compensation plans, at June 30, 2009 and 2008:

	June 30, 2009 % Ranges	June 30, 2008 % Ranges
Private equity	25 -35%	15 – 25%
Real estate	<10%	15 – 25%
Distressed hedge funds	20 – 30%	15 – 25%
Hedge funds/funds of hedge funds	10 – 20%	15 – 25%
Other investments	15 – 25%	20 – 30%

Income Tax Expense

Income tax expense was \$94 million and \$147 million for the three months ended June 30, 2009 and 2008, respectively. The effective income tax rate for the three months ended June 30, 2009 was 30.1%, as compared to 34.9% for the three months ended June 30, 2008. Excluding approximately \$15 million of tax benefits, primarily from favorable tax rulings received during the quarter, the effective income tax rate was 35.0%.

Operating Income and Operating Margin

GAAP

Operating income totaled \$261 million for the three months ended June 30, 2009, which was a decrease of \$144 million compared to the three months ended June 30, 2008. The Company’s operating margin was 25.4% for the three months ended June 30, 2009, compared to 29.2% for the three months ended June 30, 2008. Operating income and operating margin for the three months ended June 30, 2009 included the impact of a \$311 million decrease in investment advisory and administration base fees, associated with a market driven reduction in AUM over the past twelve months and a \$40 million decrease in performance fee revenue. The decrease in revenue is partially offset by a \$214 million decrease in operating expenses primarily due to declines in employee compensation and benefits, portfolio administration and servicing costs, general and administration expenses and amortization of deferred mutual fund sales commissions.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Operating Income and Operating Margin (continued)

As Adjusted

Operating income, as adjusted, totaled \$302 million for the three months ended June 30, 2009, which was a decrease of \$145 million compared to the three months ended June 30, 2008. Operating margin, as adjusted, was 34.4% and 37.8% for the three months ended June 30, 2009 and 2008, respectively. The decline of operating income, as adjusted, for the three months ended June 30, 2009 as compared to the three months ended June 30, 2008 is primarily related to the impact of the \$358 million decrease in revenue offset by a \$213 million decrease in operating expenses primarily due to employee compensation and benefits and general and administration. The 34.4% operating margin, as adjusted, for the three months ended June 30, 2009 includes approximately a two percentage point reduction attributable to balance sheet related foreign currency effects.

Operating income, as adjusted, and operating margin, as adjusted, are described in more detail in the Overview to Management’s Discussion and Analysis of Financial Condition and Results of Operations.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Net Income Attributable to BlackRock, Inc.

The components of net income attributable to BlackRock, Inc. and net income attributable to BlackRock, Inc., as adjusted, for the three months ended June 30, 2009 and 2008 are as follows:

(Dollar amounts in millions, except per share data)	Three Months Ended June 30,			Three Months Ended June 30,		
	2009	2008	% Change	2009	2008	% Change
	GAAP	GAAP		As adjusted	As adjusted	
Operating income	\$ 261	\$ 405	(36)%	\$ 302	\$ 447	(32)%
Non-operating income (expense), less net income (loss) attributable to non- controlling interests	51	16	219%	42	(9)	NM
Income tax expense	(94)	(147)	(36)%	(105)	(153)	(31)%
Net income attributable to BlackRock, Inc.	<u>\$ 218</u>	<u>\$ 274</u>	(20)%	<u>\$ 239</u>	<u>\$ 285</u>	(16)%
Net income allocated to:						
Common shares	\$ 212	\$ 264	(20)%	\$ 233	\$ 275	(15)%
Participating RSUs	6	10	(40)%	6	10	(40)%
Net income attributable to BlackRock, Inc.	<u>\$ 218</u>	<u>\$ 274</u>	(20)%	<u>\$ 239</u>	<u>\$ 285</u>	(16)%
Total weighted-average common shares outstanding	133,364,611	132,032,538	1%	133,364,611	132,032,538	1%
Diluted earnings attributable to BlackRock, Inc. shareholders per common share	\$ 1.59	\$ 2.00	(21)%	\$ 1.75	\$ 2.08	(16)%

NM – Not Meaningful

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the three months ended June 30, 2009, as compared with the three months ended June 30, 2008. (continued)

Net Income Attributable to BlackRock, Inc. (continued)

Net income attributable to BlackRock, Inc. for the three months ended June 30, 2009 included operating income of \$261 million, or \$1.24 per diluted common share, non-operating income, less net income (loss) attributable to non-controlling interests, of \$51 million, or \$0.24 per diluted common share and an \$0.11 per diluted common share benefit primarily related to a favorable tax ruling received during the quarter. Net income attributable to BlackRock, Inc. totaled \$218 million, or \$1.59 per diluted common share, for the three months ended June 30, 2009, which was a decrease of \$56 million, or \$0.41 per diluted common share, compared to the three months ended June 30, 2008.

Net income attributable to BlackRock, Inc. for the three months ended June 30, 2009 included the after-tax impact of the portion of LTIP awards which will be funded through a capital contribution of BlackRock stock held by PNC of \$10 million, BGI transaction/integration costs of \$10 million and an expected contribution by Merrill Lynch of \$1 million to fund certain compensation of former Merrill Lynch Investment Managers (“MLIM”) employees.

Net income attributable to BlackRock, Inc. of \$274 million for the three months ended June 30, 2008 included the after-tax impact of the portion of certain LTIP awards which will be funded through a capital contribution of BlackRock stock held by PNC of \$10 million and an expected contribution by Merrill Lynch of \$1 million to fund certain compensation of former MLIM employees.

Exclusive of these items in both periods, diluted earnings per common share, as adjusted, for the three months ended June 30, 2009 decreased \$0.33, or 16%, to \$1.75 compared to the three months ended June 30, 2008. Diluted earnings per common share, as adjusted, is described in more detail in the Overview to Management’s Discussion and Analysis of Financial Condition and Results of Operations.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Revenue

(Dollar amounts in millions)	Six Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
Investment advisory and administration fees:				
Fixed income	\$ 406	\$ 455	\$ (49)	(11)%
Cash management	341	359	(18)	(5)%
Equity and balanced	719	1,203	(484)	(40)%
Alternative investment products	<u>183</u>	<u>276</u>	<u>(93)</u>	<u>(34)%</u>
Investment advisory and administration base fees	1,649	2,293	(644)	(28)%
Fixed income	8	2	6	300%
Equity and balanced	8	68	(60)	(88)%
Alternative investment products	<u>12</u>	<u>29</u>	<u>(17)</u>	<u>(59)%</u>
Investment advisory performance fees	<u>28</u>	<u>99</u>	<u>(71)</u>	<u>(72)%</u>
Total investment advisory and administration base and performance fees	1,677	2,392	(715)	(30)%
BlackRock Solutions and advisory	256	160	96	60%
Distribution fees	48	69	(21)	(30)%
Other revenue	<u>35</u>	<u>66</u>	<u>(31)</u>	<u>(47)%</u>
Total revenue	<u>\$2,016</u>	<u>\$2,687</u>	<u>\$ (671)</u>	<u>(25)%</u>

Total revenue for the six months ended June 30, 2009 decreased \$671 million, or 25%, to \$2,016 million, compared with \$2,687 million for the six months ended June 30, 2008. The \$671 million decrease was the result of a \$715 million decrease in total investment advisory and administration base and performance fees, a \$31 million decrease in other revenue and a \$21 million decrease in distribution fees, partially offset by a \$96 million increase in *BlackRock Solutions* and advisory revenue.

Investment Advisory and Administration Fees

The decrease in investment advisory and administration fees of \$715 million, or 30%, was the result of a decrease in investment advisory and administration base fees of \$644 million, or 28%, to \$1,649 million for the six months ended June 30, 2009, compared with \$2,293 million for the six months ended June 30, 2008 and a decrease of \$71 million in performance fees.

The decrease in investment advisory and administration base fees of \$644 million for the six months ended June 30, 2009, compared with the six months ended June 30, 2008 consisted of decreases in base fees of \$484 million in equity and balanced products, \$93 million in alternative products, \$49 million in fixed income products and \$18 million in cash management products as a result of decreased AUM in 2009 compared to 2008 for all asset classes.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Revenue (continued)

Investment Advisory and Administration Fees (continued)

Investment advisory performance fees decreased \$71 million, or 72%, to \$28 million for the six months ended June 30, 2009, as compared to \$99 million for the six months ended June 30, 2008, primarily due to a reduction in performance fees in international equity separate accounts and equity hedge funds.

BlackRock Solutions and Advisory

BlackRock Solutions and advisory revenue for the six months ended June 30, 2009 increased \$96 million, or 60%, compared with the six months ended June 30, 2008. The increase in *BlackRock Solutions* and advisory revenue was primarily the result of additional advisory assignments during the period, as well as additional Aladdin mandates. Revenue earned on advisory assignments was comprised of advisory and portfolio structuring assignment fees and ongoing fees based on AUM of the respective portfolio assignments.

Distribution Fees

Distribution fees decreased \$21 million to \$48 million for the six months ended June 30, 2009, as compared to \$69 million for the six months ended June 30, 2008. The decrease in distribution fees was primarily the result of lower sales, redemptions and AUM in certain share classes of open-end funds.

Other Revenue

Other revenue of \$35 million for the six months ended June 30, 2009 decreased \$31 million compared with the six months ended June 30, 2008. Other revenue for the six months ended June 30, 2009 included \$9 million of unit trust sales commissions, \$9 million of net interest related to securities lending and \$17 million of other revenue.

The decrease in other revenue of \$31 million, or 47%, for the six months ended June 30, 2009, as compared to the six months ended June 30, 2008, was primarily the result of a \$17 million decline in property management fees primarily related to the outsourcing in the fourth quarter of 2008 of Metric contracts with BlackRock real estate clients, a \$9 million decrease in net interest earned related to securities lending and a \$5 million decline in unit trust sales commissions.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Expenses

(Dollar amounts in millions)	Six Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
Expenses:				
Employee compensation and benefits	\$ 741	\$1,021	\$ (280)	(27)%
Portfolio administration and servicing costs	252	306	(54)	(18)%
Amortization of deferred mutual fund sales commissions	53	63	(10)	(16)%
General and administration	344	422	(78)	(18)%
Restructuring charges	22	—	22	NM
Amortization of intangible assets	72	74	(2)	(3)%
Total expenses	<u>\$1,484</u>	<u>\$1,886</u>	<u>\$ (402)</u>	(21)%

NM – Not Meaningful

Total expenses decreased \$402 million, or 21%, to \$1,484 million for the six months ended June 30, 2009, compared to \$1,886 million for the six months ended June 30, 2008. Excluding the restructuring charges of \$22 million, expenses decreased \$424 million, or 22%, primarily attributable to decreases in employee compensation and benefits, general and administration expenses and portfolio administration and servicing costs.

