

Q4 2013 Earnings

Earnings Release Supplement

January 16, 2014

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This presentation also includes non-GAAP financial measures. You can find our presentations on the most directly comparable GAAP financial measures calculated in accordance with GAAP and our reconciliations in the appendix to this earnings release supplement, our current earnings release dated January 16, 2014, and BlackRock’s other periodic reports, which are available on BlackRock’s web site at www.blackrock.com.

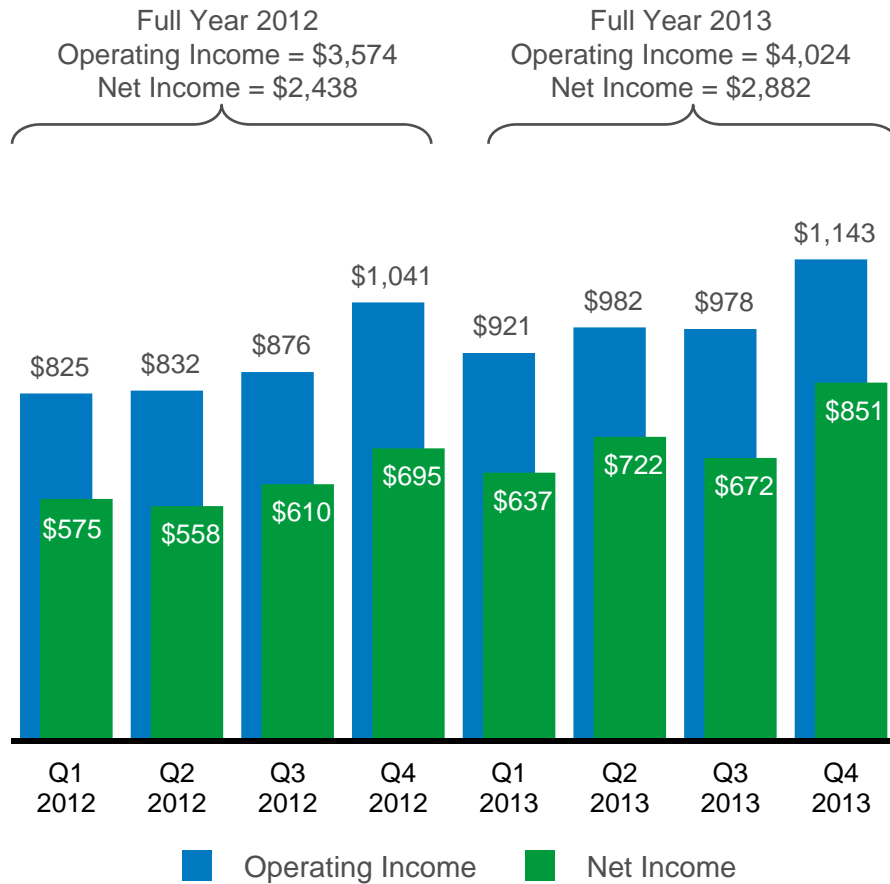
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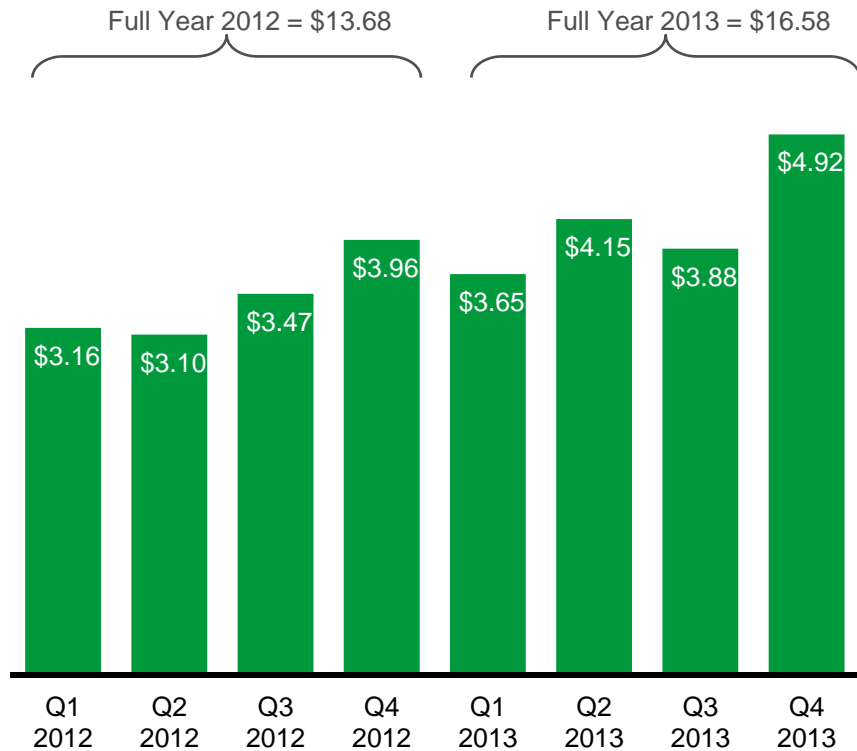
EPS and operating income up 24% and 10% year-over-year, respectively

- Base fees and performance fees drove year-over-year and sequential results
- Q4 performance fees reflected strong performance in alternatives products, a seasonally higher number of funds with performance measurement locks and a significant fee associated with the partial liquidation of a closed-end opportunistic mortgage fund

Operating and Net Income, as adjusted (\$ in millions)