Employee Compensation and Benefits

Employee compensation and benefits expense decreased \$280 million, or 27%, to \$741 million, at June 30, 2009, compared to \$1,021 million for the six months ended June 30, 2008. The decrease in employee compensation and benefits expense was attributable to a \$158 million reduction in incentive compensation primarily associated with the decrease in operating income and performance fees, a \$105 million decrease in salaries, benefits and commissions due to lower headcount as a result of the Company's cost control efforts and outsourcing of Metric services and a \$17 million decrease in deferred compensation which is linked to a decrease in appreciation on assets related to certain deferred compensation plans. Employees at June 30, 2009 totaled 4,984 as compared to 6,069 (including 410 Metric employees) and 5,659 (excluding Metric employees) at June 30, 2008.

Portfolio Administration and Servicing Costs

Portfolio administration and servicing costs decreased \$54 million to \$252 million during the six months ended June 30, 2009, compared to \$306 million for the six months ended June 30, 2008. These costs include payments to Bank of America/Merrill Lynch under a global distribution agreement, and payments to PNC as well as other third parties, primarily associated with the administration and servicing of client investments in certain BlackRock products. The \$54 million decrease primarily related to lower levels of average AUM serviced by related parties across all asset classes.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Expenses (continued)

Portfolio Administration and Servicing Costs (continued)

Portfolio administration and servicing costs for the six months ended June 30, 2009 included \$189 million of costs attributable to Bank of America/Merrill Lynch and affiliates and \$10 million of costs attributable to PNC and affiliates as compared to \$240 million and \$17 million, respectively, in the six months ended June 30, 2008. Portfolio administration and servicing costs related to other non-related parties increased \$4 million to \$53 million for the six months ended June 30, 2009, as compared to \$49 million for the six months ended June 30, 2008 due to an expansion of distribution platforms.

Amortization of Deferred Mutual Fund Sales Commissions

Amortization of deferred mutual fund sales commissions decreased \$10 million to \$53 million for the six months ended June 30, 2009, as compared to \$63 million for the six months ended June 30, 2008. The decrease in amortization of deferred mutual fund sales commissions was primarily the result of lower sales and redemptions in certain share classes of U.S. open-end funds.

General and Administration Expenses

(Dollar amounts in millions)	Six Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
General and administration expenses:				
Marketing and promotional	\$ 32	\$ 87	\$ (55)	(63)%
Professional services	42	41	1	2%
Portfolio services	70	87	(17)	(20)%
Technology	51	61	(10)	(16)%
Closed-end fund launch costs	2	9	(7)	(78)%
Occupancy	70	68	2	3%
Other general and administration	77	69	8	12%
Total general and administration expenses	\$ 344	\$ 422	\$ (78)	(18)%

General and administration expenses decreased \$78 million, or 18%, for the six months ended June 30, 2009 compared with the six months ended June 30, 2008. Marketing and promotional expenses decreased \$55 million, or 63%, primarily due to a decline in travel and promotional expenses. Portfolio service costs decreased \$17 million, or 20%, to \$70 million, partially due to a decline in AUM. Technology expenses decreased \$10 million, or 16%, to \$51 million compared to \$61 million for the six months ended June 30, 2008 primarily due to a decrease in software licensing/maintenance costs and technology consulting. Other general and administration expenses increased \$8 million, or 12%, to \$77 million from \$69 million, primarily related to expenses for potentially uncollectible receivables and an increase in expense due to balance sheet related foreign currency effects, partially offset by a reduction of various expenses primarily the result of cost control efforts.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Expenses (continued)

Restructuring Charges

For the six months ended June 30, 2009 BlackRock recorded pre-tax restructuring charges of \$22 million, primarily related to severance, outplacement costs, occupancy costs and accelerated amortization of certain previously granted stock awards associated with a reduction in work force and reengineering efforts. See Note 10, Restructuring Charges, to the Company’s condensed consolidated financial statements contained in Part I, Item 1 of this filing.

Non-Operating Income (Expense), Less Net Income (Loss) Attributable to Non-Controlling Interests

Non-operating income (expense), less net income (loss) attributable to non-controlling interests for the six months ended June 30, 2009 and 2008 was as follows:

(Dollar amounts in millions)	Six Months Ended		Variance	
	June 30, 2009	2008	Amount	% Change
Total non-operating income (expense)	\$ (102)	\$ (24)	\$ (78)	(325)%
Net income (loss) attributable to non-controlling interests	4	(15)	19	127%
Total non-operating income (expense), less net income (loss) attributable to non-controlling interests	<u>\$ (106)</u>	<u>\$ (9)</u>	<u>\$ (97)</u>	NM

NM – Not Meaningful

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Non-Operating Income (Expense), Less Net Income (Loss) Attributable to Non-Controlling Interests (continued)

The components of non-operating income (expense), less net income (loss) attributable to non-controlling interests, for the six months ended June 30, 2009 and 2008 were as follows:

(Dollar amounts in millions)	Six Months Ended June 30,		Variance	
	2009	2008	Amount	% Change
Net gain (loss) on investments ¹				
Private equity	\$ (9)	\$ 10	\$ (19)	(190)%
Real estate	(105)	(22)	(83)	(377)%
Distressed hedge funds	32	4	28	NM
Hedge funds/funds of hedge funds	2	(8)	10	125%
Other investments ²	(13)	(12)	(1)	(8)%
Sub-total	(93)	(28)	(65)	(232)%
Investments related to deferred compensation plans	5	24	(19)	(79)%
Total net gain (loss) on investments ¹	(88)	(4)	(84)	NM
Net income (loss) attributable to other non-controlling interests ³	—	(1)	1	100%
Interest and dividend income	12	32	(20)	(63)%
Interest expense	(30)	(36)	6	17%
Total non-operating income (expense) ¹	(106)	(9)	(97)	NM
Compensation expense related to (appreciation) on deferred compensation plans	(5)	(24)	19	79%
Non-operating expense, as adjusted ¹	<u>\$ (111)</u>	<u>\$ (33)</u>	<u>\$ (78)</u>	(236)%

NM – Not Meaningful

¹ Includes net income (loss) attributable to non-controlling interests (redeemable and nonredeemable) related to investment activities.

² Includes net gains/(losses) related to equity and fixed income investments and BlackRock’s seed capital hedging program.

³ Includes non-controlling interests related to operating entities (non-investment activities).

Non-operating expense, less net income (loss) attributable to non-controlling interests, decreased \$97 million to \$106 million for the six months ended June 30, 2009, as compared to \$9 million for the six months ended June 30, 2008. The \$106 million non-operating expense, less non-controlling interests, related to the Company’s co-investment and seed investments, included net losses in real estate products of \$105 million, private equity products of \$9 million and other investments of \$13 million, partially offset by valuation gains in distressed hedge funds of \$32 million, investments related to deferred compensation plans of \$5 million and hedge funds/funds of hedge funds of \$2 million. In addition, net interest expense was \$18 million, a decline of \$14 million primarily due to a decline in interest rates.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Income Tax Expense

Income tax expense was \$124 million and \$277 million for the six months ended June 30, 2009 and 2008, respectively. The effective income tax rate for the six months ended June 30, 2009 was 29.1%, as compared to 35.0% for the six months ended June 30, 2008. Excluding \$25 million of tax benefits primarily related to a favorable tax ruling and the final resolution of outstanding tax matters in the six months ended June 30, 2009, the effective income tax rate was 35.0%.

Operating Income and Operating Margin

GAAP

Operating income totaled \$532 million for the six months ended June 30, 2009, which was a decrease of \$269 million compared to the six months ended June 30, 2008. The Company's operating margin was 26.4% for the six months ended June 30, 2009, compared to 29.8% for the six months ended June 30, 2008. Operating income and operating margin for the six months ended June 30, 2009 included the impact of a \$644 million decrease in investment advisory and administration base fees, associated with a market driven reduction in AUM, a \$71 million decrease in performance fees revenue, and a \$52 million reduction in other revenue and distribution fees, partially offset by a \$96 million increase in *BlackRock Solutions* and advisory revenue. The decrease in revenue is partially offset by a \$402 million decrease in operating expenses primarily due to declines in employee compensation and benefits, general and administration expenses and portfolio administration and servicing costs offset by \$22 million of restructuring charges.

As Adjusted

Operating income, as adjusted, totaled \$609 million for the six months ended June 30, 2009, which was a decrease of \$251 million compared to the six months ended June 30, 2008. Operating margin, as adjusted, was 35.8% and 37.7% for the six months ended June 30, 2009 and 2008, respectively. The decline of operating income, as adjusted, for the six months ended June 30, 2009 as compared to the six months ended June 30, 2008 is primarily related to the impact of the \$671 million decrease in revenue offset by a \$420 million decrease in operating expenses primarily due to decreases in employee compensation and benefits, general and administration expenses and portfolio administration and servicing costs.

Operating income, as adjusted, and operating margin, as adjusted, are described in more detail in the Overview to Management's Discussion and Analysis of Financial Condition and Results of Operations.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Net Income Attributable to BlackRock, Inc.

The components of net income attributable to BlackRock, Inc. and net income attributable to BlackRock, Inc., as adjusted, for the six months ended June 30, 2009 and 2008 are as follows:

(Dollar amounts in millions, except per share data)	Six Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	% Change	2009	2008	% Change
	GAAP	GAAP		As adjusted	As adjusted	
Operating income	\$ 532	\$ 801	(34)%	\$ 609	\$ 860	(29)%
Non-operating income (expense), less net income (loss) attributable to non-controlling interests	(106)	(9)	NM	(111)	(33)	(236)%
Income tax expense	(124)	(277)	(55)%	(149)	(290)	(49)%
Net income attributable to BlackRock, Inc.	\$ 302	\$ 515	(41)%	\$ 349	\$ 537	(35)%
Net income allocated to:						
Common shares	\$ 294	\$ 498	(41)%	\$ 339	\$ 520	(35)%
Participating RSUs	8	17	(53)%	10	17	(41)%
Net income attributable to BlackRock, Inc.	\$ 302	\$ 515	(41)%	\$ 349	\$ 537	(35)%
Total weighted-average common shares outstanding	132,668,695	131,812,500	1%	132,668,695	131,812,500	1%
Diluted earnings attributable to BlackRock, Inc. shareholders per common share	\$ 2.22	\$ 3.78	(41)%	\$ 2.56	\$ 3.94	(35)%

NM – Not Meaningful

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Operating results for the six months ended June 30, 2009, as compared with the six months ended June 30, 2008. (continued)

Net Income Attributable to BlackRock, Inc. (continued)

Net income attributable to BlackRock, Inc. for the six months ended June 30, 2009 includes operating income of \$532 million, or \$2.54 per diluted common share, non-operating losses, less net income (loss) attributable to non-controlling interests, of \$106 million, or \$0.50 per diluted common share and an \$0.18 per diluted common share benefit related to a favorable tax ruling and the final resolution of outstanding tax matters. Net income attributable to BlackRock, Inc. totaled \$302 million, or \$2.22 per diluted common share, for the six months ended June 30, 2009, which was a decrease of \$213 million, or \$1.56 per diluted common share, compared to the six months ended June 30, 2008.

Net income attributable to BlackRock, Inc. for the six months ended June 30, 2009 included the after-tax impact portion of LTIP awards which will be funded through a capital contribution of BlackRock stock held by PNC of \$20 million, restructuring charges of \$14 million, BGI transaction/integration costs of \$10 million and an expected contribution by Merrill Lynch of \$3 million to fund certain compensation of former MLIM employees.

Net income attributable to BlackRock, Inc. of \$515 million for the six months ended June 30, 2008 included the after-tax impact of the portion of certain LTIP awards which will be funded through a capital contribution of BlackRock stock held by PNC of \$19 million and an expected contribution by Merrill Lynch of \$3 million to fund certain compensation of former MLIM employees.

Exclusive of these items in both periods, diluted earnings per common share, as adjusted, for the six months ended June 30, 2009 decreased \$1.38, or 35%, to \$2.56 compared to the six months ended June 30, 2008. Diluted earnings per common share, as adjusted, is described in more detail in the Overview to Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

Operating Activities

Sources of BlackRock's operating cash include investment advisory and administration fees, revenues from *BlackRock Solutions* and advisory products and services, mutual fund distribution fees and realized earnings and distributions on the Company's investments. BlackRock primarily uses its cash to pay compensation and benefits, portfolio administration and servicing costs, general and administration expenses, interest on the Company's borrowings, purchase co-investments and seed investments, capital expenditures, income taxes and dividends on BlackRock's capital stock.

BlackRock Cash Flows Excluding the Impact of Consolidated Sponsored Investment Funds

In accordance with GAAP, certain BlackRock sponsored investment funds are consolidated into the condensed consolidated financial statements of BlackRock, notwithstanding the fact that BlackRock may only have a minority economic interest in these funds. As a result, BlackRock's condensed consolidated statements of cash flows include the cash flows of consolidated sponsored investment funds. The Company uses an adjusted cash flow statement, which excludes the impact of consolidated sponsored investment funds, as a supplemental non-GAAP measure to assess liquidity and capital requirements. The Company believes that its cash flows, excluding the impact of the consolidated sponsored investment funds, provide investors with useful information on the cash flows of BlackRock relating to our ability to fund additional operating, investing and financing activities. BlackRock's management does not advocate that investors consider such non-GAAP measures in isolation from, or as a substitute for its cash flow presented in accordance with GAAP.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Capital Resources (continued)

BlackRock Cash Flows Excluding the Impact of Consolidated Sponsored Investment Funds (continued)

The following table presents a reconciliation of the Company's condensed consolidated statements of cash flows presented on a GAAP basis to the Company's condensed consolidated statements of cash flows, excluding the impact of the cash flows of consolidated sponsored investment funds:

<i>(Dollar amounts in millions)</i>	Six Months Ended June 30, 2009		
	GAAP Basis	Impact on Cash Flows of Consolidated Sponsored Investment Funds	Cash Flows Excluding Impact of Consolidated Sponsored Investment Funds
Cash flows from operating activities	\$ 274	\$ 162	\$ 112
Cash flows from investing activities	18	13	5
Cash flows from financing activities	(105)	(187)	82
Effect of exchange rate changes on cash and cash equivalents	86	—	86
Net change in cash and cash equivalents	273	(12)	285
Cash and cash equivalents, beginning of period	2,032	61	1,971
Cash and cash equivalents, end of period	<u>\$ 2,305</u>	<u>\$ 49</u>	<u>\$ 2,256</u>

Cash and cash equivalents, excluding cash held by consolidated sponsored investment funds, at June 30, 2009 increased \$285 million from December 31, 2008, primarily resulting from \$112 million of cash inflows from operating activities, \$82 million of cash inflows from financing activities, \$5 million of cash inflows from investing activities and an \$86 million increase due to the effect of foreign exchange rate changes.

Net cash inflows from operating activities, excluding the impact of consolidated sponsored investment funds, for the six months ended June 30, 2009, primarily included the receipt of investment advisory and administration fees and other revenue offset by the payment of operating expenses incurred in the normal course of business. Cash inflows from operating activities, excluding the impact of consolidated sponsored investment funds, in the six months ended June 30, 2009 included cash payments related to year end incentive compensation that was paid in the first quarter. Cash inflows from investing activities, excluding the impact of consolidated sponsored investment funds, for the six months ended June 30, 2009 primarily included \$198 million of net proceeds from sales and maturities of investments, partially offset by a \$156 million contingent consideration payment to Quellos and \$33 million of purchases of property and equipment. Cash inflows from financing activities, excluding the impact of consolidated sponsored investment funds, for the six months ended June 30, 2009 primarily included the receipt of \$300 million from equity raised in connection with the BGI Transaction, partially offset by \$208 million of payments for cash dividends.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Capital Resources (continued)

Capital Resources

The Company manages its financial condition and funding to maintain appropriate liquidity for the business. Capital resources at June 30, 2009 and December 31, 2008 were as follows:

<i>(Dollar amounts in millions)</i>	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Cash and cash equivalents	\$ 2,305	\$ 2,032
Cash and cash equivalents held by consolidated sponsored investment funds ¹	(49)	(61)
Regulatory capital ²	(193)	(172)
2007 credit facility - undrawn ³	<u>2,171</u>	<u>2,171</u>
Committed access	<u>\$ 4,234</u>	<u>\$ 3,970</u>

¹ The Company may not be able to access such cash to use in its operating activities.

² Partially met with cash and cash equivalents.

³ Excludes \$129 million of undrawn amounts at June 30, 2009 and December 31, 2008 related to Lehman Commercial Paper, Inc.

In addition, a significant portion of the Company’s \$773 million of net economic investments are illiquid in nature and, as such, may not be readily convertible to cash.

Investment/Loan Commitments

At June 30, 2009, the Company had \$277 million of various capital commitments to fund sponsored investment funds primarily for co-investment purposes. Generally, the timing of the funding of capital commitments is uncertain and such commitments could expire before funding. The Company intends to make additional capital commitments from time to time to fund additional investment products for, and with, its clients.

During the six months ended June 30, 2009, approximately \$174 million of loans outstanding were repaid from a warehouse entity established for certain private equity funds of funds.

At June 30, 2009, the Company was committed to provide financing of up to \$60 million, until March 2010, to Anthracite Capital, Inc. (“Anthracite”), a specialty commercial real estate finance company that is managed by a subsidiary of BlackRock. The financing is collateralized by Anthracite pledging its ownership interest in an investment fund which is also managed by a subsidiary of BlackRock. At June 30, 2009, \$33.5 million of financing was outstanding which matured in July 2009. Upon maturity Anthracite rolled over the borrowings with a new maturity date of October 2009. As of June 2009, the value of the collateral was estimated to be \$28.5 million, which resulted in the Company reducing the outstanding balance included in due from related parties on the Company’s condensed consolidated statement of financial condition by \$5 million and recording a general and administration expense. Based on the value of the collateral and the borrowings outstanding of such date, the Company has no obligation to loan new amounts to Anthracite under this facility. The Company has granted waivers for certain breaches of financial covenants of Anthracite’s credit facility.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Capital Resources (continued)

Short-Term Borrowings

In August 2007, the Company entered into a five-year \$2.5 billion unsecured revolving credit facility (the “2007 facility”). The 2007 facility requires the Company not to exceed a maximum leverage ratio (ratio of net debt to EBITDA, where net debt equals total debt less domestic unrestricted cash) of 3 to 1, which was satisfied with a ratio of less than 0.5 to 1 at June 30, 2009.

At June 30, 2009, the Company had \$200 million outstanding under the 2007 facility with an interest rate of 0.49% and a maturity date during July 2009. During July 2009, the Company rolled over the \$200 million in borrowings with an interest rate of 0.47% and a maturity date in August 2009.

Lehman Commercial Paper, Inc. has a \$140 million participation under the 2007 facility; however, BlackRock does not expect that Lehman Commercial Paper, Inc. will honor its commitment to fund additional amounts.

In June 2009, BlackRock Japan Co., Ltd., a wholly owned subsidiary of the Company, renewed its five billion Japanese yen commitment-line agreement with a banking institution (the “Japan Commitment-line”) for a term of one year. The Japan Commitment-line is intended to provide liquidity flexibility for operating requirements in Japan. At June 30, 2009, the Company had no borrowings outstanding under the Japan Commitment-line.

Convertible Debentures and Long-Term Borrowings

At June 30, 2009, convertible debentures and long-term borrowings were \$942 million. Debt service and repayment requirements, assuming the Company’s 2.625% convertible debentures due 2035 (the “convertible debentures”) are converted for cash equal to the principal at the option of the holders in third quarter 2009, are \$275 million for the remainder of 2009, \$45 million in 2010 and \$44 million in each of 2011, 2012 and 2013.

Contingent Payments Related to Quellos Transaction

On October 1, 2007, the Company acquired the fund of funds business of Quellos. As part of this transaction Quellos is entitled to receive two contingent payments upon achieving certain investment advisory revenue measures through December 31, 2010, totaling up to an additional \$969 million in a combination of cash and stock. The first contingent payment, of up to \$374 million, was payable in second quarter 2009 and the second payment, of up to \$595 million is payable in cash in 2011.

During second quarter 2009, the Company determined the first contingent payment to be \$219 million, of which \$11 million was previously paid in cash during 2008. Of the remaining \$208 million, \$156 million was paid in cash and \$52 million was paid in common stock, or approximately 330,000 shares converted at a price of \$157.33. Quellos may also be entitled to a “catch-up” payment if certain performance measures are met in 2011 as the value of the first contingent payment was less than \$374 million.

BGI Transaction

In June 2009, BlackRock announced that Barclays PLC accepted its offer to acquire BGI from Barclays. The price consideration consists of \$6.6 billion in cash, subject to certain adjustments, and a capital stock sale of approximately 37.8 million common and participating preferred shares to Barclays, subject to certain adjustments, which would give Barclays approximately a 19.9% economic stake in BlackRock. The cash portion of the deal will be financed by \$800 million from cash currently held by BlackRock, a new \$2 billion credit facility, which is expected to ultimately be replaced with term debt, \$1 billion of additional short term debt, and \$2.8 billion of capital proceeds from the sale of 19.9 million common shares and participating preferred shares to a group of institutional investors, of which \$300 million from the sale of 2.1 million common shares was received prior to June 30, 2009. The transaction is expected to close in December 2009, or early 2010, pending regulatory approvals and the satisfaction of other customary closing conditions.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Capital Resources (continued)

Support of Two Enhanced Cash Funds

In December 2007, BlackRock entered into capital support agreements with the two funds, backed by letters of credit drawn under BlackRock’s existing credit facility. Pursuant to the capital support agreements, BlackRock agreed to make subsequent capital contributions to the funds to cover realized losses, up to \$100 million, related to specified securities held by the funds. In December 2008, BlackRock’s maximum potential obligation under the capital support agreements was reduced to \$45 million, and in 2009, both capital support agreements were terminated, due to the closure of the related funds. BlackRock provided approximately \$3 million of capital contributions to these funds for the six months ended June 30, 2009 under the capital support agreements.