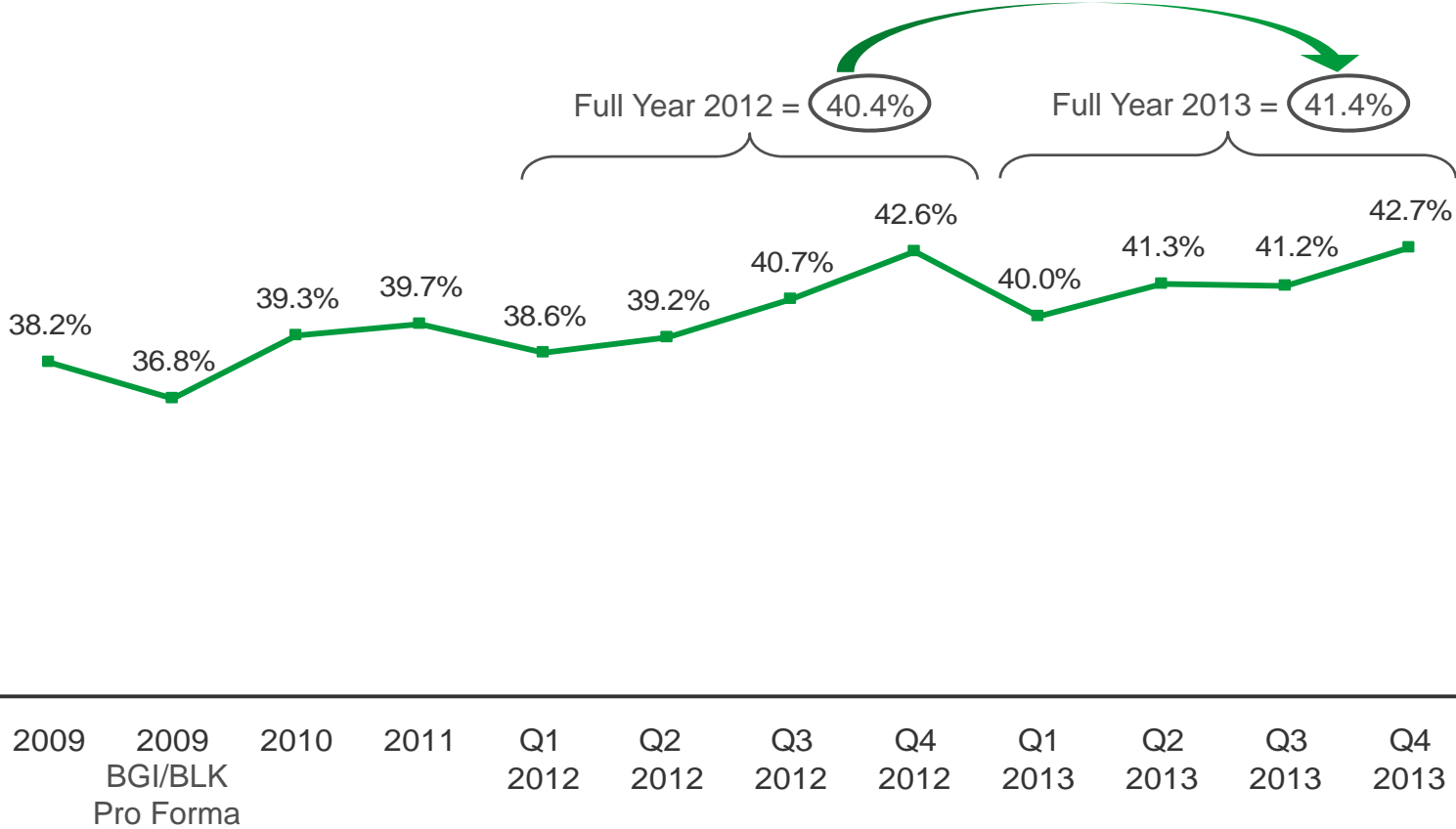
Diluted Earnings Per Share, as adjusted



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

Full year 2013 margin improvement

Operating Margin, as adjusted



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

A broadly diversified business across clients, products and geographies

Q4 2013 Long-term Base Fees of \$2.203 billion
 Long-term Assets Under Management of \$4.012 trillion at December 31, 2013



Major market indices and exchange rates

	Spot			Average Level			% Change Q4 2013 vs.	
	December 31, 2013	September 30, 2013	% Change	Q4 2013	Q4 2012	Q3 2013	Q4 2012	Q3 2013
Equity Indices:								
<i>Domestic</i>								
S&P 500	1,848	1,682	10%	1,770	1,418	1,673	25%	6%
<i>Global</i>								
MSCI Barra World Index	1,661	1,544	8%	1,602	1,312	1,511	22%	6%
MSCI Europe Index	112	106	6%	109	94	104	16%	5%
MSCI AC Asia Pacific Index	141	139	1%	141	124	135	14%	4%
MSCI Emerging Markets Index	1,003	987	2%	1,011	1,009	956	-%	6%
S&P Global Natural Resources	3,503	3,354	4%	3,418	3,391	3,262	1%	5%
Fixed Income Index:								
Barclays U.S. Aggregate Bond Index	1,807	1,810	-%	1,814	1,843	1,795	(2%)	1%
Foreign Exchange Rates:								
GBP to USD	1.66	1.62	2%	1.62	1.61	1.55	1%	5%
EUR to USD	1.38	1.35	2%	1.36	1.30	1.32	5%	3%

Source: Bloomberg

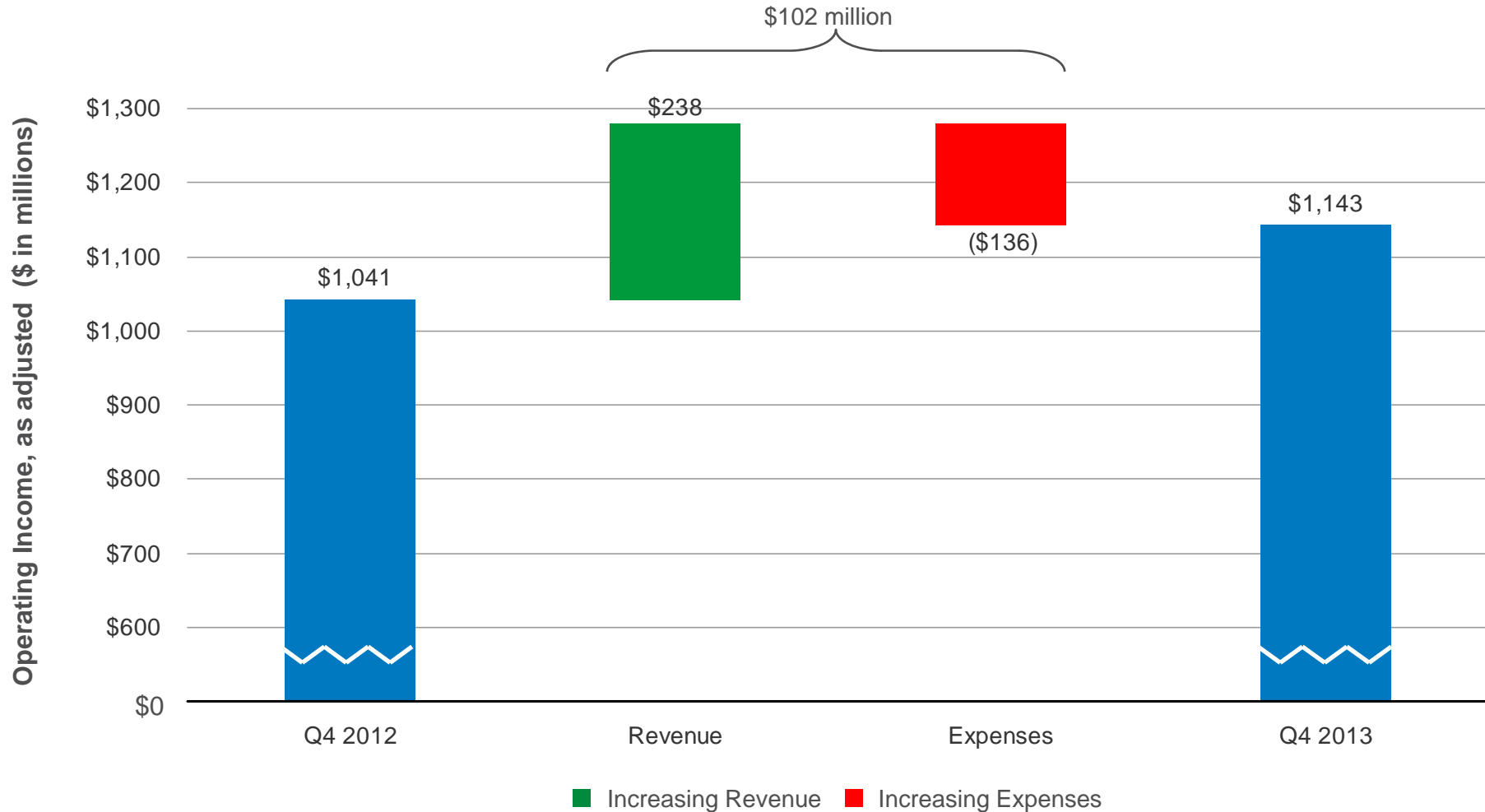
Year-over-year

Q4 2013 vs. Q4 2012

Operating income reflects growth in base fees

- Q4 performance fees reflected strong performance in alternatives products
- *BlackRock Solutions* primarily reflects growth in *Aladdin* revenue

Operating Income, as adjusted – Q4 2013 Compared to Q4 2012



For further information and reconciliation between GAAP and as adjusted, see the appendix and notes (a) through (f) in the current earnings release.

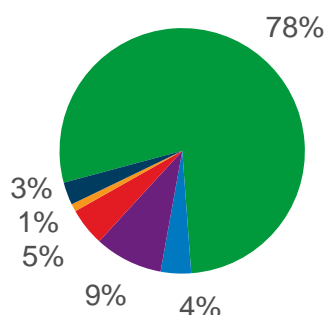
Revenue reflects positive markets, flows and continued strong performance fees

- *BlackRock Solutions* primarily reflects growth in *Aladdin* revenue
- Securities lending fees reflect lower spreads consistent with industry trends, partially offset by higher on-loan balances
- Other revenue reflects lower earnings from certain strategic investments

Total Revenue

Q4 2012

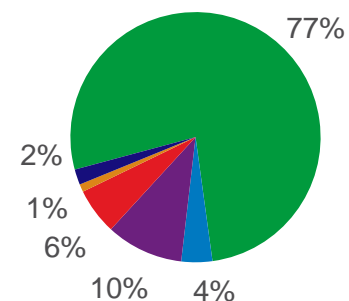
\$2.54 billion



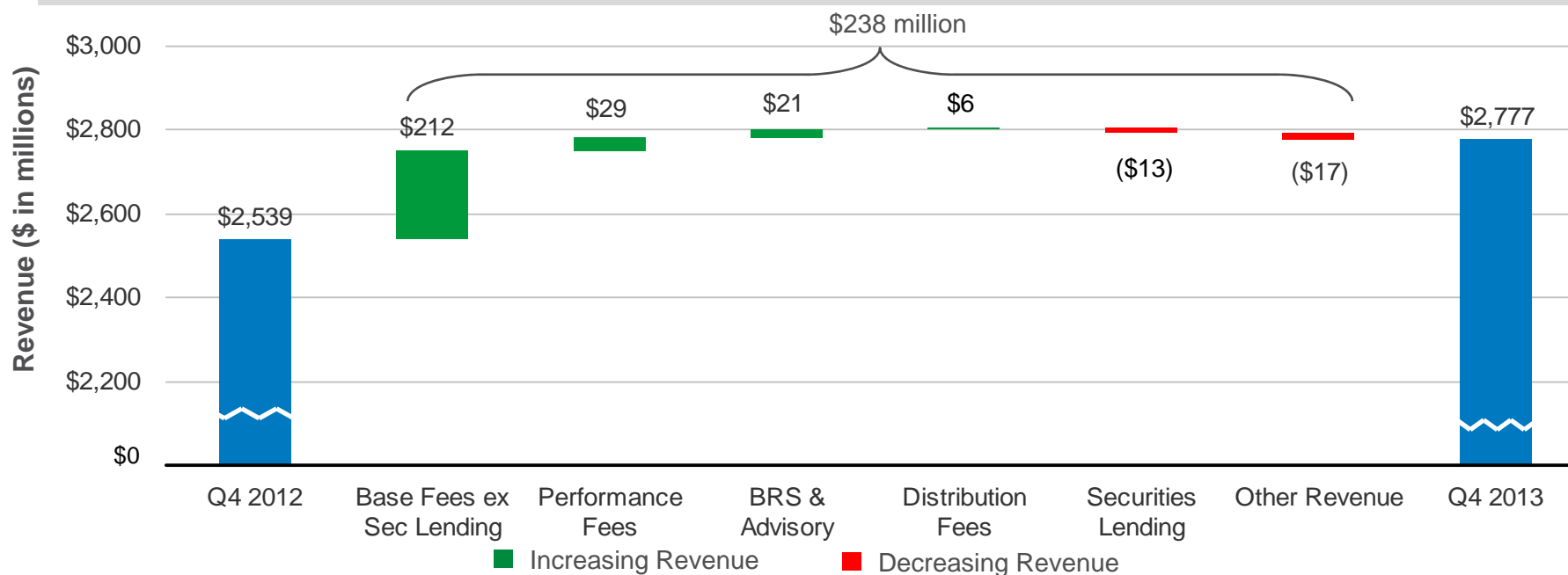
- Base Fees ex Sec Lending
- Securities Lending
- Performance Fees
- BRS and Advisory
- Distribution Fees
- Other Revenue

Q4 2013

\$2.78 billion



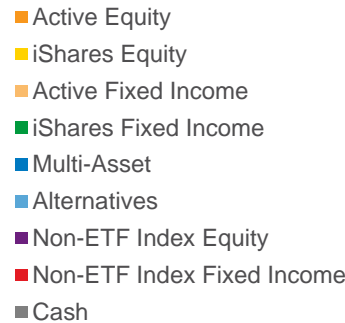
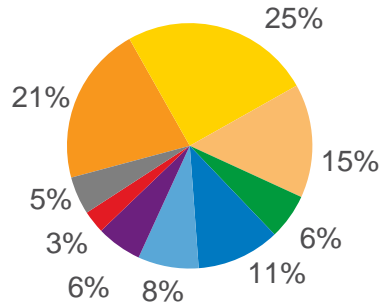
Q4 2013 Compared to Q4 2012



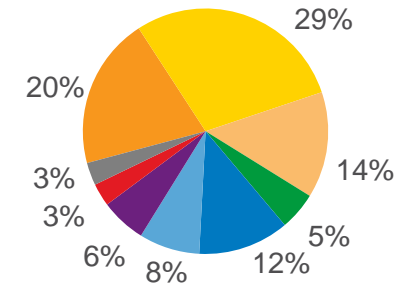
Growth in base fees reflects higher average AUM driven by markets and organic growth

Base fees (including securities lending)