At June 30, 2009, BlackRock’s remaining exposure from its support of the two enhanced cash funds, which were both liquidated and closed prior to June 30, 2009, is \$45 million, which represents securities it received in lieu of its remaining investment in one fund and securities it directly purchased from the funds prior to closure of the funds of which \$15 million matured in July 2009 and an additional \$15 million is expected to mature at par in fourth quarter 2009.

In applying the provisions of Financial Accounting Standards Board (“FASB”) Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (“FIN 46(R)”), BlackRock concluded that it was the primary beneficiary of the two enhanced cash funds at December 31, 2008, which resulted in consolidation of the funds on its condensed consolidated statements of financial condition.

Net Capital Requirements

The Company is required to maintain net capital in certain jurisdictions, which is met in part by retaining cash and cash equivalents in those jurisdictions. As a result, the Company may be restricted in its ability to transfer cash between different jurisdictions. Additionally, transfers of cash between international jurisdictions, including repatriation to the United States, may have adverse tax consequences that could discourage such transfers. At June 30, 2009, the Company was required to maintain approximately \$193 million in net capital at these subsidiaries and is in compliance with all applicable regulatory minimum net capital requirements.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Critical Accounting Policies

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ significantly from those estimates. In addition to Fair Value Measurements, discussed below, see Note 2 and the Company’s Significant Accounting Policies in Management’s Discussion and Analysis of Financial Condition and Results of Operations in BlackRock’s 2008 Annual Report on Form 10-K filed with the SEC on March 2, 2009 for details on Significant Accounting Policies.

Fair Value Measurements

BlackRock reports its investments on a GAAP basis, which includes investment balances which are owned by sponsored investment funds that are deemed to be controlled by BlackRock in accordance with GAAP and therefore are consolidated even though BlackRock may not own a majority of such funds. As a result, management reviews its investments on an “economic” basis, which eliminates the portion of investments that do not impact BlackRock’s book value. BlackRock’s management does not advocate that investors consider such non-GAAP measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

The following table represents investments measured at fair value on a recurring basis at June 30, 2009:

<i>(Dollar amounts in millions)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Other Investments Not Held at Fair Value ⁽³⁾	Investments at June 30, 2009
Total investments, GAAP	\$ 152	\$ 80	\$ 696	\$ 29	\$ 957
Net assets for which the Company does not bear “economic” exposure ⁽¹⁾	(19)	(1)	(164)	—	(184)
Net “economic” investments ⁽²⁾	<u>\$ 133</u>	<u>\$ 79</u>	<u>\$ 532</u>	<u>\$ 29</u>	<u>\$ 773</u>

⁽¹⁾ Consists of net assets attributable to non-controlling investors of consolidated sponsored investment funds.

⁽²⁾ Includes BlackRock’s portion of cash and cash equivalents, other assets, accounts payable and accrued liabilities, and other liabilities that are consolidated from sponsored investment funds.

⁽³⁾ Comprised of equity method investments, which include investment companies, and other assets which in accordance with GAAP are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and financial liabilities under fair value measures, therefore the Company’s investment in such equity method investee may not represent fair value.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION (continued)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a leading investment management firm, BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring, managing and analyzing market and operating risks, including the management and oversight of its own investment portfolio. The Board of Directors of the Company has adopted guidelines for the review of investments to be made by the Company, requiring, among other things, that all investments be reviewed by the Company's Capital Committee, which consists of senior officers of the Company, and that certain investments may be referred to the Audit Committee or the Board of Directors depending on the circumstances for approval.

AUM Market Price Risk

BlackRock's investment management revenues are primarily comprised of fees based on a percentage of the value of AUM and, in some cases, performance fees expressed as a percentage of the returns realized on AUM. At June 30, 2009, the majority of our investment advisory and administration fees were based on average or period end AUM of the applicable mutual funds or separate accounts. Movements in equity market prices, interest rates/credit spreads, foreign exchange rates, or all three could cause the value of AUM to decline, which would result in lower investment advisory and administration fees.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 3. Quantitative and Qualitative Disclosures About Market Risk (continued)

Corporate Investments Portfolio Risks

In the normal course of its business, BlackRock is exposed to equity market price risk, interest rate/credit spread risk and foreign exchange rate risk associated with its corporate investments.

BlackRock has investments primarily in sponsored investment products that invest in a variety of asset classes including real estate, private equity and hedge funds. Investments generally are made for co-investment purposes, to establish a performance track record or to hedge exposure to certain deferred compensation plans. Currently, the Company has a seed capital hedging program in which it enters into total return swaps to hedge exposure to certain equity investments. At June 30, 2009, the outstanding total return swaps had an aggregate notional value of approximately \$36 million.

At June 30, 2009, approximately \$418 million of BlackRock's total investments were maintained in sponsored investment funds that are deemed to be controlled by BlackRock in accordance with GAAP and therefore are consolidated even though BlackRock may not own a majority of such funds. Excluding the impact of investments made to hedge exposure to certain deferred compensation plans and certain equity investments that are hedged via the seed capital hedging program, the Company's net economic exposure to its investment portfolio is as follows:

<i>(Dollar amounts in millions)</i>	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Total investments	\$ 957	\$ 1,429
Consolidated sponsored investments funds	(418)	(728)
Net exposure to consolidated investment funds	<u>234</u>	<u>310</u>
Total net "economic" investments	773	1,011
Deferred compensation investments	(61)	(59)
Hedged investments	<u>(36)</u>	<u>(49)</u>
Total net "economic" investment exposure	<u>\$ 676</u>	<u>\$ 903</u>

The net "economic" investment exposure of the portfolio is presented in either the market price or the interest rate/credit spread risk disclosures below:

Market Price Risk

At June 30, 2009, the Company's net exposure to price risk in its investment portfolio was approximately \$363 million of the Company's net economic investment exposure. Investments that are subject to market price risk include public equity and real estate investments as well as certain hedge funds. The Company estimates that a 10% adverse change in market prices would result in a decrease of approximately \$36 million in the carrying value of such investments.

Interest Rate/Credit Spread Risk

At June 30, 2009, the Company was exposed to interest-rate risk and credit spread risks as a result of approximately \$313 million of investments in debt securities and sponsored investment products that invest primarily in debt securities. Management considered a hypothetical 100 basis point fluctuation in interest rates or credit spreads and estimates that the impact of such a fluctuation on these investments, in the aggregate, would result in a decrease, or increase, of approximately \$3 million in the carrying value of such investments.

Foreign Exchange Rate Risk

As discussed above, the Company invests in sponsored investment products that invest in a variety of asset classes. The carrying value of the net economic investment exposure denominated in foreign currencies, primarily the British pound sterling, Australian dollars and the Euro, was \$37 million. A 10% adverse change in foreign exchange rates would result in approximately a \$3.7 million decline in the carrying value of such investments.

Table of Contents

PART I – FINANCIAL INFORMATION (continued)

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the direction of BlackRock's Chief Executive Officer and Chief Financial Officer, BlackRock evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d—15(e) under the Exchange Act) at June 30, 2009. Based on this evaluation, BlackRock's Chief Executive Officer and Chief Financial Officer have concluded that BlackRock's disclosure controls and procedures were effective at June 30, 2009.

Internal Control and Financial Reporting

There have been no changes in internal control over financial reporting during the quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, such internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 12, Commitments and Contingencies, to the Company's condensed consolidated financial statements contained in Part I, Item 1 of this filing.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In June 2009, the Company issued 2,133,713 shares of common stock to an institutional investor at a price of \$140.60 per share. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the purchaser has represented to us that it is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, and that the common stock was being acquired for investment. We did not engage in a general solicitation or advertising with regard to the issuance of the common stock and have not offered securities to the public in connection with this issuance.

During the three months ended June 30, 2009, the Company made the following purchases of its common stock, which are registered pursuant to Section 12(b) of the Exchange Act.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans Of Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ¹
April 1, 2009 through April 30, 2009	3,426 ²	\$127.25	—	751,400
May 1, 2009 through May 31, 2009	716 ²	\$145.21	—	751,400
June 1, 2009 through June 30, 2009	3,464 ²	\$166.14	—	751,400
Total	<u>7,606</u>	<u>\$146.65</u>	<u>—</u>	

¹ On August 2, 2006, the Company announced a 2.1 million share repurchase program with no stated expiration date. An additional indeterminate number of shares may be repurchased under the 2002 Long-Term Incentive Plan ("2002 LTIP").

² Reflects purchases made by the Company primarily to satisfy income tax withholding obligations of employees related to the vesting of certain restricted stock or restricted stock unit awards. All such purchases were made outside of the publicly announced share repurchase program.

[Table of Contents](#)

PART II – OTHER INFORMATION (continued)

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders of BlackRock was held on May 21, 2009, for the purpose of considering and acting upon the following:

(1) **Election of Directors.** Six Class I directors were elected and the votes cast for or against/withheld were as follows:

	Aggregate Votes	
	For	Withheld
Nominees for Class I		
William S. Demchak	44,227,370	1,425,723
Kenneth B. Dunn	45,452,168	200,925
Laurence D. Fink	44,338,328	1,314,765
Robert S. Kapito	44,331,982	1,321,111
Brian T. Moynihan	44,319,038	1,334,056
Thomas H. O'Brien	45,438,410	214,684

As of August 6, 2009 the other continuing directors of BlackRock are Abdlatif Yousef Al-Hamad, Mathis Cabiallavetta, Dennis D. Dammerman, Murry S. Gerber, James Grosfield, David H. Komansky, Sir Deryck Maughan, Linda Gosden Robinson, James E. Rohr and Daniel C. Sontag.

(2) **Ratification of Auditor.** The appointment of Deloitte & Touche LLP as BlackRock's independent registered public accounting firm for the year 2009 was ratified.

	Aggregate Votes		
	For	Against	Abstain
Ratification of Appointment	45,501,503	141,754	9,834

There were no broker non-votes for any of the items.

Table of Contents

PART II – OTHER INFORMATION (continued)

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Stock Purchase Agreement, dated as of June 11, 2009, between The PNC Financial Services Group, Inc. and BlackRock, Inc.
10.2(1)	Amendment No. 1, dated as of June 11, 2009, to the Second Amended and Restated Stockholder Agreement, by and among BlackRock, Inc., Merrill Lynch & Co., Inc. and Merrill Lynch Group, Inc.
10.3(1)	Amendment No. 1, dated as of June 11, 2009, to the Amended and Restated Implementation and Stockholder Agreement, between BlackRock, Inc. and The PNC Financial Group, Inc.
10.4(1)	Stock Purchase Agreement, dated as of June 16, 2009, by and among Barclays Blank PLC, Barclays PLC (solely for the purposes of Section 6.16, Section 6.18 and Section 6.24) and BlackRock, Inc.
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on June 17, 2009.