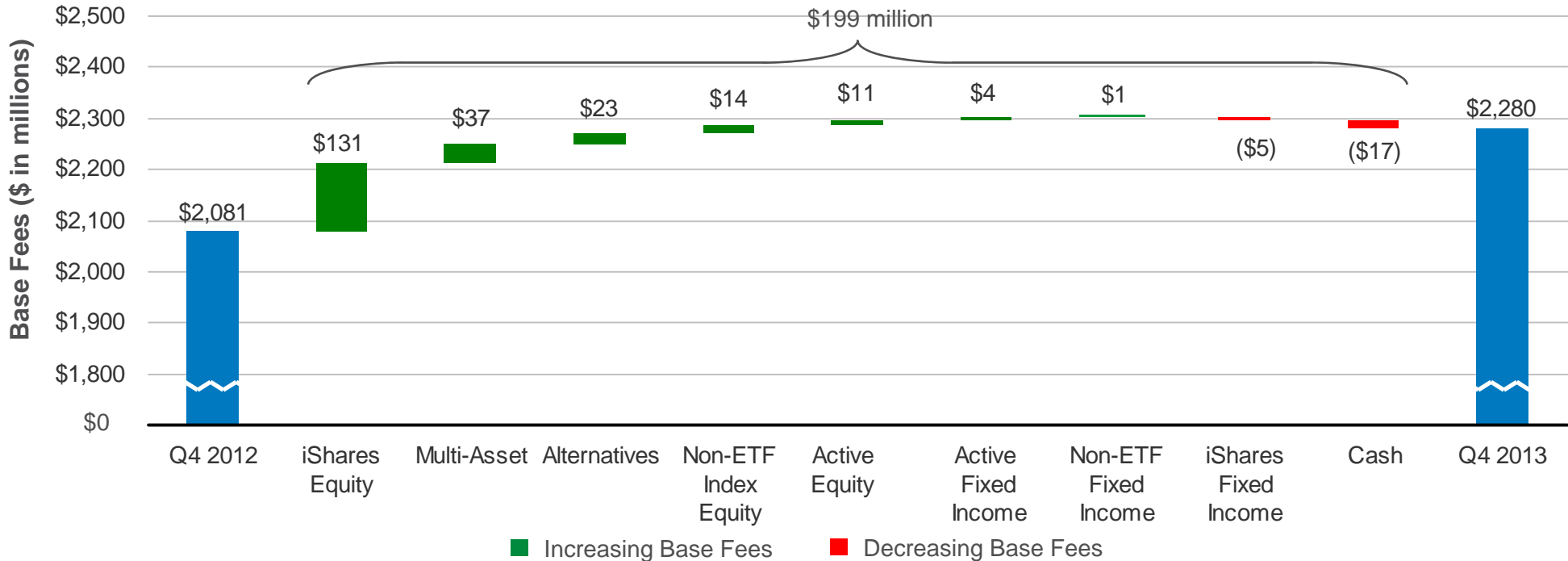
Q4 2012
\$2.08 billion



Q4 2013
\$2.28 billion



Q4 2013 Compared to Q4 2012

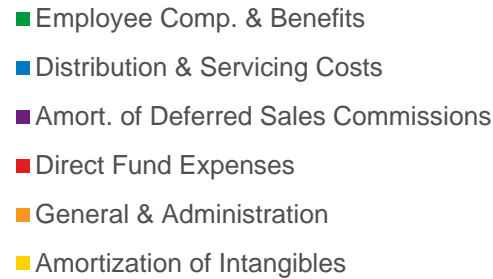
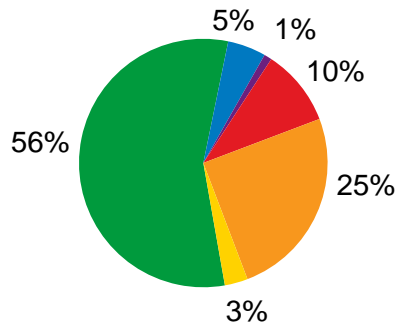


Expenses driven by higher revenue-related costs

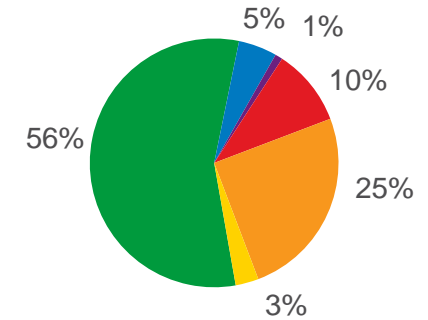
- General and administration expenses impacted by various lease exit costs

Expenses, as adjusted, by Category

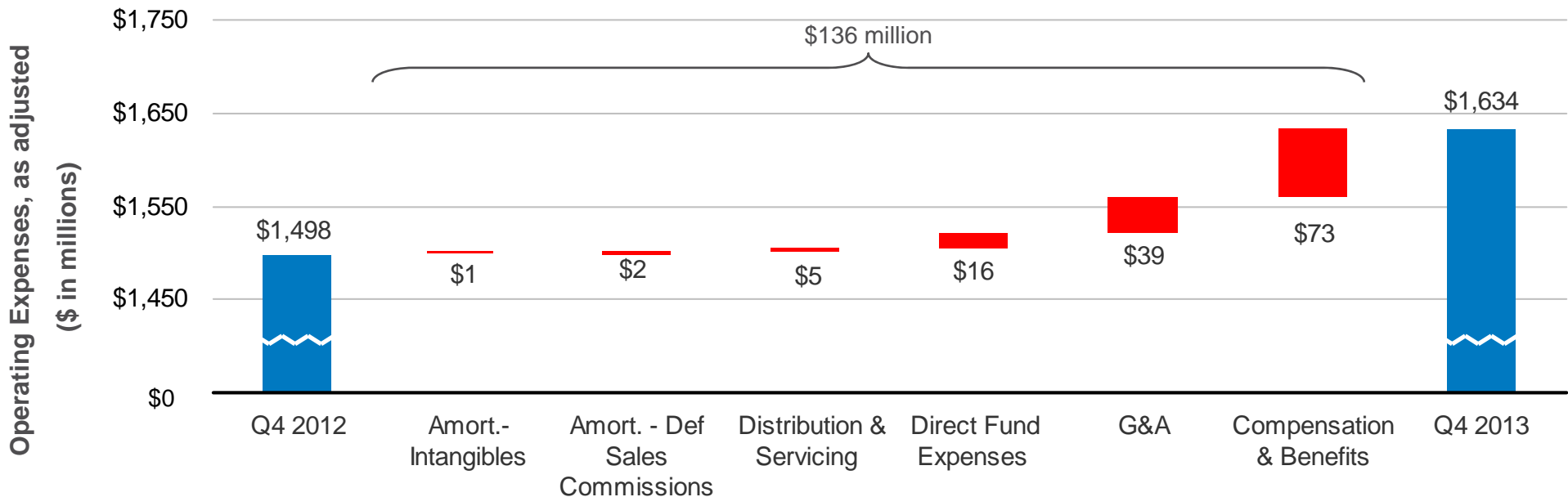
Q4 2012
\$1.50 billion



Q4 2013
\$1.63 billion



Q4 2013 Compared to Q4 2012, as adjusted



■ Increasing Expenses

For further information and reconciliation between GAAP and as adjusted, see the appendix and notes (a) through (f) in the current earnings release.

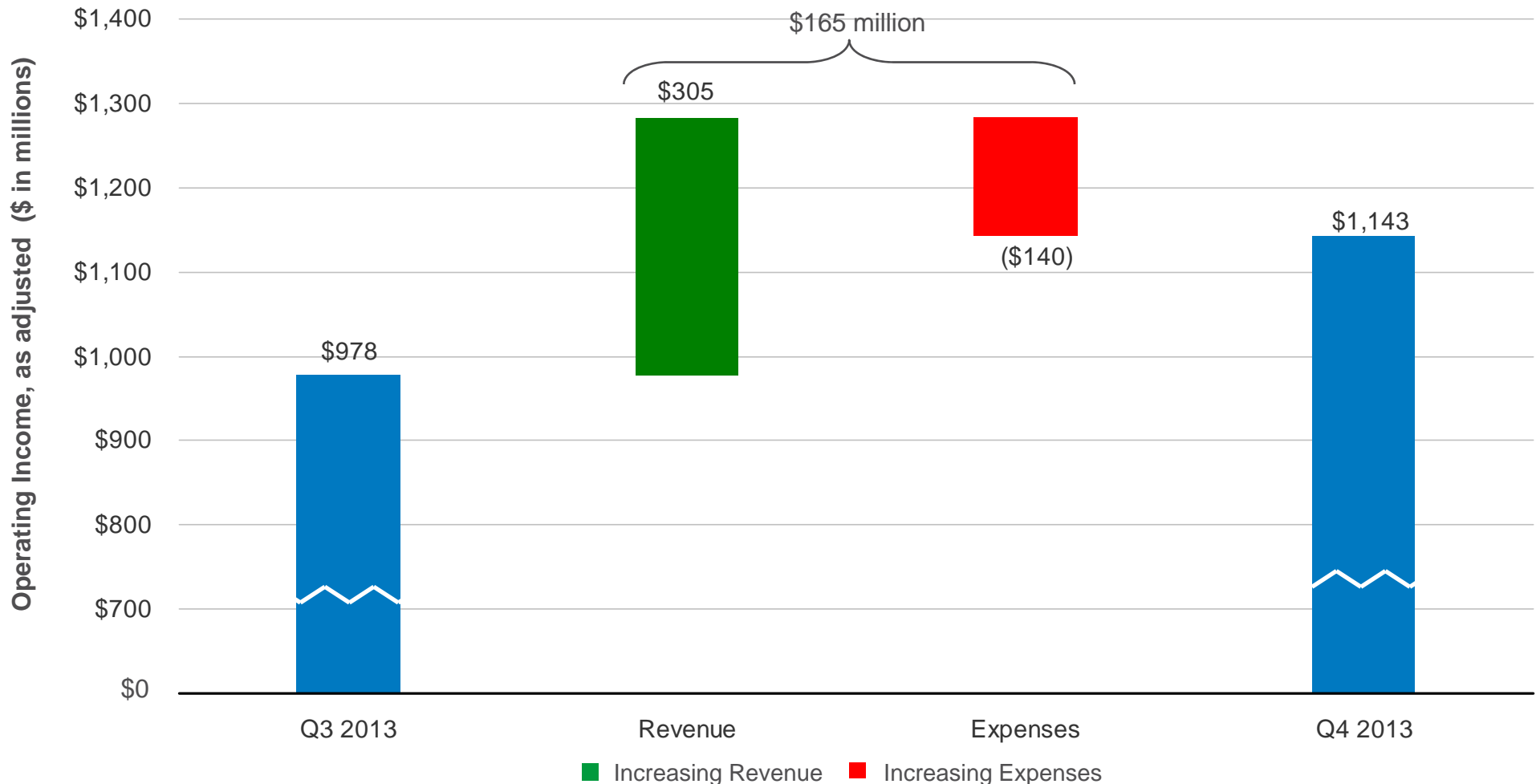
Sequential Quarters

Q4 2013 vs. Q3 2013

Operating income reflects growth in base fees and strong performance fees

- Q4 performance fees reflected strong performance in alternatives products, a seasonally higher number of funds with performance measurement locks and a significant fee associated with the partial liquidation of a closed-end opportunistic mortgage fund
- Expenses driven by higher revenue-related costs and general and administration expenses

Operating Income, as adjusted – Q4 2013 Compared to Q3 2013



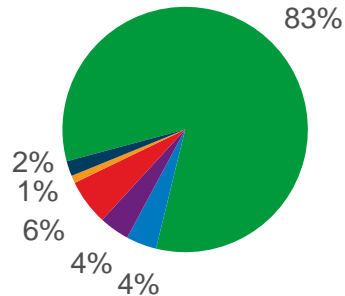
For further information and reconciliation between GAAP and as adjusted, see the appendix and notes (a) through (f) in the current earnings release.

Revenue reflects positive markets and flows and seasonally strong performance fees

- Q4 performance fees reflected strong performance in alternatives products, a seasonally higher number of funds with performance measurement locks and a significant fee associated with the partial liquidation of a closed-end opportunistic mortgage fund

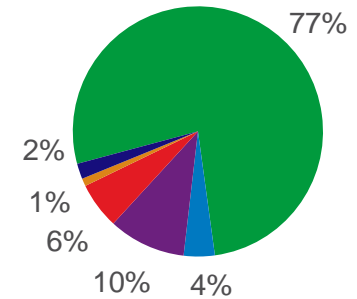
Total Revenue

Q3 2013
\$2.47 billion

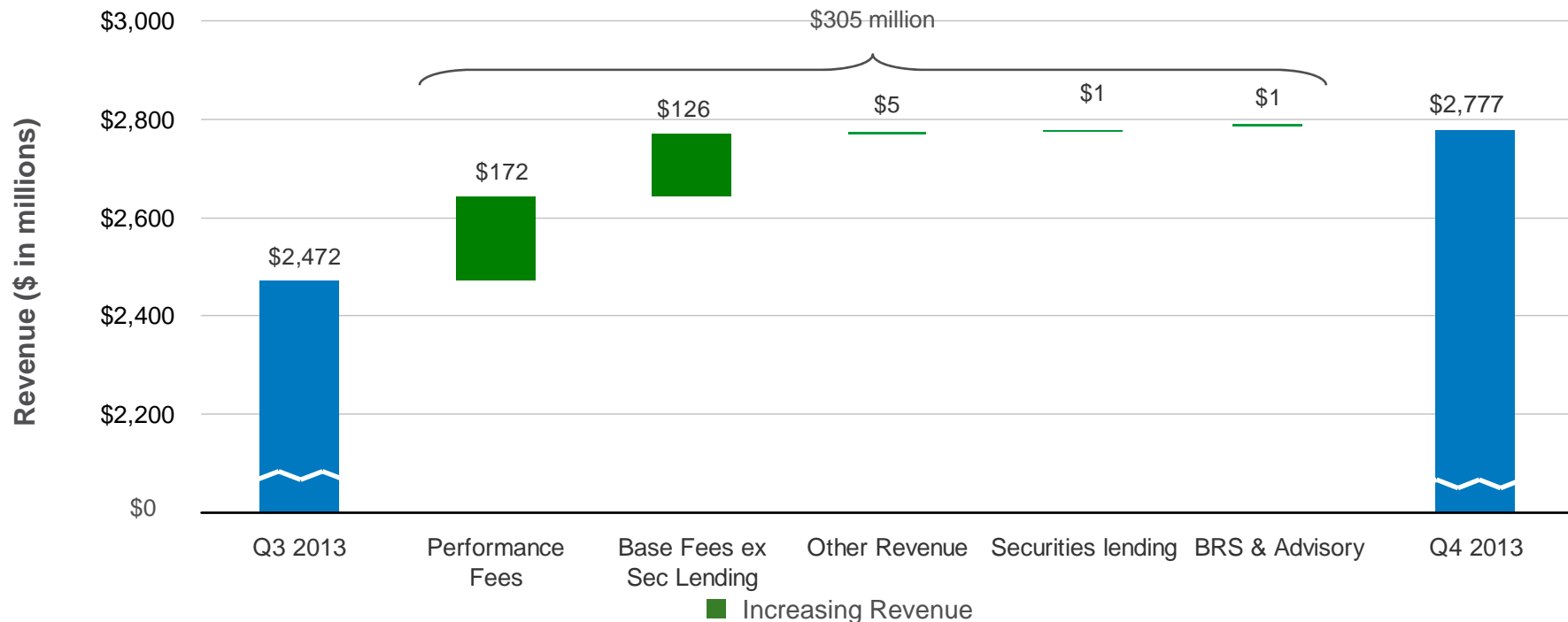


- Base Fees ex Sec Lending
- Securities Lending
- Performance Fees
- BRS and Advisory
- Distribution Fees
- Other Revenue

Q4 2013
\$2.78 billion



Q4 2013 Compared to Q3 2013

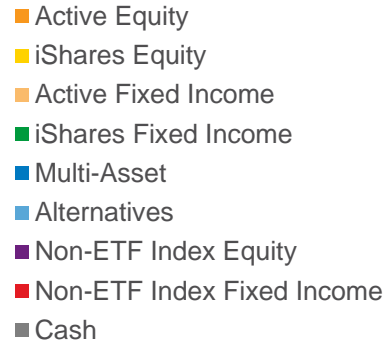
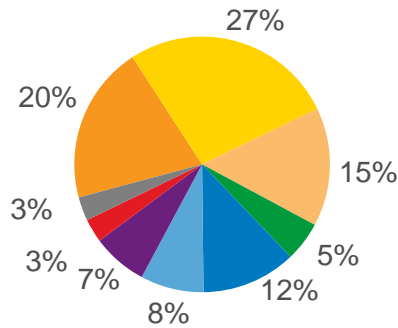