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BLACKROCK, INC.
(Registrant)

By: /s/ Ann Marie Petach

Ann Marie Petach
Managing Director & Chief Financial Officer

Date: August 7, 2009

[Table of Contents](#)

EXHIBIT INDEX

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12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on June 17, 2009.

[\(Back To Top\)](#)

Section 2: EX-10.1 (STOCK PURCHASE AGREEMENT, DATED AS OF JUNE 11, 2009)

Exhibit 10.1

STOCK PURCHASE AGREEMENT

BY AND BETWEEN

BLACKROCK, INC.

AND

THE PNC FINANCIAL SERVICES GROUP, INC.

Dated as of June 11, 2009

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this “*Agreement*”) is made and entered into as of June 11, 2009 by and between The PNC Financial Services Group, Inc., a Pennsylvania corporation (the “*Purchaser*”) and BlackRock, Inc., a Delaware corporation (“*BlackRock*”).

WHEREAS, BlackRock desires to issue and to sell to the Purchaser, and the Purchaser, desires to purchase from BlackRock shares of Series D Preferred Stock, all in accordance with the terms and provisions of this Agreement;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms. As used herein, the following terms shall have the following meanings:

“*Affiliate*” means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such specified Person; provided, however, that solely for purposes of this Agreement, notwithstanding anything to the contrary set forth herein, neither BlackRock nor any of its Controlled Affiliates shall be deemed to be an Affiliate of the Purchaser solely by virtue of the Beneficial Ownership by the Purchaser of BlackRock Capital Stock, the election of Directors nominated by the Purchaser to the Board, the election of any other Directors nominated by the Board or any other action taken by the Purchaser in accordance with the terms and conditions of, and subject to the limitations and restrictions set forth on such Person in, this Agreement and the Stockholder Agreement (and irrespective of the characteristics of the aforesaid relationships and actions under applicable law or accounting principles); provided further, however, that solely for purposes of this Agreement, Merrill Lynch & Co., Inc. and their respective Affiliates shall not be deemed an Affiliate of BlackRock.

“*Applicable Date*” has the meaning set forth in Section 4.7(a).

“*Beneficial Ownership*” by a Person of any securities includes ownership by any Person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares (i) voting power which includes the power to vote, or to direct the voting of, such security; and/or (ii) investment power which includes the power to dispose, or to direct the disposition, of such security; and shall otherwise be interpreted in accordance with the term “beneficial ownership” as defined in Rule 13d-3 adopted by the Commission under the Exchange Act; provided that for purposes of determining Beneficial Ownership, a Person shall be deemed to be the Beneficial Owner of any securities which may be

acquired by such Person pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise (irrespective of whether the right to acquire such securities is exercisable immediately or only after the passage of time, including the passage of time in excess of 60 days, the satisfaction of any conditions, the occurrence of any event or any combination of the foregoing), except that in no event will the Purchaser be deemed to Beneficially Own any securities which it has the right to acquire pursuant to Section 2.3 of the Stockholder Agreement) unless, and only to the extent that, it shall have actually exercised such right. For purposes of this Agreement, a Person shall be deemed to Beneficially Own any securities Beneficially Owned by its Affiliates (including as Affiliates for this purpose its officers and directors only to the extent they would be Affiliates solely by reason of their equity interest) or any Group of which such Person or any such Affiliate is or becomes a member; provided, however, that securities Beneficially Owned by the Purchaser shall not include, for any purpose under this Agreement, any Voting Securities or other securities held by such Person and its Affiliates in trust, managed, brokerage, custodial, nominee or other customer accounts; in trading, inventory, lending or similar accounts of such Person and Affiliates of such Person which are broker-dealers or otherwise engaged in the securities business; or in a pooled investment vehicle, to the extent of their ownership interests therein; provided, that in each case, such securities were acquired in the course of business of their securities business and not with the intent or purpose of influencing control of BlackRock or avoiding the provisions of this Agreement. The term “Beneficially Own” shall have a correlative meaning.

“**BlackRock Balance Sheet**” has the meaning set forth in Section 4.8.

“**BlackRock Closing Deliveries**” has the meaning set forth in Section 2.3(b).

“**BlackRock Commission Reports**” has the meaning set forth in Section 4.7(a).

“**BlackRock Financial Statements**” has the meaning set forth in Section 4.7(d).

“**BlackRock Material Adverse Effect**” means an event, circumstance, fact, change, development, condition or effect that has a material adverse effect on the business, assets, properties, results of operations or condition (financial or otherwise) of BlackRock and its Subsidiaries, taken as a whole; provided that none of the following (or the results thereof) shall contribute to or be a BlackRock Material Adverse Effect: (i) any change in Law or accounting standards, but only to the extent that BlackRock and its Subsidiaries, taken as a whole, are not materially disproportionately adversely affected compared to other asset managers and providers of investment management products and services generally; (ii) any change in economic or business conditions locally or globally generally, but only to the extent that BlackRock and its Subsidiaries, taken as a whole, are not materially disproportionately adversely affected compared to other asset managers and providers of investment management products and services generally; (iii) any events, conditions or trends in economic, business or financial conditions generally affecting the investment management industry, including changes in prevailing interest rates, currency exchange rates and price levels or trading volumes in the United States or foreign securities markets; (iv) any change resulting from or arising out of war, armed conflict, terrorist activity, hurricanes, earthquakes, floods or other natural disasters or epidemics; (v) any change in assets under management resulting from changes in asset valuation or market price fluctuations; (vi) the effects of the actions that are taken pursuant to or in connection with the Barclays

Agreement and (vii) in and of themselves, any changes in the trading price or trading volume of BlackRock Common Stock or the failure of BlackRock to meet estimates, projections, forecasts or earnings predictions; provided that the exception in this clause (vii) shall not include the underlying causes thereof (except to the extent otherwise excluded hereunder).

“**Board**” means the Board of Directors of BlackRock.

“**Barclays Agreement**” means the Stock Purchase Agreement, dated as of June 11 2009, by and between Barclays PLC, Barclays Bank PLC and BlackRock.

“**Barclays Funding**” means the transaction contemplated herein, similar transactions entered in to or committed to contemporaneously with this Agreement, and any other sale of BlackRock Capital Stock, whenever agreed to, the proceeds of which are intended, or reasonably related to, funding \$3.1 Billion of the cash portion of the purchase price of the Barclays Transaction, of which this Agreement is a part.

“**Barclays Transaction**” means the acquisition of certain subsidiaries of Barclays Bank PLC by BlackRock pursuant to the Barclays Agreement.

“**Business Day**” shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in New York, New York.

“**Capital Stock**” means, with respect to any Person at any time, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital stock, partnership interests (whether general or limited) or equivalent ownership interests in or issued by such Person.

“**Commission**” means the United States Securities and Exchange Commission.

“**Common Stock**” means the shares of Common Stock, par value \$0.01 per share, of BlackRock and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or other similar reorganization.

“**Control**” (including the terms “controlled by” and “under common control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or any other means, or otherwise to control such Person within the meaning of such term as used in Rule 405 under the Securities Act. For purposes of this definition, a general partner or managing member of a Person shall always be considered to control such Person; provided, however, that a Person shall not be treated as having any control over any collective investment vehicle to which it provides services unless it and its Affiliates collectively have a proprietary economic interest exceeding 25% of the equity interest in such collective investment vehicle.

“**Controlled Affiliate**” of any Person means a Person that is directly or indirectly controlled by such other Person.

“Director” means any member of the Board (other than any advisory, honorary or other non-voting member of the Board).

“Encumbrance” means any lien, claim, judgment, charge, mortgage, security interest, pledge, escrow equity or other encumbrance.

“Equity Rights” has the meaning set forth in Section 4.2.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission from time to time thereunder (or under any successor statute).

“Existing Registration Rights Agreement” means the Registration Rights Agreement, dated as of September 29, 2006, by and among New BlackRock, Inc., Merrill and the Purchaser.

“Existing Stockholder Agreements” means (i) the Second Amended and Restated Stockholder Agreement, dated February 27, 2009, among BlackRock, Merrill Lynch & Co., Inc. and Merrill Lynch Group, Inc., as such agreement is amended as of immediately prior to the execution of the Barclays Agreement, and (ii) the Amended and Restated Implementation and Stockholder Agreement, dated February 27, 2009, between BlackRock and The PNC Financial Services Group, Inc., as such agreement is amended as of immediately prior to the execution of the Barclays Agreement.

“Governmental Entity” means any national, federal, state, municipal, local, territorial, foreign or other government or any department, commission, board, bureau, agency, regulatory authority or instrumentality thereof, or any court, judicial, administrative or arbitral body or public or private tribunal.

“Group” shall have the meaning assigned to it in Section 13(d)(3) of the Exchange Act.

“Law” means any law, statute, ordinance, rule, regulation, code, order, ordinance, judgment, injunction, writ, decree, decision, directive, or other requirement or rule of law enacted, issued, promulgated, enforced or entered by a Government Entity.

“Litigation” has the meaning set forth in Section 10.10(a).

“Person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, other entity, government or any agency or political subdivision thereof or any Group comprised of two or more of the foregoing.

“Preferred Stock” means the preferred stock, par value \$0.01 per share, of BlackRock.

“Purchaser Closing Deliveries” has the meaning set forth in Section 2.3(a).

“*Securities Act*” means the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission from time to time thereunder (or under any successor statute).

“*Series A Preferred Stock*” means Series A Convertible Participating Preferred Stock, par value \$0.01 per share, of BlackRock.

“*Series B Preferred Stock*” means Series B Convertible Participating Preferred Stock, par value \$0.01 per share, of BlackRock.

“*Series C Preferred Stock*” means Series C Convertible Participating Preferred Stock, par value \$0.01 per share, of BlackRock.

“*Series D Preferred Stock*” means Series D Convertible Participating Preferred Stock, par value \$0.01 per share, of BlackRock.

“*Significant Subsidiaries*” has the meaning set forth in Section 4.1.

“*Stockholder Agreement*” means the Amended and Restated Implementation and Stockholder Agreement, dated February 27, 2009, between BlackRock and The PNC Financial Services Group, Inc., as such agreement is amended as of immediately prior to the execution of the Barclays Agreement.

“*Subsidiary*” means, with respect to any Person, any other Person of which 50% or more of the shares of the voting securities or other voting interests are owned or controlled, or the ability to select or elect 50% or more of the directors or similar managers is held, directly or indirectly, by such first Person or one or more of its Subsidiaries, or by such first Person, or by such first Person and one or more of its Subsidiaries; provided, however, that a Person shall not be deemed to be a “Subsidiary” of the Purchaser if such Person is managed by its own management team independent from the Purchaser and if the Purchaser is not considered to have “beneficial ownership” of Common Stock owned by such Person for purposes, and within the meaning, of Rule 13d-3 of the Exchange Act.