Growth in base fees reflects higher average AUM driven by markets and organic growth

Base Fees (including securities lending)

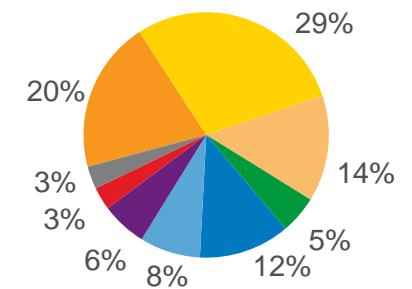
Q3 2013

\$2.15 billion

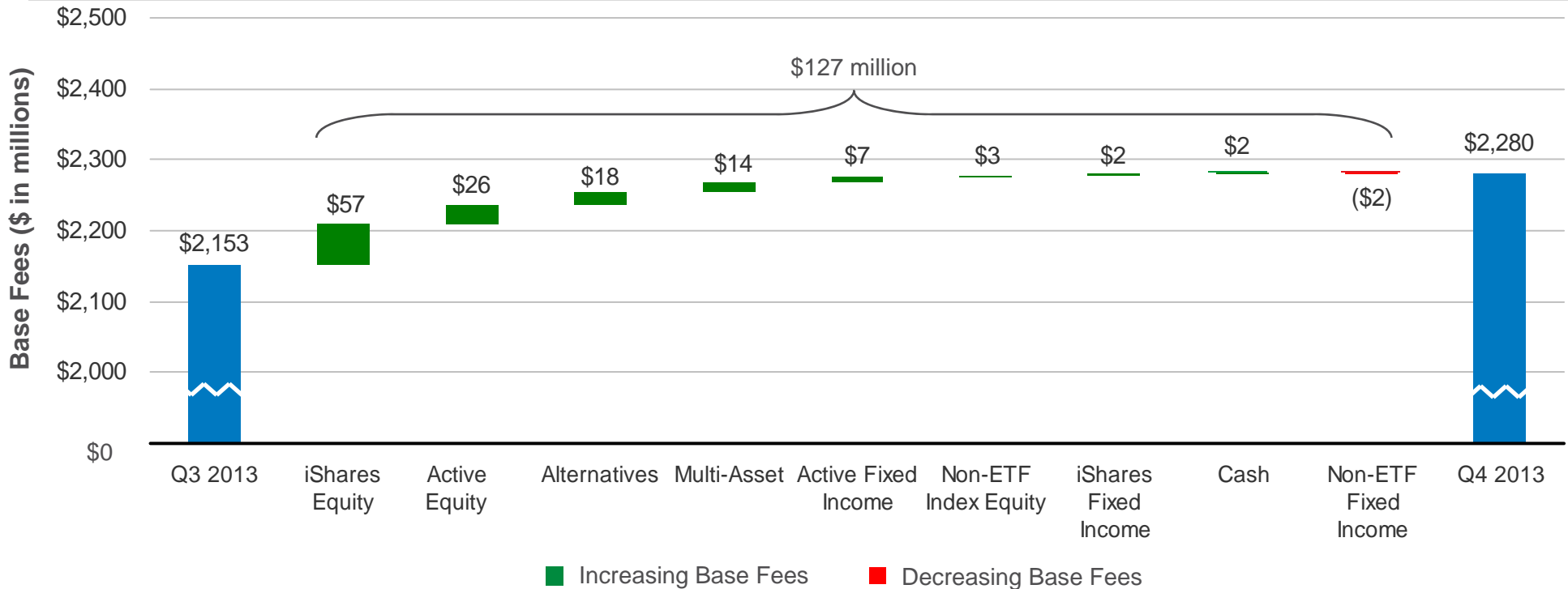


Q4 2013

\$2.28 billion



Q4 2013 Compared to Q3 2013



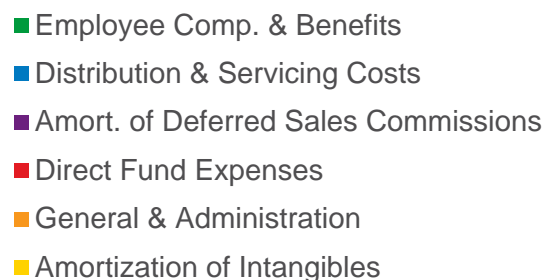
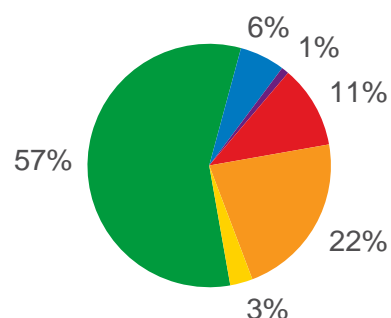
Expenses driven by higher revenue-related costs and general and administration expenses

- General and administration expenses driven by higher marketing and promotional costs, various lease exit costs, higher professional services expenses and other general and administration expenses, including foreign currency exchange movements