“*Transfer*” means, directly or indirectly, to sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of (by operation of law or otherwise), either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of (by operation of law or otherwise), any Capital Stock or any interest in any Capital Stock; provided, however, that a merger, amalgamation, plan of arrangement or consolidation or similar business combination transaction in which the Purchaser is a constituent corporation (or otherwise a party including, for the avoidance of doubt, a transaction pursuant to which a Person acquires all or a portion of the Purchaser’s outstanding Capital Stock, whether by tender or exchange offer, by share exchange, or otherwise) shall not be deemed to be the Transfer of any BlackRock Capital Stock Beneficially Owned by the Purchaser, provided that the primary purpose of any such transaction is not to avoid the provisions of this Agreement and that the successor or surviving person to such a merger, amalgamation, plan of arrangement or consolidation or similar business combination transaction, if not the Purchaser, expressly assumes all obligations of the Purchaser under this Agreement. For purposes of this Agreement,

the term Transfer shall include the sale of an Affiliate of the Purchaser or the Purchaser's interest in an Affiliate which Beneficially Owns BlackRock Capital Stock unless such Transfer is in connection with a merger, amalgamation, plan of arrangement or consolidation or similar business combination transaction referred to in the first proviso of the previous sentence.

"**Voting Securities**" means at any time shares of any class of Capital Stock or other securities or interests of a Person which are then entitled to vote generally, and not solely upon the occurrence and during the continuation of certain specified events, in the election of Directors or Persons performing a similar function with respect to such Person, and any securities convertible into or exercisable or exchangeable at the option of the holder thereof for such shares of Capital Stock.

ARTICLE II

SALE AND PURCHASE

Section 2.1 Sale and Purchase of BlackRock Shares. Upon the terms and subject to the conditions herein contained, BlackRock agrees to sell to the Purchaser, and the Purchaser agrees to purchase from BlackRock, at the Closing, as herein defined, 3,556,188 shares of BlackRock Series D Preferred Stock (the "**Shares**"), for a purchase price (the "**Purchase Price**") of \$140.60 per Share, for an aggregate purchase price of \$500,000,032.80 provided, however, the number of Shares that the Purchaser is obligated to purchase hereunder will be reduced to the extent BlackRock obtains subscriptions for its Capital Stock from additional equity investors as part of the Barclays Funding that result in the Barclays Funding exceeding \$3.1 billion. BlackRock will provide notice to the Purchaser of any such reduction.

Section 2.2 Closing. The closing of the sale to, and purchase by, the Purchaser of the Shares (the "**Closing**") shall, subject to the satisfaction or waiver of the conditions set forth in Articles VII and VIII hereof, occur at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036-6522, on the Closing Date (as that term is defined in the Barclays Agreement) or at such other time and place as BlackRock and the Purchaser may agree (the day on which the Closing occurs, the "**Closing Date**"). At the Closing, BlackRock shall deliver to the Purchaser one or more certificates or other evidence evidencing the Shares to be purchased by the Purchaser at the Closing (in such denominations as shall be specified in writing by the Purchaser) each of which shall be registered in the Purchaser's name or its designee, against delivery to BlackRock of the Purchase Price payable by wire transfer of immediately available funds to an account that BlackRock will designate in writing to the Purchaser at least five Business Days prior to the Closing Date. It is expressly agreed by the Purchaser and BlackRock that the Closing shall not occur unless the closing of the Barclays Transaction shall occur.

Section 2.3 Deliveries.

(a) At the Closing, the Purchaser shall deliver or cause to be delivered to BlackRock a certificate from an appropriate officer of the Purchaser, dated the Closing Date, certifying to fulfillment of the conditions set forth in Sections 7.1 and 7.2 (the "**Purchaser Closing Deliveries**").

(b) At the Closing, BlackRock shall deliver to the Purchaser the following (collectively, the “***BlackRock Closing Deliveries***”):

(i) one or more certificates or other evidence of the Shares registered in the Purchaser’s name (or the name(s) of one or more Subsidiaries of the Purchaser that it shall so designate in writing) representing the applicable Shares;

(ii) a certificate from an appropriate officer of BlackRock, dated the Closing Date, certifying to the fulfillment of each of the conditions set forth in Article IX.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to BlackRock, as follows:

Section 3.1 **Organization**. The Purchaser (a) has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, (b) is duly qualified to do business and is in good standing in each jurisdiction where the nature of the property owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, reasonably be likely to have a material adverse effect on the ability of the Purchaser to perform its obligations under this Agreement.

Section 3.2 **Authority Relative to the Transaction Document**. The Purchaser has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Purchaser, and the consummation by the Purchaser of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Purchaser. This Agreement has been duly and validly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery thereof by BlackRock, constitute the valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other equitable remedies.

Section 3.3 **Governmental Approvals**. No consent, approval, authorization or order of, or registration, qualification or filing with, any Governmental Entity or any other third party is required to be obtained or made by the Purchaser for the execution, delivery or performance by the Purchaser of the Agreement or the consummation by the Purchaser of the transactions contemplated hereby or thereby, except those specified herein or therein and other than a filing on a Form Schedule 13G (or 13G-A), if applicable.

Section 3.4 **Receipt of Information**. The Purchaser has received all the information it considers necessary or appropriate for deciding whether to acquire the applicable Shares. The Purchaser has had an opportunity to ask questions and receive answers from BlackRock regarding the terms and conditions of the offering of the Shares and the business and

financial condition of BlackRock and to obtain additional information (to the extent BlackRock possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access. The Purchaser has not received, and is not relying on, any representations or warranties from BlackRock, other than as provided herein.

Section 3.5 Restricted Shares. The Purchaser understands that the Shares may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Shares or an available exemption from registration under the Securities Act, the Shares must be held indefinitely. In particular, the Purchaser is aware that the Shares may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the applicable conditions of the rule are met.

Section 3.6 Legends. It is understood that, until such time as the Shares are sold pursuant to the a registration statement filed under the Securities Act of 1933, as amended or may be sold pursuant to Rule 144 under the Securities Act without restrictions as to the securities that can then be immediately sold, the certificates evidencing the Shares will bear the following legend:

“THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT.”

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BLACKROCK

Section 4.1 Organization. BlackRock (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the nature of the property owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, reasonably be expected to be material to BlackRock, and (c) has the requisite corporate power and authority to own or lease and operate its assets and carry on its business as presently being conducted. Each Subsidiary of BlackRock that is a “significant subsidiary” (collectively, the “*Significant Subsidiaries*”) (as defined in Rule 1.02(w) of the Commission’s Regulation S-X) has been duly organized and is validly existing in good standing (to the extent that the concept of “good standing” is recognized by the applicable jurisdiction) under the laws of its jurisdiction of organization.

Section 4.2 Capitalization. The authorized Capital Stock of BlackRock, as of the date of this Agreement, is (a) 500,000,000 shares of Common Stock, of which as of June 9,

2009, 48,335,473 were issued and were outstanding, including 911,266 held in escrow and none held in treasury, (b) as of the date of this Agreement, 500,000,000 shares of Preferred Stock, of which (i) 20,000,000 have been designated as Series A Preferred Stock, of which zero are issued and outstanding, (ii) 150,000,000 have been designated as Series B Preferred Stock, of which as of June 9, 2009, 80,341,918 were issued and outstanding, (iii) as of the date of this Agreement, 6,000,000 have been designated as Series C Preferred Stock, of which as of June 9, 2009, 2,889,467 shares were issued and outstanding and (iv) 20,000,000 have been designated as Series D Preferred Stock, of which zero are issued and outstanding. From June 9, 2009 through the date of this Agreement, BlackRock has not issued any shares of capital stock except pursuant to any exercises or conversions of any Equity Rights (as defined below) in existence on June 9, 2009. As of the date of this Agreement, all of the outstanding shares of BlackRock Capital Stock and other equity interests of BlackRock have been duly authorized and are validly issued, fully paid and non-assessable. Except for the issuance of shares pursuant to the Barclays Agreement or with respect to the Existing Stockholder Agreements, as of the date of this Agreement, there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character, or any other Equity Rights (including, securities, preemptive or other outstanding rights, rights of first refusal, options, warrants, calls, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, plans, “tag along” or “drag along” rights, agreements, arrangements, undertakings or commitments of any character (collectively, “*Equity Rights*”) under which BlackRock is or may become obligated to issue or sell, or in any way dispose of, any shares of BlackRock Capital Stock or other equity interests, or any securities or obligations that are exercisable or exchangeable for, or convertible into, any shares of BlackRock Capital Stock or other equity interests, or any other Equity Rights, of BlackRock, and no securities or obligations evidencing such rights are authorized, issued or outstanding as of the date of this Agreement other than (i) shares of Common Stock, stock options and restricted stock units that have been issued and may be issued pursuant to the 1999 Stock Award and Incentive Plan, the Amended and Restated BlackRock, Inc. Employee Stock Purchase Plan and the BlackRock, Inc. 2002 Long-Term Retention and Incentive Plan; (ii) 911,266 shares of Common Stock held in escrow under and shares of Common Stock that may be issued pursuant to the Asset Purchase Agreement, dated as of June 26, 2007, by and among BAA Holdings, LLC, Quellos Holdings, LLC and BlackRock, Inc. (in each case solely for purposes of Section 9.12 thereof); (iii) shares of Common Stock issuable upon conversion of BlackRock’s 2.625% Convertible Debentures Due 2035; and (iv) 57,698,651 shares of Capital Stock to be issued in connection with the Barclays Transaction. Except with respect to the Existing Stockholder Agreements, as of the date of this Agreement, the outstanding capital stock and other equity interests of BlackRock are not subject to any voting trust agreement or other contract restricting or otherwise relating to the voting, dividend rights or disposition of such BlackRock Capital Stock or other equity interests. As of the date of this Agreement, there are no phantom stock or similar rights providing economic benefits based, directly or indirectly, on the value or price of BlackRock Capital Stock or other equity interests of BlackRock.

Section 4.3 Shares The Shares have been duly and validly authorized, and, when issued upon the terms hereof, will be fully paid, nonassessable and free of statutory preemptive rights and contractual stockholder preemptive rights, with no personal liability attaching to the ownership thereof.

Section 4.4 Authority Relative to this Agreement BlackRock has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the consummation by BlackRock of the transactions contemplated hereby have been duly authorized by the Board, and no other corporate or stockholder proceedings on the part of BlackRock are necessary to authorize this Agreement or, as of the Closing, will be necessary for BlackRock to consummate the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by BlackRock and, assuming the due authorization, execution and delivery thereof by the Purchaser, constitute the valid and binding obligations of BlackRock, enforceable against BlackRock in accordance with their terms, except as may be limited by bankruptcy, insolvency or other equitable remedies. No Conflicts. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (a) result in a violation of BlackRock's certificate of incorporation or bylaws, (b) conflict with or result in the breach of the terms, conditions or provisions of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give rise to any right of termination, acceleration or cancellation under, any agreement, lease, mortgage, license, indenture, instrument or other contract to which BlackRock is a party, (c) result in a violation of any law, rule, regulation, order, judgment or decree of any Governmental Entity applicable to BlackRock or by which any property or asset of BlackRock is bound or affected, or (d) result in the creation of any Encumbrance upon any of their assets, except in each case of (b) through (d) as would not reasonably be expected to cause a material adverse effect. BlackRock is not in violation of its certificate of incorporation or bylaws (as applicable in each case), and BlackRock is not nor is any Controlled Affiliate in default (and no event has occurred which, with notice or lapse of time or both, would cause BlackRock to be in default) under, nor has there occurred any event giving others (with notice or lapse of time or both) any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which BlackRock is a party, except in each case as would not reasonably be expected to cause a material adverse effect.

Section 4.6 Governmental Approvals. No consent, approval, authorization or order of, or registration, qualification or filing with, any Governmental Entity or any other third party is required to be obtained or made by BlackRock for the execution, delivery or performance by BlackRock of this Agreement or the consummation by BlackRock of the transactions contemplated hereby and thereby, except those specified herein or therein.

Section 4.7 Commission Matters.

(a) BlackRock has filed or furnished, as applicable, on a timely basis all forms, statements, certifications, reports and documents required to be filed, furnished or submitted by it with the Commission under the Exchange Act or the Securities Act since January 1, 2006 (the "**Applicable Date**") (the forms, statements, reports and documents filed, furnished or submitted since the Applicable Date and those filed or furnished subsequent to the date hereof including any amendments thereto, the "**BlackRock Commission Reports**"). Each of the BlackRock Commission Reports, at the time of its filing or being furnished or submitted complied in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002, and any rules and regulations promulgated thereunder applicable to the BlackRock Commission Reports. As of their respective dates (or, if

amended prior to the date of this Agreement, as of the date of such amendment) the BlackRock Commission Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(b) BlackRock is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the New York Stock Exchange.

(c) BlackRock has established and maintained disclosure controls and procedures required by Exchange Act Rules 13a-14 and 15d-14, except as disclosed in the BlackRock Commission Reports. Such disclosure controls and procedures are adequate and effective to ensure that information required to be disclosed by BlackRock, including information relating to its consolidated Affiliates, is recorded and reported on a timely basis to its chief executive officer and chief financial officer by others within those entities.

(d) Each of the consolidated financial statements of BlackRock and its Subsidiaries contained in the BlackRock Commission Reports (the “**BlackRock Financial Statements**”), together with related schedules and notes, presents fairly in all material respects the financial position of BlackRock and its consolidated Subsidiaries at the dates indicated and the statement of operations and stockholders’ equity and cash flows of BlackRock and its consolidated Subsidiaries for the periods specified, and said financials have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis throughout the periods involved, except as disclosed therein.

Section 4.8 Absence of Undisclosed Liabilities. Except for (a) liabilities to the extent reserved against on the last balance sheet included in the BlackRock Financial Statements included in BlackRock Commission Reports filed and publicly available prior to the date hereof (the “BlackRock Balance Sheet”), (b) as set forth in the BlackRock Commission Reports filed and publicly available prior to the date hereof (to the extent that the qualifying nature of such disclosure is reasonably apparent therefrom and excluding all disclosures in the “Risk Factors” sections and any “forward-looking statements”) (c) liabilities which were incurred by BlackRock as a result of the Barclays Agreement, this Agreement and (d) liabilities that are incurred since the date of the BlackRock Balance Sheet and are consistent in nature, type and amount with any such liabilities regularly incurred in the ordinary course of business consistent with past practice of BlackRock, BlackRock and its Subsidiaries do not have any liabilities outside the ordinary course of business which would, individually or in the aggregate, reasonably be expected to have a material adverse effect.

Section 4.9 Absence of Certain Changes.

(a) During the period between the date of the BlackRock Balance Sheet and the date of this Agreement, except for any actions taken in connection with any transactions contemplated by the Barclays Agreement, this Agreement or as set forth in the BlackRock Commission Reports filed and publicly available prior to the date hereof (to the extent that the qualifying nature of such disclosure is reasonably apparent therefrom and excluding all disclosures in the “Risk Factors” sections and any “forward looking statements”), each of BlackRock and its Significant Subsidiaries has in all material respects conducted its business in the ordinary course consistent with past practice.

(b) During the period between the date of the BlackRock Balance Sheet and the date of this Agreement, no event or events have occurred that, individually or in the aggregate, had or would reasonably be expected to have a material adverse effect.

Section 4.10 Compliance with Applicable Law. BlackRock holds all licenses, franchises, permits and authorizations necessary for the lawful conduct of its business under, and has complied in all material respects and is not in default or violation in any respect of, any law, statute, order, rule, regulation, policy or guideline of any Federal, state or local Governmental Entity applicable to BlackRock, other than such non-compliance, defaults or violations that, individually or in the aggregate, have not had and would not reasonably be expected to have a material adverse effect.

Section 4.11 Legal Proceedings. Except as set forth in the BlackRock Commission Reports filed and publicly available prior to the date hereof, BlackRock is not a party to any, and there are no pending, or to the knowledge of BlackRock, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental investigations of any nature against BlackRock or any of its Subsidiaries or to which any of their assets are subject (i) that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect or (ii) relating to or which challenges the validity or propriety of the transactions contemplated hereby. BlackRock is not subject to any order, judgment or decree of a Governmental Entity that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect.

Section 4.12 Brokers and Finders. Neither BlackRock nor any of its Subsidiaries nor any of their respective officers, directors, employees or agents has utilized any broker, finder, placement agent or financial advisor or incurred any liability for any brokers', finders' or similar fees or commissions in connection with any of the purchase and sale of any of the Shares.

Section 4.13 Other Participants in Barclays Funding. Each of this Agreement and the Purchaser Registration Rights Agreement in all material respects sets forth identical terms, conditions and rights as the purchase agreements and purchaser registration rights agreements, respectively, executed by each of the other participants who are providing any of the Barclays Funding (the "Other Agreements"), except participants who have existing agreements regarding the matters in Article V and VI. To the extent that Other Agreements may give the Purchaser rights and benefits that are greater than this Agreement, BlackRock undertakes and agrees that (i) it will promptly notify the Purchaser of any material change in the terms of such Other Agreements, and (ii) it will offer to the Purchaser the option of amending this Agreement to incorporate all differing terms that may appear in any or all of such Other Agreements, as they may be amended from time to time.

ARTICLE V

ADDITIONAL AGREEMENTS

Section 5.1 Additional Agreements. The Purchaser agrees that it will continue to abide by provisions of the Stockholder Agreement in connection with the Purchaser's ownership of the Shares.

Section 5.2 Survival. All representations, warranties, covenants and agreements of BlackRock contained in this Agreement shall survive the Closing until the date that is one year after the Closing and shall then expire, except that the representations and warranties set forth in Sections 4.1, 4.3 and 4.4 shall survive indefinitely. All representations, warranties, covenants and agreements of the Purchaser contained in this Agreement shall survive the Closing until the date that is one year after the Closing and shall then expire, except that the representations and warranties set forth in Section 3.1 and 3.2 shall survive indefinitely.

Section 5.3 Inspection of Property. BlackRock covenants that it will permit representatives of Purchaser to visit and inspect, at Purchaser's expense, any of the properties of BlackRock to examine the corporate books and make copies or extracts therefrom and to discuss the affairs, finances and accounts of BlackRock with the principal officers of BlackRock, all upon reasonable notice and at such reasonable times and as often as Purchaser may reasonably request. Any investigation pursuant to this Section 5.6 shall be conducted during normal business hours and in such manner as not to interfere unreasonably with the conduct of the business of BlackRock, and nothing herein shall require BlackRock to disclose any information to the extent (i) prohibited by applicable law or regulation, (ii) that BlackRock reasonably believes such information to be competitively sensitive proprietary information or disclosure of such information would require public disclosure under Regulation FD, or (iii) that such disclosure would reasonably be expected to cause a violation of any agreement to which BlackRock is a party or would cause a risk of a loss of privilege to BlackRock. BlackRock further agrees that it will promptly advise the Purchaser of any material events, defaults, disputes or the giving of any similar notices to either part under the Barclays Agreement (unless otherwise instructed by the Purchaser), and will, upon request of Purchaser at reasonable times and intervals, provide updates on the progress of the Barclays Transaction.

Section 5.4 Conduct of Business of BlackRock. During the period from the date of this Agreement to and through the Closing Date, except as otherwise contemplated by this Agreement, as required by any applicable law or as the Purchaser shall otherwise consent in writing which consent shall not be unreasonably withheld, conditioned or delayed, BlackRock shall not, other than in the ordinary course of business consistent with past practice, make any distribution (whether in cash, stock, Equity Rights or property) or declare, pay or set aside any dividend with respect to, or split, combine, redeem, reclassify, purchase or otherwise acquire directly, or indirectly, any equity interest or shares of capital stock of, or other equity or voting or non-voting interest in BlackRock or make any other changes in the capital structure of BlackRock.

Section 5.5 Barclays Agreement Section 7.2(a). BlackRock covenants that it will not waive the satisfaction of Section 7.2(a) of the Barclays Agreement without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld.

Section 5.6 Other Sales in Barclays Transaction. In the event that prior to the consummation of the Barclays Transaction, BlackRock sells or agrees to sell, any Shares of Common Stock, or securities convertible into Common Stock, as part of the Barclays Funding at a price that is less than the Purchase Price, then (i) BlackRock will promptly notify the Purchaser of such proposed sale and (ii) issue to the Purchaser such additional Shares as are necessary to reduce the Purchaser's effective sales price to be equal to such lower price

ARTICLE VI

TRANSFER RESTRICTIONS

Section 6.1 General Restrictions on Transfer.

(a) The right of the Purchaser and its Affiliates to Transfer the Shares shall not be subject to any restrictions other than under applicable law.

(b) In connection with any Transfer of shares of Beneficially Owned BlackRock Capital Stock, the transferor shall provide BlackRock with such customary certificates, opinions and other documents as BlackRock may reasonably request to assure that such Transfer with applicable securities and other laws. In connection with any such Transfer, BlackRock shall remove such portion of the legend set out in Section 3.6 as is appropriate in the circumstances.

Section 6.2 Registration Rights.

(a) BlackRock acknowledges that the Shares will have the benefit of the Existing Registration Rights Agreement.

(b) BlackRock hereby agrees that, subject to the provisions in its existing agreements that grant the parties to those agreements the advantage of future favorable terms provided to other security holders, it will use its best efforts to include in the next registered offering of Common Stock by BlackRock 3,556,188 shares of the Common Stock that would result from conversion of the Series B Preferred Stock or Series D Preferred Stock that is or will be owned by the Purchaser. For the avoidance of doubt, in connection with the foregoing, BlackRock agrees that the restrictions and limitations contained in Article III of the Stockholder Agreement that could otherwise limit the inclusion of any such shares of Capital Stock so included shall not apply.