Expenses, as adjusted, by Category

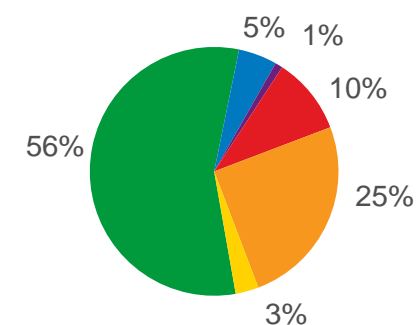
Q3 2013

\$1.49 billion

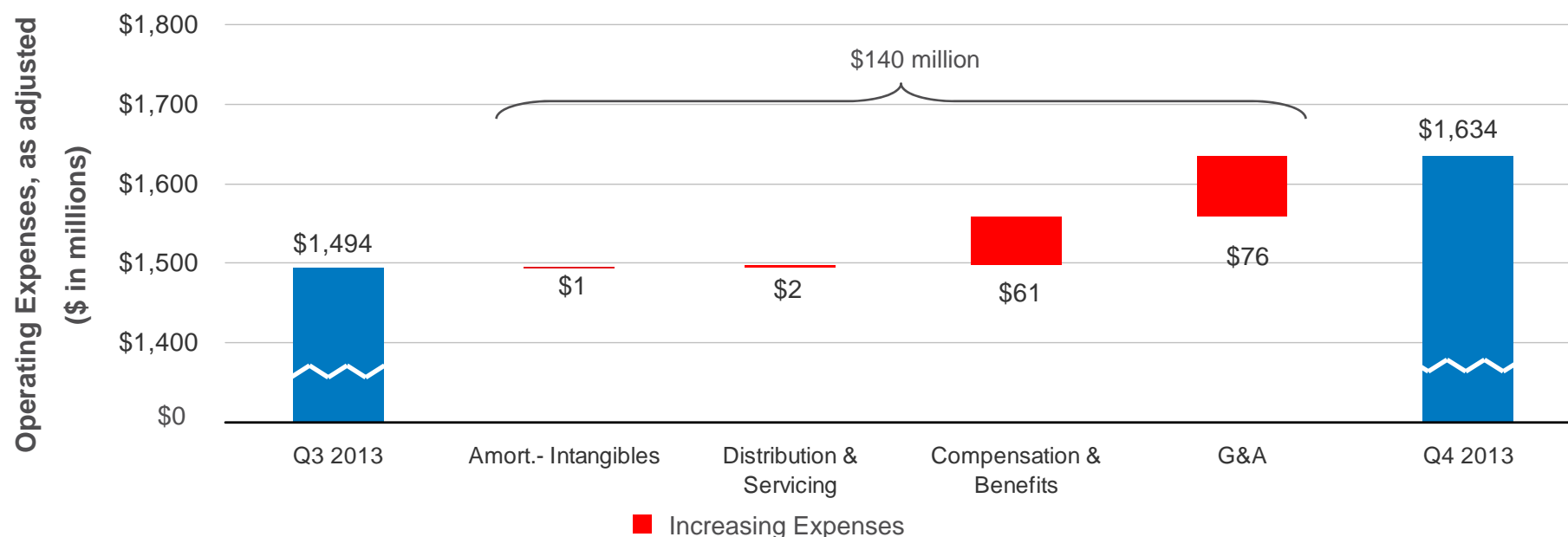


Q4 2013

\$1.63 billion



Q4 2013 Compared to Q3 2013, as adjusted

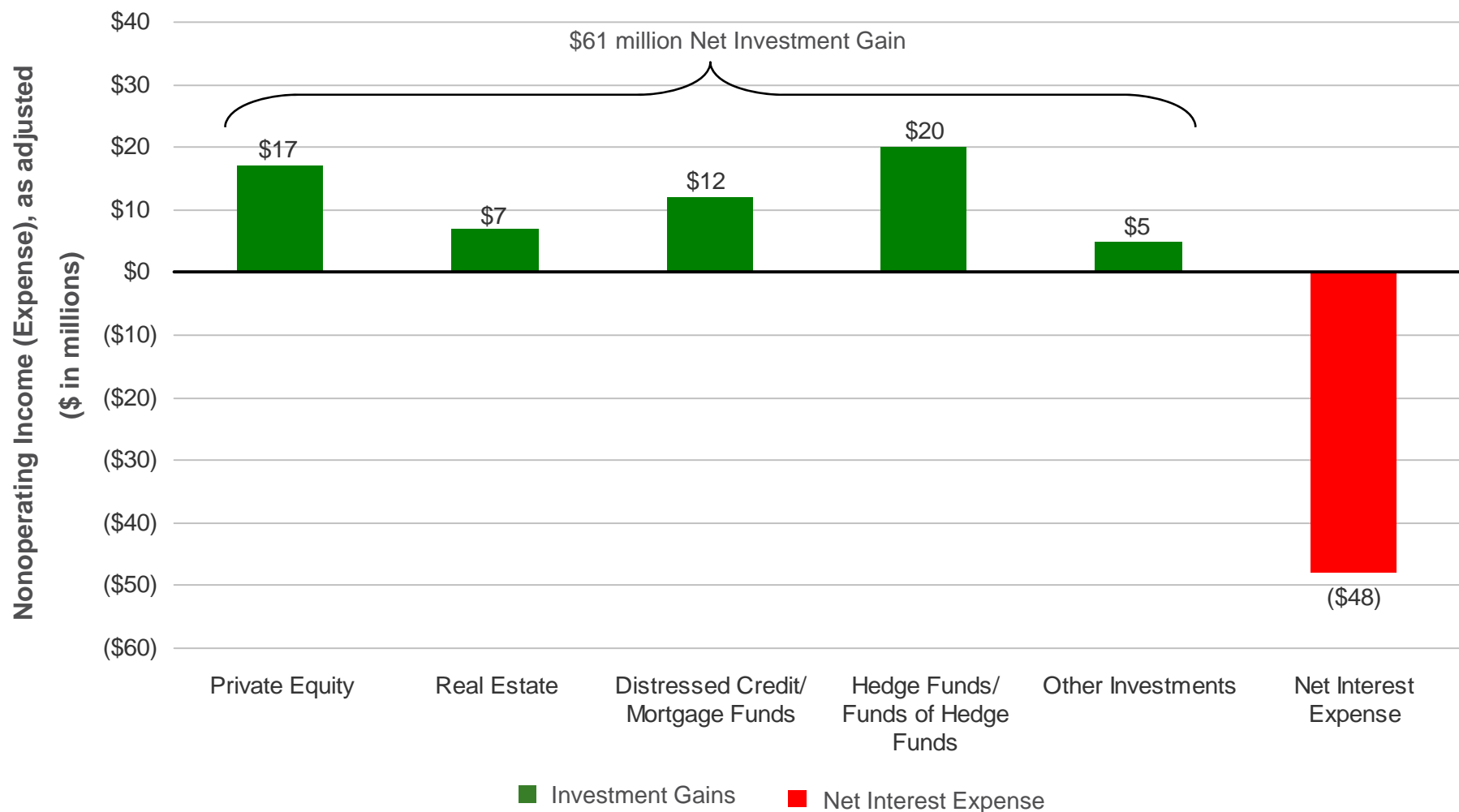


For further information and reconciliation between GAAP and as adjusted, see the appendix and notes (a) through (f) in the current earnings release.

Nonoperating and Capital Management

Q4 2013 nonoperating income

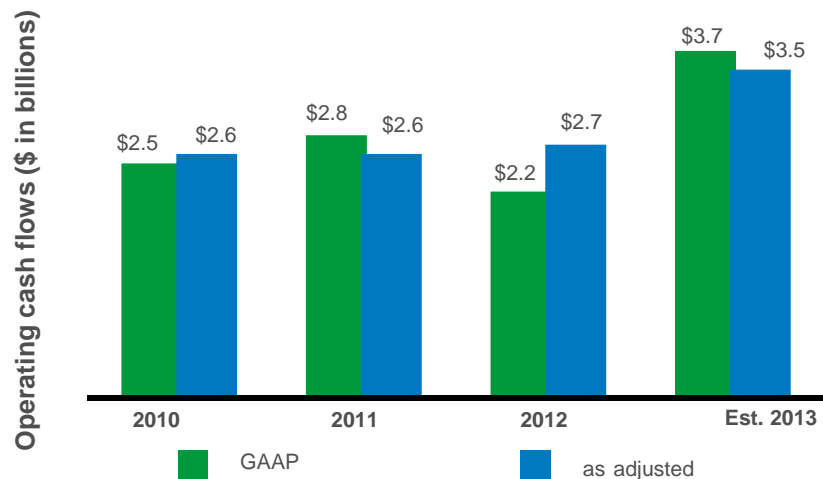
Q4 2013 \$13 million Nonoperating Income by Category, as adjusted



For further information and reconciliation between GAAP and as adjusted, see the appendix and notes (a) through (f) in the current earnings release.