ARTICLE VII

CONDITIONS TO CLOSING OF BLACKROCK

The obligation of BlackRock to issue the Shares to the Purchaser at the Closing is subject to the fulfillment to BlackRock's reasonable satisfaction on or prior to the Closing Date of each of the following conditions:

Section 7.1 Representations and Warranties. Each representation and warranty made by the Purchaser in Article III above shall be true and correct on and as of the date of this Agreement and as of the Closing Date as though made as of the Closing Date (other than such representations and warranties that are made as of another date, in which case such representations and warranties shall be true and correct as of such other date).

Section 7.2 Performance. All covenants, agreements and conditions contained in this Agreement to be performed or complied with by the Purchaser on or prior to the Closing Date shall have been performed or complied with by the Purchaser, as applicable, in all respects.

Section 7.3 Certificates and Documents. The Purchaser shall have delivered at or prior to the Closing to BlackRock or its designee the Purchaser Closing Deliveries.

Section 7.4 Barclays Transaction. The Closing (as defined in the Barclays Agreement) shall be occurring on the Closing Date.

Section 7.5 No Adverse Law, Action or Decision or Injunction. There shall be no law, statute, order, rule or regulation of, and no action, suit, investigation or proceedings pending by, a Governmental Entity of competent jurisdiction that seeks to restrain, enjoin or prevent the consummation of the transactions contemplated hereby, and there shall not be in effect any law, order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits consummation of the transactions contemplated hereby.

ARTICLE VIII

CONDITIONS TO CLOSING OF THE PURCHASER

The obligation of the Purchaser to acquire the applicable Shares from BlackRock at the Closing is subject to the fulfillment to the Purchaser's reasonable satisfaction on or prior to the Closing Date of each of the following conditions:

Section 8.1 Representations and Warranties. Each representation and warranty made by BlackRock in Article IV above (other than Section 4.7, 4.8, 4.10 and 4.11) shall be true and correct on and as of the date of this Agreement and as of the Closing Date as though made as of the Closing Date (other than such representations and warranties that are made as of another date, in which case such representations and warranties shall be true and correct as of such other date). The representations set forth in Section 4.7, 4.8, 4.10 and 4.11 (read without regard to materiality and material adverse effect qualifications) shall be true and correct on and as of the Closing Date as though made as of the Closing Date except to the extent that the failure of such representations and warranties to be true and correct would not have a material adverse effect.

Section 8.2 Performance. All covenants, agreements and conditions contained in this Agreement to be performed or complied with by BlackRock on or prior to the Closing Date shall have been performed or complied with by BlackRock in all respects.

Section 8.3 Certificates and Documents. BlackRock shall have delivered at or prior to the Closing to the Purchaser or its designees the BlackRock Closing Deliveries.

Section 8.4 Barclays Transaction. All of the conditions to Closing (as defined in the Barclays Agreement) shall have been satisfied or, subject to Section 5.5, waived and an appropriate officer of BlackRock shall have certified the same to the Purchaser and shall have further informed the Purchaser that the Closing (as defined in the Barclays Agreement) is occurring on the Closing Date.

Section 8.5 No Material Adverse Effect. No BlackRock Material Adverse Effect shall exist or be continuing.

Section 8.6 No Adverse Law, Action or Decision or Injunction. There shall be no law, statute, order, rule or regulation of, and no action, suit, investigation or proceedings pending by, a Governmental Entity of competent jurisdiction that seeks to restrain, enjoin or prevent the consummation of the transactions contemplated hereby, and there shall not be in effect any law, order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits consummation of the transactions contemplated hereby.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Termination. This Agreement may be terminated prior to the Closing as follows: (i) at any time on or prior to the Closing Date, by mutual written consent of the Purchaser and BlackRock or (ii) at the election of the Purchaser or BlackRock by written notice to the other party if the Barclays Agreement is terminated without a Closing thereunder or if the Closing under the Barclays Agreement does not occur by the date initially specified in the Barclays Agreement as originally executed to be the “drop-dead” or “long stop” date thereunder after which either party could terminate as a result of the lapse of time.

Section 9.2 Savings Clause. No provision of this Agreement shall be construed to require any party or its Affiliates to take any action that would violate any applicable law (whether statutory or common), rule or regulation.

Section 9.3 Amendment and Waiver. Except as otherwise provided herein, this Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. The failure of any party to enforce any of the provisions of this Agreement

shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 9.4 Severability. If any provision of this Agreement shall be declared by any court of competent jurisdiction to be illegal, void or unenforceable, all other provisions of this Agreement shall not be affected and shall remain in full force and effect.

Section 9.5 Entire Agreement. Except as otherwise expressly set forth herein, this Agreement, together with the Stockholder Agreement, the Existing Registration Rights Agreement and the several agreements and other documents and instruments referred to herein or therein or annexed hereto, embody the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof in any way.

Section 9.6 Successors and Assigns. Neither this Agreement nor any of the rights or obligations of any party under this Agreement shall be assigned, in whole or in part by any party without the prior written consent of the other parties, except that the Purchaser may assign its rights and obligations hereunder to any one or more of its Affiliates.

Section 9.7 Counterparts. This Agreement may be executed in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

Section 9.8 Remedies.

(a) Each party hereto acknowledges that monetary damages would not be an adequate remedy in the event that each and every one of the covenants or agreements in this Agreement are not performed in accordance with their terms, and it is therefore agreed that, in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically each and every one of the terms and provisions hereof. Each party hereto agrees not to oppose the granting of such relief in the event a court determines that such a breach has occurred, and to waive any requirement for the securing or posting of any bond in connection with such remedy.

(b) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

Section 9.9 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (upon telephonic confirmation of receipt), on the first business day following the date of dispatch if delivered by a recognized next day courier service, or on the third business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

If to BlackRock:

c/o BlackRock, Inc.
40 East 52nd Street
New York, NY 10022
Facsimile: 212-810-8760
Attn: Laurence D. Fink, Chief Executive Officer

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Facsimile: 212-735-2000
Attention: Richard T. Prins, Esq.

If to the Purchaser:

PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburg, Pennsylvania 15222
Facsimile: (412) 705-2679
Attention: General Counsel

With a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Facsimile: (212) 403-2000
Attention: Nicholas G. Demmo, Esq.

Section 9.10 Governing Law; Consent to Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction in the Court of Chancery of the State of Delaware or any court of the United States located in the State of Delaware, for any action, proceeding or investigation in any court or before any governmental authority ("*Litigation*") arising out of or relating to this

Agreement and the transactions contemplated hereby. Each of the parties hereto hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any such Litigation, the defense of sovereign immunity, any claim that it is not personally subject to the jurisdiction of the aforesaid courts for any reason other than the failure to serve process in accordance with this Section 9.10, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the Litigation in any such court is brought in an inconvenient forum, that the venue of such Litigation is improper, or that this Agreement, or the subject matter hereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the party is entitled pursuant to the final judgment of any court having jurisdiction. Each of the parties irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any Litigation arising out of or relating to this Agreement or the transactions contemplated hereby.

(b) Each of the parties expressly acknowledges that the foregoing waiver is intended to be irrevocable under the laws of the State of Delaware and of the United States of America; provided that consent by the Purchaser and BlackRock to jurisdiction and service contained in this Section 9.10 is solely for the purpose referred to in this Section 9.10 and shall not be deemed to be a general submission to said courts or in the State of Delaware other than for such purpose.

Section 9.11 Interpretation. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Stock Purchase Agreement to be duly executed and delivered as of the date first above written.

BLACKROCK, INC.

By: _____
Name: _____
Title: _____

PNC FINANCIAL SERVICES COMPANY, INC.

By: _____
Name: _____
Title: _____

[\(Back To Top\)](#)

Section 3: EX-12.1 (COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES)

Exhibit 12.1

RATIO OF EARNINGS TO FIXED CHARGES (unaudited) (dollars in millions)

	Six Months Ended June 30,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
Income before income taxes	\$ 430	\$ 777	\$1,016	\$1,820	\$ 525	\$ 373	\$ 200
Less: Net income (loss) attributable to non-controlling interests ⁽²⁾	4	(15)	(155)	364	16	3	5
Pre-tax income attributable to BlackRock, Inc.	426	792	1,171	1,456	509	370	195
Add: Fixed charges	44	54	102	80	25	18	6
Distributions of earnings from equity method investees	6	14	28	23	2	3	2
Less: (Loss) earnings from equity method investees	(74)	10	(294)	84	6	12	3
Pre-tax income before fixed charges	<u>\$ 550</u>	<u>\$ 850</u>	<u>\$1,595</u>	<u>\$1,475</u>	<u>\$ 530</u>	<u>\$ 379</u>	<u>\$ 200</u>
Fixed charges:							
Interest expense	\$ 30	\$ 36	\$ 69	\$ 52	\$ 13	\$ 11	\$ 1
Interest expense on uncertain tax positions ¹	1	4	5	2	—	—	—
Portion of rent representative of interest	13	14	28	26	12	7	5
Total fixed charges	<u>\$ 44</u>	<u>\$ 54</u>	<u>\$ 102</u>	<u>\$ 80</u>	<u>\$ 25</u>	<u>\$ 18</u>	<u>\$ 6</u>
Ratio of earnings to fixed charges	<u>12.5x</u>	<u>15.7x</u>	<u>15.6x</u>	<u>18.4x</u>	<u>21.2x</u>	<u>21.1x</u>	<u>33.3x</u>

¹ Interest expense on uncertain tax positions, in accordance with FIN No. 48, has been recorded within income tax expense on the condensed consolidated statements of income.

² Includes redeemable and nonredeemable non-controlling interests.

[\(Back To Top\)](#)

Section 4: EX-31.1 (SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER)

Exhibit 31.1

CEO CERTIFICATION

I, Laurence D. Fink, certify that:

- I have reviewed this Quarterly Report on Form 10-Q, for the period ended June 30, 2009 of BlackRock, Inc.;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period

- covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

By: /s/ Laurence D. Fink

Laurence D. Fink
Chairman & Chief Executive Officer

[\(Back To Top\)](#)

Section 5: EX-31.2 (SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER)

Exhibit 31.2

CFO CERTIFICATION

I, Ann Marie Petach, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, for the period ended June 30, 2009 of BlackRock, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

By: /s/ Ann Marie Petach
Ann Marie Petach
Managing Director & Chief Financial Officer

[\(Back To Top\)](#)

Section 6: EX-32.1 (SECTION 906 CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER)

Exhibit 32.1

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of BlackRock, Inc. (the "Company") for the quarterly period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Laurence D. Fink, as Chief Executive Officer of the Company, and Ann Marie Petach, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Laurence D. Fink
Name: Laurence D. Fink
Title: Chief Executive Officer
Date: August 7, 2009

/s/ Ann Marie Petach
Name: Ann Marie Petach
Title: Chief Financial Officer
Date: August 7, 2009

[\(Back To Top\)](#)