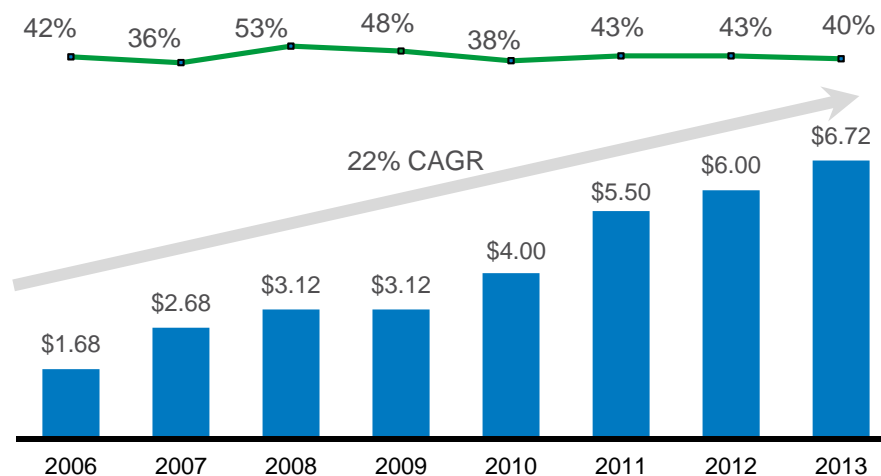
Continued commitment to sound capital management

Operating cash flow



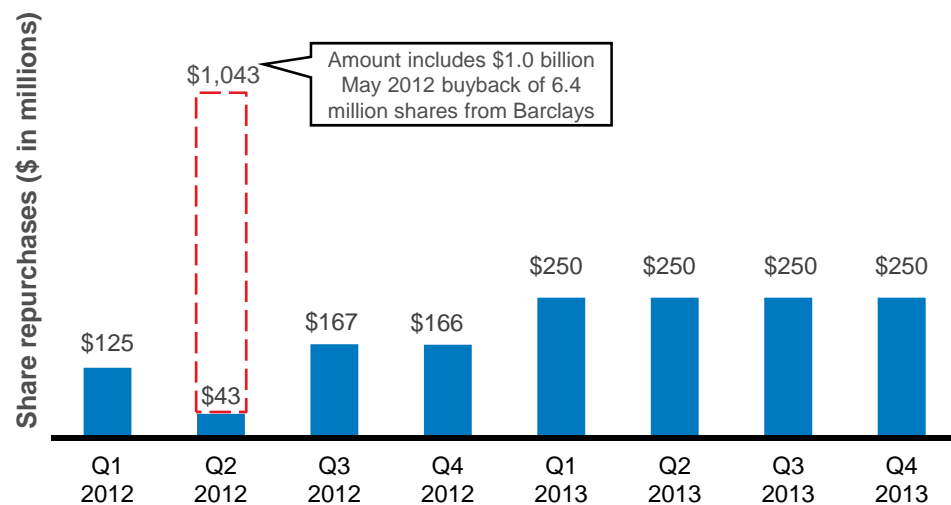
For further information and reconciliation between GAAP and as adjusted, see previously filed Form 10-Ks, Form 10-Qs and 8-Ks and the appendix to this earnings release supplement.

Dividends and Dividend Payout Ratio



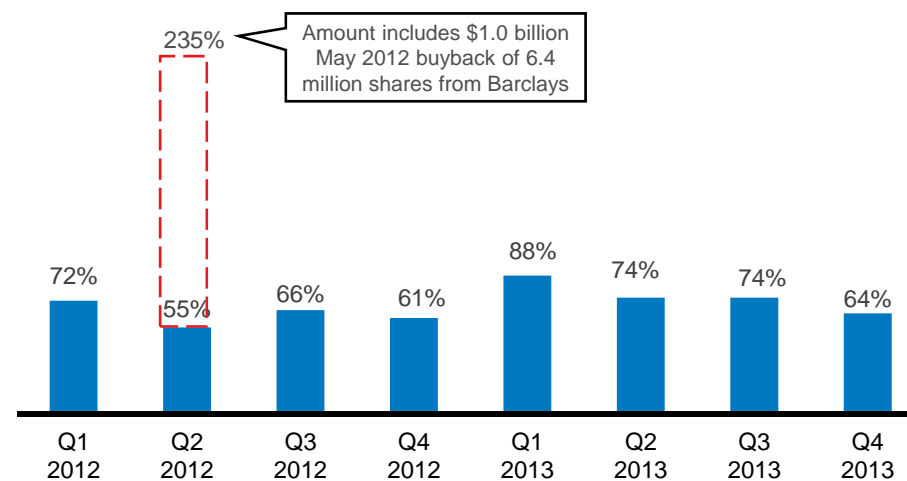
Dividend payout ratio = Dividends declared / GAAP net income.

Share repurchases



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

Total payout ratio



Payout ratio = (Dividends declared + share repurchases) / GAAP Net income.

Appendix

Quarterly operating income, nonoperating income (expense) and net income – GAAP and as adjusted

Non-GAAP adjustments include amounts related to the PennyMac Charitable Contribution, U.K. lease exit costs, a contribution to short-term investment funds (“STIFs”), PNC LTIP funding obligation, compensation related to appreciation (depreciation) on certain deferred compensation plans and noncash income tax changes, as applicable.

(in millions)	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating Income								
GAAP	\$815	\$829	\$875	\$1,005	\$909	\$849	\$966	\$1,133
Non-GAAP Adjustments	10	3	1	36	12	133	12	10
As Adjusted	<u>\$825</u>	<u>\$832</u>	<u>\$876</u>	<u>\$1,041</u>	<u>\$921</u>	<u>\$982</u>	<u>\$978</u>	<u>\$1,143</u>
Nonoperating Income (Expense)								
GAAP	\$23	(\$40)	\$30	(\$67)	\$41	\$69	(\$18)	\$24
Non-GAAP Adjustments	(8)	(3)	(17)	40	(38)	(57)	(3)	(11)
As Adjusted	<u>\$15</u>	<u>(\$43)</u>	<u>\$13</u>	<u>(\$27)</u>	<u>\$3</u>	<u>\$12</u>	<u>(\$21)</u>	<u>\$13</u>
Net Income								
GAAP	\$572	\$554	\$642	\$690	\$632	\$729	\$730	\$841
Non-GAAP Adjustments	3	4	(32)	5	5	(7)	(58)	10
As Adjusted	<u>\$575</u>	<u>\$558</u>	<u>\$610</u>	<u>\$695</u>	<u>\$637</u>	<u>\$722</u>	<u>\$672</u>	<u>\$851</u>

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

Cash Flow GAAP and As Adjusted

(in millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>EST 2013</u>
Operating Cash Flows				
Operating Cash flows, GAAP basis	\$2,488	\$2,826	\$2,240	\$3,700
Less: Non-GAAP adjustments ⁽¹⁾	<u>(77)</u>	<u>178</u>	<u>(483)</u>	<u>200</u>
Operating Cash flows, as Adjusted	<u><u>\$2,565</u></u>	<u><u>\$2,648</u></u>	<u><u>\$2,723</u></u>	<u><u>\$3,500</u></u>
Investing Cash Flows				
Investing Cash flows, GAAP basis	(\$627)	(\$204)	(\$266)	(\$500)
Less: Non-GAAP adjustments ⁽¹⁾	<u>(52)</u>	<u>24</u>	<u>(211)</u>	<u>-</u>
Investing Cash flows, as Adjusted	<u><u>(\$575)</u></u>	<u><u>(\$228)</u></u>	<u><u>(\$55)</u></u>	<u><u>(\$500)</u></u>
Financing Cash Flows				
Financing Cash flows, GAAP basis	(\$3,170)	(\$2,485)	(\$944)	(\$3,400)
Less: Non-GAAP adjustments ⁽¹⁾	<u>110</u>	<u>(71)</u>	<u>631</u>	<u>(200)</u>
Financing Cash flows, as Adjusted	<u><u>(\$3,280)</u></u>	<u><u>(\$2,414)</u></u>	<u><u>(\$1,575)</u></u>	<u><u>(\$3,200)</u></u>

⁽¹⁾ Non-GAAP adjustments include the impact on cash flows of consolidated sponsored investment funds and consolidated VIEs.

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